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Application Proof of



Qdama International Holding Ltd.

钱大妈国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

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Qdama International Holding Ltd.
钱大妈国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the : [REDACTED] Shares (subject to the
[REDACTED])
Number of Hong Kong [REDACTED] : [REDACTED] Shares (subject to
[REDACTED])
Number of International [REDACTED] : [REDACTED] Shares (subject to
[REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per [REDACTED] plus
brokerage of 1.0%, SFC transaction levy of
0.0027%, AFRC transaction levy of
0.00015% and the Stock Exchange trading
fee of 0.00565% (payable in full on
application, subject to refund)
Nominal value : US\$0.00001 per Share
[REDACTED] : [REDACTED]

Joint Sponsors, [REDACTED],
[REDACTED]



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The [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us on the [REDACTED]. The [REDACTED] is expected to be on or around [REDACTED] (Hong Kong time) and, in any event, not later than [REDACTED] (Hong Kong time). The [REDACTED] will be not more than HK\$[REDACTED] and is currently expected to be not less than HK\$[REDACTED] per [REDACTED]. If, for any reason, the [REDACTED] is not agreed by [REDACTED] (Hong Kong time) between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, the [REDACTED] will not proceed and will lapse.

Applicants for Hong Kong [REDACTED] may be required to pay, on application (subject to application channels), the maximum [REDACTED] of HK\$[REDACTED] for each Hong Kong [REDACTED] together with a brokerage fee of 1.0%, an SFC transaction levy of 0.0027%, an AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%, subject to refund if the [REDACTED] as finally determined is less than HK\$[REDACTED].

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in "Risk Factors" in this document. The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. See "[REDACTED]" of this document.

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

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[REDACTED]

EXPECTED TIMETABLE

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SUMMARY

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

OUR MISSION

Make every meal fresh.

OVERVIEW

We are the largest community-based fresh product chain company in China. We operate the household brand Qdama (“錢大媽”). In 2024, our total GMV reached RMB14.8 billion. According to CIC, we ranked first among community-based fresh product chains in China by GMV of fresh products for five consecutive years.

What We Offer

We are dedicated to offering consumers highly fresh, high value-for-money products and a convenient shopping experience focusing on the needs of “everyday meal”. We pioneered the “End of the Day Discount and Clearance” sales model (the “**D&C Model**”) in the industry. Accordingly, we have earned widespread consumer recognition by strictly implementing our “no overnight meat” (“不賣隔夜肉”) commitment, which is now applied across all fresh product offerings, establishing the strong brand awareness around “freshness” among consumers. Our product portfolio is comprehensive and covers diverse product types, including animal proteins (namely, (i) pork products, (ii) meat, poultry and eggs (excluding pork products) and (iii) seafood), fresh produce (namely, vegetables and fruits), as well as chilled and processed foods. The store-level assortment is designed to provide solutions for daily household meal preparation, offering a highly convenient shopping experience as a “fresh market at the doorstep” for consumers.

We have established presence in Southern China region as our benchmark. According to CIC, measured by GMV of fresh products in 2024, we were the clear leader in the community-based fresh product retail market in Southern China, with GMV of approximately RMB9.8 billion, which was 2.8 times that of the second-largest market player. We strategically selected regional markets such as Eastern China, Central China and Southwestern China to replicate our proven business model. We are building a leading nationwide network of community-based fresh product stores. As of September 30, 2025, our store network comprised 2,938 community-based stores across 14 provinces, municipalities and special administrative regions in China with 1,754 franchisees. Through our proprietary platforms such as WeChat Mini Program, App and third-party food delivery platforms, we have also established online sales channels. Our value propositions are outlined below:

- **Highly fresh.** Our business is centered on retail sales of fresh products and guided by our mission to make every meal fresh. Accordingly, we pioneered the D&C Model and implemented commitment to everyday freshness,

SUMMARY

building strong brand equity in "freshness." The vast majority of our fresh products have an integrated distribution center turnover time of no more than 12 hours and are sold in stores within the same day, which is significantly more efficient than the industry average of two to four days, according to CIC.

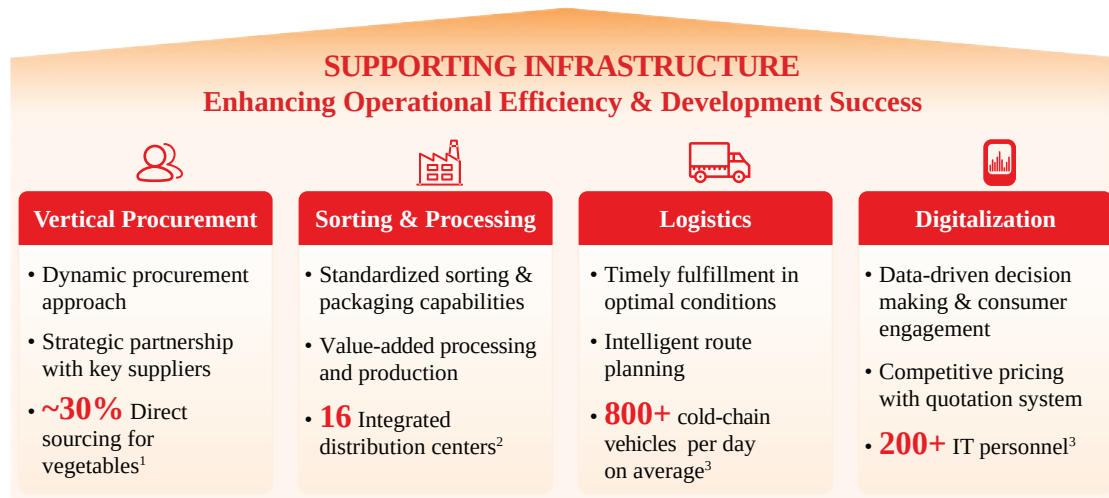
- ***High value-for-money.*** We offer consumers a wide range of quality products at affordable prices. For our fresh products, we adopt the D&C Model to ensure that all inventory of the same day is sold out, and we encourage our franchisees to conduct promotional activities throughout the day across different products based on store-level sales performance and local market conditions. Such approach allows us to establish the high value-for-money brand image in consumers' minds. We focus on essential, high-frequency cooking ingredients to maximize store sales efficiency, and we established an integrated supply chain as part of our cost optimization efforts to achieve competitive pricing.
- ***Highly convenient.*** We locate our stores primarily around medium- to large-sized residential communities, at locations within a 500-meter walking distance from our target consumer base, thus closer to consumers than traditional wet markets and supermarkets. Our strategic store location offers higher timeliness and responsiveness. At the same time, we are proactively developing instant delivery and next-day delivery services to meet broader consumption scenarios at home.
- ***High-quality experience.*** Fresh products are inherently non-standard in nature. Consumers prefer to browse and select products that meet their expectations in person, resulting in a high level of satisfaction and enabling our store staff to build stable and neighborly connections with local residents with the communities. We have consistently been recognized by consumers for our "warm service," where our store staff interact with consumers and form neighborly ties. By forming such neighborly ties between our stores and surrounding residents, we further enhance consumer satisfaction and stickiness.

Why We Succeed

We pioneered the D&C Model, and have focused on building our product selection in fresh product categories and a network of community-based stores that are strategically small in size. Over time, we have built a strong supply chain infrastructure and capabilities in managing the challenges of distributing fresh products in light of the perishable and non-standard nature. We developed comprehensive processes and policies to manage all stages of our supply chain, from sourcing to sorting and processing and then logistics to stores, providing franchisees and consumers with fresh products in a cost-effective manner. Our supply chain infrastructure empowers us to develop a high-barrier, high-efficiency and scalable business model. Building on this foundation, we are steadily advancing our "Store-Network Plus", "Product Plus" and "Experience Plus" strategies. As we continue to iterate and innovate our store format and product selection, and upgrade the standard of service to consumers, we will solidify our industry leadership and capture market opportunities.

SUMMARY

We also lead the development of the fresh product retail industry and have become a prominent distribution channel for agricultural products and a key link in the agricultural value chain, improving efficiency across the industry. We endeavor to contribute to the modern development of agricultural industry in China.



Notes: (1) In September 2025; (2) as of the Latest Practicable Date; and (3) as of September 30, 2025.

Our D&C Model

To fulfill our commitment to consumers on freshness, quality and value-for-money, we pioneered D&C Model. Our stores begin discounting of 10% off at 19:00 each day, and an additional discount of 10% is applied every 30 minutes until remaining products are given away free of charge at 23:30. Such a policy ensures that all fresh products in our stores are cleared on the same day of arrival.

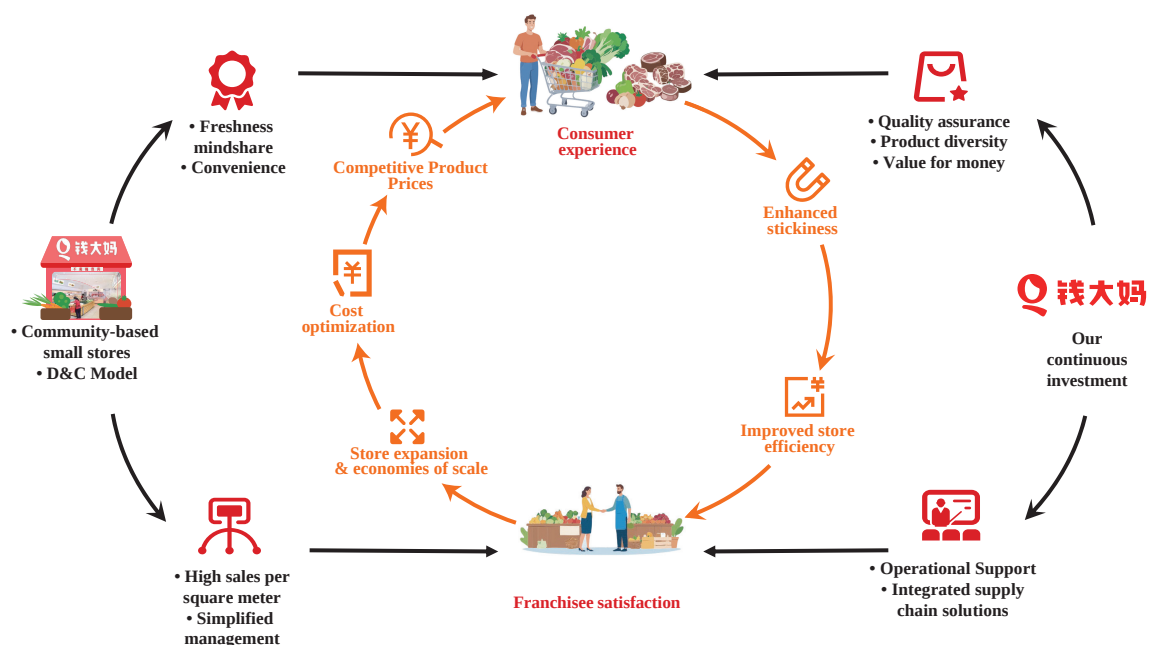
SUMMARY

The D&C Model underpins our business growth and serves as the core of our business model. It is well aligned with the characteristics of fresh products and brings benefits to us, our franchisees and consumers.

- For franchisees, the D&C Model reduces the complexity of store operations, which facilitates the expansion of our store network. The D&C Model ensures that the inventory of fresh products, which are inherently challenging to manage, are sold daily, making store operations and inventory management more standardized and transparent. Our franchisees can promptly adjust their product assortment and ordering quantities on a daily basis, quickly optimizing the product mix to best match the needs of nearby residents. Franchisees in turn have a clear view of store performance, enabling us to attract more franchisees and rapidly replicate our store network.
- For consumers, the D&C Model offers product freshness and value-for-money that is highly attractive, which expands our base of consumers. The implementation of the D&C Model allows us to provide consistently high-quality fresh products and enhance the shopping experience, which in turn increases average spending per consumer and enhances consumer loyalty.

As our product portfolio continues to expand, we built flexibility in implementing promotional and discount activities across different products throughout the day, further reinforcing our high value-for-money brand positioning.

Building upon the D&C Model, we have developed a self-reinforcing growth flywheel.



SUMMARY

OUR STRENGTHS

We believe that our business success and leading market position are underpinned by the following key strengths:

- The largest community-based fresh product chain company in China, benefiting from significant industry tailwinds
- Community-based small-store format, with a stable consumer base of high consumption frequency, resulting in high sales per square meter
- Highly efficient franchise model and long-term partnership with franchisees
- Continued efforts in product assortment optimization, online channels development and store network expansion
- Highly efficient supply chain of fresh products that was refined over a decade of experience, ensuring freshness and cost optimization
- Highly digitalized systems driving efficiency improvements
- Professional, progressive and long-term-oriented management team

See “Business — Our Competitive Strengths.”

OUR STRATEGIES

We plan to implement the following strategies to consolidate and enhance our leading position in the industry:

- Enhance store network coverage and serve a broader consumer base
- Leverage our value-for-money advantage to broaden categories and deepen scenario-based assortment to increase single-store sales
- Expand online channels and build an efficient omnichannel retail network
- Continue to strengthen supply chain capabilities and drive gross margin expansion
- Continue to strengthen our digital and intelligent operating system to improve efficiency and reduce costs

See “Business — Our Strategies.”

SUMMARY

OUR BRAND AND PRODUCT OFFERINGS

Our Qdama Brand

We are the largest community-based fresh product chain company in China, with a household brand Qdama (“錢大媽”  钱大妈). We are dedicated to offering franchisees and consumers high-quality and value-for-money, fresh products, complemented by a culture of warm service that fosters lasting relationships and a loyal community of consumers.

Our deeply embedded community presence, characterized by service with a human touch and strong neighborly rapport between store staff and consumers, further strengthens brand loyalty and trust. This integrated approach effectively brings the convenience and assurance of a modern wet market directly to consumers’ doorsteps, positioning us as a preferred destination for household kitchen and meal needs.

Our Product Offerings

Product excellence lies at the heart of our business. We offer a carefully curated selection of high-quality, competitively priced products, which we strategically source from our panel of suppliers. Our product portfolio is comprehensive and covers diverse product types, including animal proteins (namely, (i) pork products, (ii) meat, poultry and eggs (excluding pork products) and (iii) seafood), fresh produce (namely, vegetables and fruits), as well as chilled and processed foods. In the nine months ended September 30, 2025, we offered an aggregate of 775 SPUs. We stay attuned to the market by closely monitoring trends and adapting to ever-evolving consumer demands. To enhance consumers’ shopping experience, we regularly refine our offerings by analyzing consumer preferences and consumption patterns on our Digital Operation Platform.

The following sets forth a summary of our six major product categories by product type:

Animal proteins

- **Pork products.** As the core category upon which the “no overnight meat” commitment was built, we provide daily delivery of fresh pork products throughout our store network, which primarily include pork ribs, pork shoulder, pork belly and pork tenderloin. In the nine months ended September 30, 2025, we offered 36 SPUs of pork products.

SUMMARY

- ***Meat, poultry and eggs.*** This category provides a comprehensive range of additional protein options to pork products, which include beef, lamb, poultry and packaged eggs. In the nine months ended September 30, 2025, we offered 99 SPUs of meat, poultry and egg products. This category is designed to serve varied dietary needs of consumers.
- ***Seafood.*** This category provides a comprehensive range of seafood products, which primarily include (i) fresh-water aquaculture products, (ii) deep-water fishing seafood products and (iii) quick-freezing seafood products. In the nine months ended September 30, 2025, we offered 132 SPUs of seafood products. This category is designed to serve varied culinary preferences of consumers.

Fresh Produce

- ***Vegetables.*** This category provides a comprehensive range of vegetables, which primarily include corns, chili peppers, tomatoes, Chinese cabbages, cucumbers, green beans and choy sum. In the nine months ended September 30, 2025, we offered 212 SPUs of vegetable products. Vegetables are essential in daily meals and serves as a driver of consumer traffics.
- ***Fruits.*** This category provides a comprehensive range of seasonal and premium fruits, which primarily include watermelons, apples, bananas, blueberries, grapes and citrus fruits. We focus on quality, taste and efficient turnover. In the nine months ended September 30, 2025, we offered 157 SPUs of fruit products.

Chilled and Processed Foods

- This category is our strategic initiative to capture consumer demand for convenient meals for consumers, which primarily include dairy products, processed dishes such as marinated meats, steamed buns and dim sum, baked goods and roasted products, and chilled ingredients such as soy products and noodles. In the nine months ended September 30, 2025, we offered 139 SPUs of chilled and processed foods.

SUMMARY

The following table sets forth a breakdown of our revenue from product sales by product type and product category in absolute amounts and as a percentage of our total revenue from product sales for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)								
(unaudited)								
Animal proteins								
Pork products	2,688,003	23.4	2,739,981	23.8	2,015,693	23.7	1,894,845	23.3
Meat, poultry and eggs ⁽¹⁾	1,899,403	16.6	1,853,358	16.1	1,321,617	15.5	1,241,551	15.3
Seafood	913,902	8.0	856,613	7.5	639,362	7.5	603,947	7.4
Sub-total	5,501,308	48.0	5,449,952	47.4	3,976,672	46.7	3,740,343	46.0
Fresh produce								
Vegetables	2,944,536	25.6	2,974,220	25.9	2,194,817	25.9	2,108,755	25.9
Fruits	1,394,216	12.2	1,411,899	12.3	1,114,765	13.1	1,077,693	13.3
Sub-total	4,338,752	37.8	4,386,119	38.2	3,309,582	39.0	3,186,448	39.2
Chilled and processed food . . .	1,475,018	12.9	1,524,945	13.3	1,125,353	13.2	1,132,499	13.9
Others⁽²⁾	144,974	1.3	129,641	1.1	95,279	1.1	72,867	0.9
Total	11,460,052	100.0	11,490,657	100.0	8,506,886	100.0	8,132,157	100.0

Notes:

- (1) The meat, poultry and egg product category excludes pork products.
- (2) Others primarily include (i) daily groceries on online sales channels, as well as (ii) packaging materials and consumables sold to franchisees for their store operations.

Products Under our Private Label

We have established our product portfolio under the Qdama Fresh Series (錢大媽“鮮”系列), to further strengthen our competitive edge and brand recognition. Leveraging our commitment to everyday freshness and supply chain capabilities, the Qdama Fresh Series offers high-quality products at competitive prices. We have implemented a unified visual identity across all products under our private label, creating distinctive shelf presence and strengthening brand recognition.

See “Business — Our Brand and Product Offerings.”

SUMMARY

OUR SALES NETWORK

We operate a comprehensive sales network that integrates both offline and online channels. Our offline sales channels consists of franchise and self-operated stores, while online channels primarily include our proprietary WeChat Mini Program and third-party food delivery platforms. While offline sales through our stores provide consumers with the opportunity to browse and select products firsthand, allowing for informed decisions based on factors such as freshness, packaging integrity and overall quality, and offering immediate gratification, online sales channels offer enhanced convenience and product diversity, enabling consumers to browse and purchase products anywhere any time. Our online channels allow us to offer a wider product selection and the ability to serve beyond geographical constraints. The interaction between these channels is crucial to our operations. Consumers may discover a product in-store but purchase it online for convenience or price benefits, or find a product online but buy it in-store to ensure freshness and quality. Such online sales are recorded as sales revenue of the stores which processed and delivered the orders.

Since our inception in 2014, we have established an extensive store network spanning Chinese Mainland, Hong Kong and Macau, comprising franchise and self-operated stores. The product display in stores allows consumers to browse and select from the product assortment in person while enjoying a warm service that makes consumers feel cared for. The product assortment in store focuses on products of high consumption frequency. As of September 30, 2025, we had 2,898 franchise stores and 40 self-operated stores, all operated under the “Qdama (錢大媽)” brand. Our stores typically have a gross floor area of approximately 40 to 80 sq.m.

The following table sets forth the breakdown of our revenue by channel, in both absolute amount and as a percentage of our total revenue, for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>								
<i>(unaudited)</i>								
Sales to franchisees ⁽¹⁾	11,091,579	94.5	11,140,421	94.5	8,236,055	94.4	7,954,733	95.1
Direct sales via								
self-operated stores	496,336	4.2	505,289	4.3	385,865	4.4	289,363	3.5
Others ⁽²⁾	156,174	1.3	142,086	1.2	107,597	1.2	114,791	1.4
Total	11,744,089	100.0	11,787,796	100.0	8,729,517	100.0	8,358,887	100.0

Notes:

- (1) Sales to franchisees mainly include (i) product sales, (ii) sales-based royalty fees, and (iii) franchise fees.
- (2) Others primarily include sales to certain non-franchisee customers.

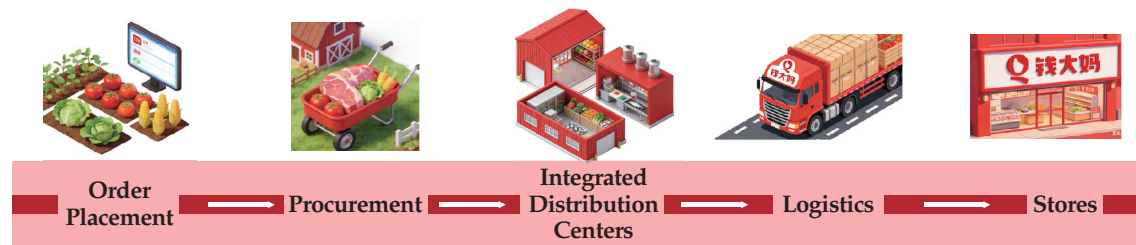
See “Business — Our Sales Network.”

SUMMARY

OUR SUPPLY CHAIN INFRASTRUCTURE

During the Track Record Period, we primarily procured products in Chinese Mainland from farming bases and qualified suppliers, complemented by customized, order-based arrangements for selected agricultural and processed products. We developed comprehensive protocols and policies to manage all stages of our supply chain, from sourcing, to sorting and processing and then logistics to stores, providing franchisees and consumers with fresh products in a cost-effective manner.

The flowchart below demonstrates our supply chain management process, encompassing key stages from order placement by store staff through procurement, to integrated distribution centers, and delivery to stores.



We have developed a comprehensive procurement strategy tailored to uphold our commitment to everyday freshness, product quality and price competitiveness, while navigating diverse regional markets and supply chain complexities. By integrating advanced sourcing methods with strategic upstream partnerships, we optimize operations for efficient product delivery, cost control and adaptability to consumer preferences, strengthening our competitive edge in the fresh product retail sector. We implement a dynamic procurement approach comprising (i) sourcing from farming bases, (ii) supplier procurement, and (iii) order-based farming. This approach allows us to ensure quality consistency, operational efficiency, and cost competitiveness while catering to diversified consumer demand across different regions in Chinese Mainland, Hong Kong and Macau markets.

We have established a sophisticated network of integrated distribution centers and logistics operations designed to maintain an efficient flow of fresh products from suppliers to our stores, upholding our “no overnight meat” commitment while optimizing operational efficiency and cost-effectiveness. As of the Latest Practicable Date, we operated 16 integrated distribution centers across China. Our integrated distribution centers primarily serve as hubs for sorting, processing and distribution. Except for centrally procured products and products we store on behalf of suppliers from time to time, products typically remain at our integrated distribution centers only for a short period before being distributed to our stores. The vast majority of our fresh products have an integrated distribution center turnover time of no more than 12 hours and are sold in stores with the same day, which is significantly more efficient than the industry average of two to four days, according to CIC. By focusing on efficient sorting, primary processing, and advanced digital monitoring, this infrastructure accelerates product movement through each step, preserves product quality, and supports timely deliveries across our store network, thereby enhancing operational resilience and consumer satisfaction in the competitive fresh product market.

SUMMARY

We are responsible for the logistics from integrated distribution centers to the stores. Products that have been processed, are delivered to stores through our efficient cold-chain logistics network. We developed and implemented stringent safety policies and requirements during the transportation of the products to ensure timely delivery to our stores, which is typically before 5:30 of each day, and keep the products fresh. As of September 30, 2025, we have achieved 100% cold-chain coverage from our integrated distribution centers to our stores. We provide optimized routes and outsource the delivery service to the logistics service suppliers, who are responsible for the arrangement of vehicles and drivers and the delivery services. As of September 30, 2025, we cooperated with over 120 logistics partners, arranging an average of over 800 cold-chain vehicles everyday for delivery of products to our stores.

See “Business — Supply Chain Infrastructure.”

PRODUCTION OF PROCESSED FOOD

We possess our insights into consumers’ needs, which empower us to develop a comprehensive product portfolio around the whole hog carcass. We are gradually establishing production capabilities of processed food as of the Latest Practicable Date. As a strategic shift towards maximizing value of a whole hog carcass, we plan to allocate more popular cuts to stores for sales and convert certain slower-moving pork cuts into minced meat for processed products such as buns and dumplings. This approach is expected to reduce wastage in stores and enhance the inventory turnover of slower-moving pork cuts. By capturing market opportunities for processed products, we can enhance the price competitiveness of fresh pork for franchisees and consumers.

See “Business — Production of Processed Food.”

BRANDING AND MARKETING

During the Track Record Period, our products are sold primarily in Chinese Mainland, Hong Kong and Macau. We have established a sales team who formulates our marketing strategies and proactively explores market opportunities. As of September 30, 2025, our branding and marketing team consisted of 87 dedicated personnel.

We have developed a multifaceted marketing strategy aimed at expanding our brand visibility, attracting new consumers, and fostering loyalty among existing ones, thereby driving sustainable revenue growth and enhancing our competitive position in the fresh product retail sector. Our initiatives are categorized into general marketing activities for broad audience reach and member-targeted marketing activities to deepen consumer engagement and retention.

See “Business — Branding and Marketing.”

SUMMARY

CUSTOMERS AND SUPPLIERS

We sell our products primarily to franchisees and consumers in Chinese Mainland, Hong Kong and Macau. During the Track Record Period, our customers primarily comprised (i) franchisees and (ii) consumers who purchased products directly in our self-operated stores. Revenue generated from our five largest customers in each period during the Track Record Period amounted to RMB303.6 million, RMB352.1 million and RMB261.8 million, respectively, amounting to 2.7%, 3.1% and 3.2% of our total revenue for the same periods. Revenue generated from our largest customer in each period during the Track Record Period amounted to RMB115.0 million, RMB106.4 million and RMB60.2 million, respectively, amounting to 1.0%, 0.9% and 0.7% of our total revenue for the same periods.

Our suppliers mainly include suppliers for food products and logistic services. Purchases from our five largest suppliers in each period during the Track Record Period amounted to RMB1,043.8 million, RMB1,139.4 million and RMB899.4 million, respectively, representing 14.4%, 11.1% and 8.8% of our total purchases for the same periods. Among our five largest suppliers, we procure pork products from Zhaozhao Fresh. See “Connected Transactions — Non-Exempt Continuing Connected Transactions — 2. Procurement of Pock Products.” In addition, purchases from our largest supplier in each period during the Track Record Period amounted to RMB256.9 million, RMB303.6 million and RMB246.3 million, respectively, representing 3.5%, 3.0% and 2.4% of our total purchases for the same periods.

See “Business — Our Customers” and “Business — Our Suppliers.”

OUR DIGITALIZATION

Digital transformation forms the backbone of our operations and supports the rapid expansion in business scale. Since establishing our information technology function in 2015, we have developed in-house digital capabilities that cover the entire business chain, from consumer engagement to supply-chain management and store operations, which significantly enhance our operational efficiency, data visibility and decision-making precision. As of September 30, 2025, our IT team consisted of 213 dedicated personnel. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development expenses amounted to RMB19.5 million, RMB16.4 million, RMB12.8 million and RMB8.7 million, respectively.

See “Business — Our Digitization.”

SUMMARY

COMPETITION

We compete in China’s community-based fresh product chain industry. According to CIC, the market in which we operate is relatively fragmented, with the top five players accounting for a combined fresh products GMV market share of 7.3% in China in 2024. Meanwhile, it is highly competitive, with store network, supply chain management capabilities, product diversity and quality management abilities being the key entry barriers and success factors.

According to CIC, in terms of fresh products GMV from 2020 to 2024, we have been the largest community-based fresh product chain brand in China for five consecutive years. In 2024, our fresh products GMV in China reached RMB13.5 billion, accounting for a 2.2% market share of the community-based fresh product chain industry. In addition, we are an industry leader in operational efficiency. In 2024, our sales per square meter ranked highest among the top five community-based fresh product chain brands in China and exceeded the industry average over the same period.

See “Industry Overview.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The tables below present our summary of consolidated financial data derived from our consolidated statements of comprehensive income, consolidated statements of financial position and consolidated statements of cash flows for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, included in the Accountant’s Report in Appendix I to this document. The following data and discussion should be read in conjunction with our consolidated financial statements and related notes and the section headed “Financial Information.”

SUMMARY

Description of Major Components of Our Results of Operations

The following table sets forth a summary of our results of operations in absolute amounts and as percentages of our revenue for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	(RMB in thousands)			
	(unaudited)			
Revenue	11,744,089	11,787,796	8,729,517	8,358,887
Cost of sales	(10,595,626)	(10,585,926)	(7,830,098)	(7,415,390)
Gross profit	1,148,463	1,201,870	899,419	943,497
Selling and				
marketing expenses	(605,742)	(607,348)	(450,231)	(426,535)
Administrative expenses	(414,092)	(432,738)	(327,893)	(271,995)
(Provision for)/reversal of				
impairment loss on				
financial assets	(528)	555	474	468
Research and				
development expenses	(19,537)	(16,428)	(12,796)	(8,744)
Other income	20,631	18,758	14,806	9,560
Other losses – net	(288)	(9,134)	(16,486)	(20,874)
Operating profit	128,907	155,535	107,293	225,377
Finance costs – net	(18,801)	(6,526)	(4,741)	(6,876)
Fair value gains and modification				
adjustments on convertible				
redeemable preferred shares – net . .	73,418	163,847	144,793	(481,316)
Profit/(loss) before income tax	183,524	312,856	247,345	(262,815)
Income tax expenses	(14,961)	(24,467)	(19,901)	(24,783)
Profit/(loss) for the year/period	168,563	288,389	227,444	(287,598)
Profit/(loss) for the year/period				
attributable to:				
– Owners of the Company	168,867	288,438	227,485	(287,844)
– Non-controlling interest	(304)	(49)	(41)	246
	168,563	288,389	227,444	(287,598)

SUMMARY

Non-HKFRS Financial Measure

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

We define adjusted profit/(loss) for the year/period (non-HKFRS measure) as profit/(loss) for the year/period adjusted by (i) fair value gains and modification adjustments on convertible redeemable preferred shares, net, (ii) share-based payment to employees, and (iii) [REDACTED]. The following table reconciles our adjusted profit/(loss) for the year/period (non-HKFRS measure) presented to the most directly comparable financial measures calculated and presented in accordance with HKFRSs, which is profit/(loss) for the year/period:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	(RMB in thousands)			
	(unaudited)			
Profit/(loss) for the year/period	168,563	288,389	227,444	(287,598)
Adjusted:				
Fair value gains and modification				
adjustments on convertible				
redeemable preferred shares – net . .	(73,418)	(163,847)	(144,793)	481,316
Share-based payments				
to employees	18,147	51,735	46,822	19,256
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted profit				
for the year/period				
(non-HKFRS measure)	116,378	193,206	145,223	215,343

SUMMARY

We recorded net profit of RMB168.6 million, RMB288.4 million and RMB227.4 million in 2023, 2024 and the nine months ended September 30, 2024, respectively, and net loss of RMB287.6 million in the nine months ended September 30, 2025. Eliminating the impact of items including (i) fair value gains and modification adjustments on convertible redeemable preferred shares, net, (ii) share-based payments to employees, and (iii) [REDACTED], we recorded an adjusted net profit (non-HKFRS measure) of RMB [REDACTED], RMB[REDACTED], RMB[REDACTED] and RMB[REDACTED] in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

See “Financial Information — Consolidated Statements of Comprehensive Income.”

Revenue by Business Segment

During the Track Record Period, we derived revenue from product sales, royalty and franchising services, and others. The following table sets forth a breakdown of our revenue by business segment in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)								
(unaudited)								
Product sales.	11,460,052	97.6	11,490,657	97.5	8,506,886	97.4	8,132,157	97.3
Royalty and franchising services	176,050	1.5	169,389	1.4	127,995	1.5	117,606	1.4
Others	107,987	0.9	127,750	1.1	94,636	1.1	109,124	1.3
Total	11,744,089	100.0	11,787,796	100.0	8,729,517	100.0	8,358,887	100.0

SUMMARY

Gross Profit and Gross Profit Margin by Business Segment

The following table sets forth our gross profit and gross profit margin by business segment for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)								
(unaudited)								
Product Sales	896,399	7.8	935,992	8.1	699,670	8.2	732,693	9.0
Royalty and franchising services.	176,050	100.0	169,389	100.0	127,995	100.0	117,606	100.0
Others.	76,014	70.4	96,489	75.5	71,754	75.8	93,138	85.4
Total	1,148,463	9.8	1,201,870	10.2	899,419	10.3	943,497	11.3

See “Financial Information — Description of Major Components of Our Results of Operations.”

SUMMARY

Selected Items from the Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
			2025
	<i>(RMB in thousands)</i>		
			<i>(unaudited)</i>
Total current assets	1,282,622	1,284,917	1,465,463
Total non-current assets	363,153	267,983	329,106
Total assets	1,645,775	1,552,900	1,794,569
Total current liabilities	4,093,627	3,838,327	3,181,835
Total non-current liabilities	237,891	165,818	347,219
Total liabilities	4,331,518	4,004,145	3,529,054
Net current liabilities	2,811,005	2,553,410	1,716,372
Net liabilities	2,685,743	2,451,245	1,734,485
Total deficit	2,685,743	2,451,245	1,734,485

Our net current liabilities decreased by 9.2% from RMB2,811.0 million as of December 31, 2023 to RMB2,553.4 million as of December 31, 2024, primarily due to a decrease of RMB197.8 million in convertible redeemable preferred shares. Our net current liabilities decreased by 32.8% from RMB2,553.4 million as of December 31, 2024 to RMB1,716.4 million as of September 30, 2025, primarily due to (i) a decrease of RMB516.2 million in convertible redeemable preferred shares, and (ii) an increase of RMB344.4 million in cash and cash equivalents.

Our net liabilities decreased from RMB2,685.7 million as of December 31, 2023 to RMB2,451.2 million as of December 31, 2024, primarily due to profit for the year of RMB288.4 million, partially offset by repurchases of Ordinary Shares of RMB110.0 million. Our net liabilities further decreased from RMB2,451.2 million as of December 31, 2024 to RMB1,734.5 million as of September 30, 2025, primarily due to issuance of shares of RMB954.6 million, partially offset by loss for the period of RMB287.6 million. The issuance of shares represents new Ordinary Shares we issued to our Shareholders, including Pre-[REDACTED] investors, at a par value of US\$0.00001 per Share pursuant to the supplemented shareholders’ agreement dated September 8, 2025. Our convertible redeemable preferred shares we issued to Pre-[REDACTED] investors will be re-classified from liabilities to equity as a result of automatic conversation into Ordinary Shares upon [REDACTED].

SUMMARY

See “Financial Information — Discussion of Key Items of Consolidated Statements of Financial Position.”

Summary of the Consolidated Statements of Cash Flows

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	<i>(RMB in thousands)</i>		(unaudited)	
Profit/(loss) before income tax	183,524	312,856	247,345	(262,815)
After adjustments	320,806	347,080	262,910	332,624
Changes in working capital	(176,561)	(188,648)	(122,580)	(43,494)
Income tax paid	<u>(29,046)</u>	<u>(25,286)</u>	<u>(21,272)</u>	<u>(14,008)</u>
Net cash inflow from operating activities	115,199	133,146	119,058	275,122
Net cash (outflow)/inflow from investing activities	(5,989)	73,195	78,744	7,814
Net cash (outflow)/inflow from financing activities	<u>(187,777)</u>	<u>(145,944)</u>	<u>(156,365)</u>	<u>62,402</u>
Net (decrease)/increase in cash and cash equivalents	(78,567)	60,397	41,437	345,338
Cash and cash equivalents at beginning of year/period	791,507	714,243	714,243	775,358
Effect of currency translation differences	<u>1,303</u>	<u>718</u>	<u>(62)</u>	<u>(972)</u>
Cash and cash equivalents at end of the year/period	<u>714,243</u>	<u>775,358</u>	<u>755,618</u>	<u>1,119,724</u>

See “Financial Information — Consolidated Statements of Cash Flows.”

SUMMARY

KEY FINANCIAL RATIOS

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

	Year ended December 31,		Nine months ended
	2023	2024	September 30,
			2025
			(unaudited)
Gross margin.	9.8%	10.2%	11.3%
Net margin	1.4%	2.4%	(3.4%)
Adjusted net margin (non-HKFRS measure).	1.0%	1.6%	2.6%

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in the section headed “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include: (i) we face intense competition in the markets in which we operate. Failure to compete effectively could materially and adversely affect our customer base, market share and profitability; (ii) growth of our business depends on our strong brand, and any failure to maintain, protect and enhance our brand could materially and adversely affect our business document and results of operations; (iii) growth of our business depends on our ability to attract and retain a large community of consumers, and any failure to meet the evolving demand and preference of consumers or maintain superior consumer experience could materially and adversely affect our brand reputation, business prospects and results of operations; (iv) failure by us, our franchisees or suppliers to maintain effective quality control systems of our products or any industry-wide food safety concerns could have a material adverse effect on our brand reputation, business and results of operations; and (v) our future growth depends on our ability to continuously expand our store network and manage the operational performance of such network. See “Risk Factors.”

SUMMARY

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Ms. Feng, through FWH Holding Ltd., JS Feng Ltd., WH Feng Ltd. and Qdama Talent, was entitled to control the exercise of [50.65]% voting rights of the issued Shares of our Company. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Ms. Feng, through FWH Holding Ltd., JS Feng Ltd., WH Feng Ltd. and Qdama Talent, will be entitled to control the exercise of [REDACTED]% voting rights of the issued Shares of our Company, and therefore will constitute a group of our Controlling Shareholders. See “Relationship with Our Controlling Shareholders.”

PRE-[REDACTED] INVESTMENTS

Since our establishment, we have attracted certain Pre-[REDACTED] Investors and completed several rounds of equity financing in the past few years to raise funds for the development of our business. For further information of the principal terms of the Pre-[REDACTED] Investments and the identity and background of our principal Pre-[REDACTED] Investors, see “History, Reorganization and Corporate Structure Pre-[REDACTED] Investments.”

USE OF [REDACTED]

Assuming that the [REDACTED] is not exercised, after deducting the [REDACTED] and other estimated [REDACTED] payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] and HK\$[REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED]. We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the expansion of our store network, including self-operated stores and franchise stores, to broaden our geographical coverage and deepen our market penetration.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for enriching our product portfolio and developing our branding and marketing efforts.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for strengthening supply chain capabilities by enhancing our procurement efficiency and upgrading integrated distribution centers.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for strengthening and upgrading our digitalization and intelligent infrastructures to further improve our operational efficiency.

SUMMARY

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for potential investment, merger and acquisition opportunities to further expand our store network and strengthen our product processing capabilities.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], as working capital and for general corporate uses.

See “Future Plans and Use of [REDACTED].”

[REDACTED]

	Based on the [REDACTED] of HK\$ [REDACTED] per [REDACTED]	Based on the [REDACTED] of HK\$ [REDACTED] per [REDACTED]
Market [REDACTED] of our Shares ⁽¹⁾	HK\$ [REDACTED]	HK\$ [REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$ [REDACTED]	HK\$ [REDACTED]

Notes:

- (1) The calculation of market [REDACTED] is based on [REDACTED] total issued Shares immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares (representing [REDACTED] Shares excluding [REDACTED] shares which are unvested but issued upon the completion of the [REDACTED]) are in issue, but takes no account of an Shares which may be issued upon on the exercise of the [REDACTED], or any Shares which may be issued or repurchased by the Company pursuant to the general mandates. For the purpose of this unaudited [REDACTED] statement of adjusted consolidated net tangible assets, the balance stated in Renminbi is converted into Hong Kong dollars at rate of RMB[0.9014] to HK\$1.00. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

SUMMARY

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, we did not declare or distribute any dividend. According to our Articles of Association and applicable laws and regulations, the decision on whether to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends and other factors that our Directors may consider relevant. We do not have a predetermined dividend payout ratio. We will evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

See “Financial Information — Dividends and Dividend Policy”.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [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 incurred [REDACTED] of RMB[REDACTED], of which RMB[REDACTED] was charged to the consolidated statements of profit or loss as administrative expenses, and RMB[REDACTED] million will be deducted from equity. We expect to incur [REDACTED] of approximately HK\$[REDACTED], of which approximately HK\$[REDACTED] is expected to be recognized in the consolidated statements of comprehensive income and approximately HK\$[REDACTED] is expected to be recognized as a deduction in equity directly upon the [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations in 2025. By nature, our [REDACTED] are composed of (i) [REDACTED] of approximately HK\$[REDACTED], and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED], which consist of fees and expenses of legal advisors and the Reporting Accountant of approximately HK\$[REDACTED] and other fees and expenses of approximately HK\$[REDACTED].

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

We have maintained stable business operations and development since September 30, 2025. Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since September 30, 2025, being the end date of the periods reported in the Accountant’s Report in Appendix I to this document, and there has been no event since September 30, 2025 which would materially affect the information shown in the Accountant’s Report in Appendix I in this document.

DEFINITIONS

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

“Accountant’s Report”	the accountant’s report of the Company, the text of which is set out in Appendix I to this document
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council
“Articles” or “Articles of Association”	the articles of association of the Company with effect upon the [REDACTED], a summary of which is set out in Appendix III to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“Business Day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands

[REDACTED]

“China”, “Chinese Mainland” or “the PRC”	the People’s Republic of China, unless the context requires otherwise, excluding, for the purposes of this document only, the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China

DEFINITIONS

“CIC”	China Insights Industry Consultancy Limited, an independent market research and consulting company
“CIC Report”	an independent market research report commissioned by us and prepared by CIC for the purposes of this document
“Circular 37”	the Notice of the SAFE on Issues Concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-Tripping Investment Made by Domestic Residents through Special-Purpose Companies (《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》)
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Act” or “Cayman Companies Act”	the Companies Act (Revised) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company,” “our Company,” or the “Company”	Qdama International Holding Ltd. (錢大媽國際控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on May 12, 2021
“Compliance Advisor”	Red Solar Capital Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Ms. Feng, FWH Holding Ltd., JS Feng Ltd., WH Feng Ltd. and Qdama Talent
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Dongguan Qdama Agricultural Products”	Dongguan Qdama Agricultural Products Co., Ltd. (東莞市錢大媽農產品有限公司), a limited liability company incorporated under the laws of the PRC on October 12, 2016 and a wholly-owned subsidiary of the Company
“EIT”	enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
“ESG”	Environmental, Social and Governance
“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
“FINI”	“Fast Interface for New Issuance,” the online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for the [REDACTED]

DEFINITIONS

“FWH Holding Ltd.”	FWH Holding Ltd., a limited liability company incorporated under the laws of BVI wholly owned by Ms. Feng, one of our Controlling Shareholders
“Gaorong QDM Holding”	Gaorong QDM Holding Limited, a limited partnership incorporated in BVI, as a designated offshore investment holding entity of Xizang Rongan, one of our Pre-[REDACTED] investors
“Generation Alpha”	Generation Alpha Investment Ltd., a limited partnership incorporated in BVI, one of our Pre-[REDACTED] investors
“Generation Alpha Omega”	Generation Alpha Omega Investment Ltd., a limited partnership incorporated in BVI, one of our Pre-[REDACTED] investors
“General Rules of HKSCC”	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
“[REDACTED]”	the Hong Kong Public [REDACTED] and the International [REDACTED]
“Group”	the Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by the Company and/or its subsidiaries and their predecessors (if any)
“Guangdong Qiantu”	Guangdong Qiantu Investment Holding Co., Ltd. (廣東錢途投資控股有限公司), a limited liability company established in the PRC, one of our subsidiaries
“Guangzhou Hezhi Fresh”	Guangzhou Hezhi Fresh Enterprise Management Center (Limited Partnership)(廣州和智鮮生企業管理中心(有限合夥)), a limited partnership established in the PRC, one of our Pre-[REDACTED] investors
“Guangzhou Qdama”	Guangzhou Qdama Agricultural Products Company Limited (廣州市錢大媽農產品有限公司), a limited liability company incorporated under the laws of the PRC on May 16, 2014 and a wholly-owned subsidiary of the Company

DEFINITIONS

“Guangzhou Qdama Supply Chain”	Guangzhou Qdama Supply Chain Co., Ltd. (廣州市錢大媽供應鏈有限公司), a limited liability company incorporated under the laws of the PRC on February 12, 2020 and a wholly-owned subsidiary of the Company
“Guide” or “Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Stock Exchange effective from January 1, 2024, as amended, supplemented or otherwise modified from time to time
“Hehong Zhiyi”	Ningbo Meishan Bonded Port Area Hehong Zhiyi Investment Partnership (Limited Partnership) (寧波梅山保稅港區和宏致益投資合夥企業(有限合夥)), a limited partnership established in the PRC, and the holding entity of HHZY Holding
“Hezhi Fresh Food (Shenzhen)”	Hezhi Fresh Food (Shenzhen) Enterprise Chain Management Partnership Enterprise (Limited Partnership) (和智鮮食(深圳)企業連鎖管理合夥企業(有限合夥)), a limited partnership established in the PRC, one of our Pre-[REDACTED] investors
“HHZY Holding”	HHZY Holding Limited, a limited partnership incorporated in BVI, as a designated offshore investment holding entity of Hehong Zhiyi, one of our Pre-[REDACTED] investors
“HJHY Holding”	HJHY Holding Limited, a limited partnership incorporated in BVI, as a designated offshore investment holding entity of Suzhou Huiyi, one of our Pre-[REDACTED] investors
“HJRY Holding”	HJRY Holding Limited, a limited partnership incorporated in BVI, as a designated offshore investment holding entity of Suzhou Rongyi, one of our Pre-[REDACTED] investors

[REDACTED]

DEFINITIONS

“HKFRS”

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

[REDACTED]

“Hong Kong” or “HK”

the Hong Kong Special Administrative Region of the PRC

“Hong Kong dollars” or “HK\$”

Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong Qdama Fresh” Hong Kong Qdama Fresh Foods Chain Store Co., Limited (香港錢大媽生鮮食品連鎖有限公司), a limited liability company incorporated under the laws of Hong Kong on February 27, 2019 and a wholly-owned subsidiary of the Company

[REDACTED]

“Hong Kong Stock Exchange” or “Stock Exchange” The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

“Hong Kong Takeovers Code” or “Takeovers Code” the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time

[REDACTED]

“IIT Law” the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)

“Immensus Capital” Immensus Capital China PE Fund II LP – SPV I, a limited partnership incorporated in the Cayman Islands, one of our Pre-[REDACTED] investors

DEFINITIONS

“Independent Third Party(ies)” any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules

[REDACTED]

“JG Queens” JG Queens Holding Limited, a limited partnership incorporated in BVI, one of our Pre-[REDACTED] investors

“Jiaxing Hanyuan” Jiaxing Hanyuan Equity Investment Partnership (Limited Partnership) (嘉興瀚源股權投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC, and the holding entity of Lighthouse

[REDACTED]

DEFINITIONS

[REDACTED]

“Joint Sponsors”	the joint sponsors as named in “Directors and Parties Involved in the [REDACTED]”
“JS Feng Ltd.”	JS Feng Ltd., a limited liability company incorporated under the laws of BVI indirectly wholly owned by Ms. Feng, one of our Controlling Shareholders.
“Latest Practicable Date”	January 5, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
“Lighthouse”	Lighthouse Gotrays Limited, a limited partnership incorporated in BVI, as a designated offshore investment holding entity of Jiaxing Hanyuan, one of our Pre-[REDACTED] investors
“Linghui Cornerstone”	Shenzhen Linghui Cornerstone Equity Investment Fund Partnership (Limited Partnership) (深圳市領匯基石股權投資基金合夥企業(有限合夥)), a limited partnership incorporated in the PRC, one of our Pre-[REDACTED] investors
“Lingyu Co-stone”	SHENZHEN LINGYU CO-STONE PRIVATE EQUITY PARTNERSHIP (LIMITED PARTNERSHIP) (深圳市領譽基石股權投資基金合夥企業(有限合夥)), a limited partnership incorporated in the PRC, one of our Pre-[REDACTED] investors

[REDACTED]

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

DEFINITIONS

“M&A Rules”	the Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) jointly issued by MOFCOM, SASAC, SAT, CSRC, SAMR and SAFE, as amended, supplemented or otherwise modified from time to time
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, with effect from the [REDACTED], a summary of which is set out in Appendix III to this document
“MIIT”	Ministry of Industry and Information Technology (中華人民共和國工業和信息化部)
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM” or “Ministry of Commerce”	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))
“MOP”	Macau Pataca, the lawful currency of Macau
“Mr. Feng”	FENG Jisheng (馮冀生), our founder and former director of our Company
“Ms. Feng”	FENG Weihua (馮衛華), our founder, chairperson of the Board, executive Director and chief executive officer of our Company and one of our Controlling Shareholders
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

DEFINITIONS

[REDACTED]

“Ordinary Shares” or “Share(s)” ordinary share(s) in the share capital our Company, with a par value of US\$0.00001 each

[REDACTED]

“Overseas Listing Trial Measures” The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023

“PBOC” the People’s Bank of China (中國人民銀行), the central bank of the PRC

“PRC Company Law” the Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time

“PRC GAAP” generally accepted accounting principles of the PRC

DEFINITIONS

“PRC Legal Advisor”	Jingtian & Gongcheng, the PRC legal advisor to the Company
“PRC Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“Pre-[REDACTED] Investment(s)”	the investment(s) in our Company undertaken by the Pre-[REDACTED] Investors prior to this [REDACTED], the details of which are set out in “History, Reorganization, and Corporate Structure — Pre-[REDACTED] Investments”
“Pre-[REDACTED] Investor(s)”	the Pre-[REDACTED] investor(s) of our Company, details of which are set out in “History, Reorganization and Corporate Structure — Pre-[REDACTED] Investments”
“Preferred Share(s)”	Series A Preferred Shares, Series B Preferred Sharers, Series B+ Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series E Preferred Shares, Series Pre-A Preferred Shares

[REDACTED]

“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“Qdama BVI”	Qdama International Investment Holding Ltd., a limited liability company incorporated in BVI on 20 May 2021 and a wholly-owned subsidiary of the Company

DEFINITIONS

“Qdama HK”	Qdama (Hong Kong) Investment Holding Limited, a limited liability company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“Qdama Talent” or “ESOP Platform”	Qdama Talent Holding Limited, a limited liability company incorporated in BVI, a platform holding the underlying incentive Shares under the Pre-[REDACTED] Share Incentive Scheme, which is wholly owned by TMF Trust (HK) Limited (as trustee of QDM Employee Trust, which was established by the Company as the settlor for the purposes of the Pre-[REDACTED] Share Incentive Scheme), one of our Controlling Shareholders
“QIBs”	qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Reorganization”	the offshore and onshore reorganization as set out in section headed “History, Reorganization and Corporate Structure — Reorganization” in this document
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SAMR”	the 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”	State-owned Assets Supervision and Administration Commission (國有資產監督管理委員會)
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“Series A Preferred Shares”	the series A preferred shares of our Company, with a par value of US\$0.00001 each

DEFINITIONS

“Series B Preferred Shares”	the series B preferred shares of our Company, with a par value of US\$0.00001 each
“Series B+ Preferred Shares”	the series B+ preferred shares of our Company, with a par value of US\$0.00001 each
“Series C Preferred Shares”	the series C preferred shares of our Company, with a par value of US\$0.00001 each
“Series D Preferred Shares”	the series D preferred shares of our Company, with a par value of US\$0.00001 each
“Series E Preferred Shares”	the series E preferred shares of our Company, with a par value of US\$0.00001 each
“Series Pre-A Preferred Shares”	the series Pre-A preferred shares of our Company, with a par value of US\$0.00001 each
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Qdama Agricultural Products”	Shanghai Qdama Agricultural Products Co., Ltd. (上海市錢大媽農產品有限公司), a limited liability company incorporated under the laws of the PRC on March 22, 2019 and a wholly-owned subsidiary of the Company
“Shanghai Shangshi”	Shanghai Shangshi Hongzhang Investment Center (Limited Partnership) (上海尚時弘章投資中心(有限合夥)), a limited partnership established in the PRC, and the holding entity of Super Fresh
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Hanyuan”	Shenzhen Hanyuan Investment Center (Limited Partnership) (深圳瀚源投資中心(有限合夥)), a limited partnership incorporated in the PRC, one of our Pre-[REDACTED] investors
“Shenzhen Jiangu”	Shenzhen Jiangu Equity Investment Fund Enterprise (Limited Partnership) (深圳兼固股權投資基金企業(有限合夥)), a limited partnership established in the PRC, and the holding entity of JG Queens

DEFINITIONS

“Shenzhen Qdama Agricultural Products”	Shenzhen Qdama Agricultural Products Co., Ltd. (深圳市錢大媽農產品有限公司), a limited liability company incorporated under the laws of the PRC on December 2, 2013 and a wholly-owned subsidiary of the Company
“Shenzhen Rongxiang”	Shenzhen Rongxiang Consulting Partnership (Limited Partnership) (深圳榕祥諮詢合夥企業(有限合夥)), a limited partnership established in the PRC, and the holding entity of Gaorong QDM Holding
	[REDACTED]
“STA”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
	[REDACTED]
“STARSEA”	STARSEA INTERNATIONAL LIMITED, a limited partnership incorporated in BVI, one of our Pre-[REDACTED] investors
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Super Fresh”	Super Fresh Ltd., a limited partnership incorporated in BVI, as a designated offshore investment holding entity of Shanghai Shangshi, one of our Pre-[REDACTED] investors
“Suzhou Huiyi”	Suzhou Heju Huiyi Investment Partnership (Limited Partnership) (蘇州和聚匯益投資合夥企業(有限合夥)), a limited partnership incorporated in BVI, and the holding entity of HJHY Holding
“Suzhou Rongyi”	Suzhou Heju Rongyi Investment Partnership (Limited Partnership) (蘇州和聚融益投資合夥企業(有限合夥)), a limited partnership incorporated in BVI, and the holding entity of HJRY Holding

DEFINITIONS

“Taikang Life Insurance”	Taikang Life Insurance Co., Ltd. (泰康人壽保險有限公司), a limited liability company incorporated in the PRC, one of our Pre-[REDACTED] investors
“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
“Track Record Period”	the financial years ended December 31, 2023, 2024 and nine months ended September 30, 2025
“treasury shares”	has the meaning ascribed thereto under the Listing Rules
[REDACTED]	
“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“U.S. dollar(s)”, “US\$” or “USD”	United States dollar, the lawful currency of the United States
“U.S. persons”	U.S. persons as defined in Regulation S
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“VAT”	value-added tax
“WH Feng Ltd.”	WH Feng Ltd., a limited company incorporated under the laws of BVI indirectly wholly owned by Ms. Feng, one of our Controlling Shareholders.
“Xizang Rongan”	Xizang Rongan Growth Investment Center (Limited Partnership) (西藏榕安成長投資中心(有限合夥)), a limited partnership established in the PRC, and the holding entity of Garong QDM Holding

DEFINITIONS

“Yunrui Capital”	Yunrui Capital, a limited partnership incorporated in the Cayman Islands, one of our Pre-[REDACTED] investors
“Zhongshan Qdama Agricultural Products”	Zhongshan Qdama Agricultural Products Co., Ltd. (中山市錢大媽農產品有限公司), a limited liability company incorporated under the laws of the PRC on April 27, 2017 and a wholly-owned subsidiary of the Company
“%”	per cent

In this document, the terms “associate,” “close associate,” “connected person,” “core connected person,” “connected transaction” and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including the Company’s subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

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

"3R"	ready-to-eat, ready-to-cook and ready-to-heat products that are designed for convenient consumption
"App"	applications on smart mobile devices
"CAGR"	compound annual growth rate
"cold-chain"	a temperature-controlled supply chain infrastructure comprising refrigerated warehousing and logistics facilities supported by equipment that can constantly maintain the required low-temperature range
"D&C Model"	end of the day discount and clearance model, an operational pricing model under which perishable products are discounted or cleared at the end of the day to improve turnover
"Digital Operation Platform"	a digital platform that connects the headquarters directly with all franchise stores, integrating ordering, sales, store level inventory and pricing data
"ERP system"	enterprise resource planning system, an integrated software platform that enables an organization to manage and automate core business processes such as finance, procurement, inventory, production, and human resources through a unified database and standardized workflows
"GFA"	gross floor area
"GMO"	genetically modified organism, whose genetic material has been altered using genetic engineering techniques
"GMV"	gross merchandise value
"HACCP"	Hazard Analysis and Critical Control Points, a systematic approach to food safety that identifies, evaluates, and controls potential hazards throughout the food production process

GLOSSARY OF TECHNICAL TERMS

“integrated distribution center”	distribution center that integrates sorting and processing functions
“IT”	information technology
“kg”	kilogram
“lean-meat yield”	the proportion of usable lean meat obtained from a carcass relative to its total weight
“municipalities”	Beijing, Tianjin, Shanghai and Chongqing
“POS”	a retail management system for points of sales
“R&D”	research and development
“ready-to-cook” or “RTC”	semi-finished ingredients that are pre-cut, seasoned and mixed, or even deep-processed (i.e. fried or grilled), ready for cooking
“ready-to-eat” or “RTE”	pre-prepared and packaged foods ready for consumption without further preparation or cooking
“ready-to-heat” or “RTH”	pre-prepared foods that are already cooked and need only heating by microwave, oven, boiling, steaming, etc. before consuming
“SPU”	standard product unit
“sq.m.”	square meter
“SRM system”	supplier relationship management system, a digital platform that helps organizations manage supplier information, sourcing, performance, and collaboration to improve procurement efficiency and supply chain effectiveness
“TMS system”	transportation management system, a digital system used to plan, execute, and optimize the transportation of goods, including route planning, carrier management and freight settlement
“WMS system”	warehouse management system, a software system that manages and optimizes warehouse operations such as inventory tracking, picking, packing and inbound and outbound logistics

FORWARD-LOOKING STATEMENTS

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

- general political and economic conditions, including those related to the PRC, Hong Kong and Macau;
- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business operations and prospects;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- various business opportunities that we may pursue; and
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC, Hong Kong and Macau and the industry and markets in which we operate.

FORWARD-LOOKING STATEMENTS

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in “Risk Factors” and elsewhere in this document. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

You should carefully consider all of the information set out in this document before making an investment in the Shares, including the risks and uncertainties described below in respect of our business and our industry and the [REDACTED].

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We face intense competition in the markets in which we operate. Failure to compete effectively could materially and adversely affect our customer base, market share and profitability.

The industry in which we operate is intensely competitive with respect to, among other things, brand recognition, consistent food quality, services, prices and store locations. Our competitors come from a variety of geographic markets, including domestic and international fresh product chain companies. Furthermore, new competitors may emerge from time to time, which may further intensify the competition. In particular, market players initially in other food sectors may start to offer products or brands that resemble our concepts and target consumers, imposing direct competition against us. There are also well-established competitors, potentially with greater financial, marketing and other resources than ours, and several of our competitors are well established in certain regional markets where we currently have stores or intend to open stores.

Our ability to effectively compete will depend on various factors, including the successful implementation of our store network expansion strategy, consistent consumer demand for our fresh products, stable and effective food processing and logistics capabilities, reliable and high-quality fresh product suppliers, and our ability to continuously source high-quality fresh products, to expand product portfolio, and to enhance our operational efficiency. Failure to successfully compete may prevent us from increasing or sustaining our revenue and profitability and potentially lead to a loss of market share, which could have a material and adverse effect on our business, results of operations and cash flows.

Growth of our business depends on our strong brand, and any failure to maintain, protect and enhance our brand could materially and adversely affect our business prospects and results of operations.

We have cultivated a household brand “Qdama (錢大媽)” with the value proposition of “highly fresh” in consumers’ minds. We believe that the strong recognition of our brand among consumers will promote word-of-mouth marketing and will contribute significantly to the growth and success of our business. Accordingly, to maintain, protect and enhance the recognition of our brands is critical to our business and market share.

RISK FACTORS

Many factors, some of which are beyond our control, are of importance to maintain, protect and enhance our brand. These factors, among others, include our ability to:

- maintain and improve the diversity, quality and attractiveness of the products and services we offer;
- extend our geographic reach and enhance the integration of online and offline channels to provide superior shopping experience;
- enhance the responsiveness, functionality and features of our Qdama WeChat Mini Program and App;
- increase brand awareness through marketing and brand promotion activities;
- maintain or improve satisfaction with our franchising services and after sales services;
- ensure compliance with relevant laws and regulations;
- compete effectively against existing or future competitors;
- preserve our reputation and goodwill generally and in the event of any unfavorable publicity on our products and services, malicious competition, food safety and data privacy, or other issues affecting us or China’s fresh product industry;
- maintain adequate protection of our IP; and
- maintain our cooperative relationships with business partners, including, among others, franchisees, suppliers and third-party service providers.

If our brand or reputation deteriorates, our overall business, prospects and results of operations could be materially and adversely affected.

Growth of our business depends on our ability to attract and retain a large community of consumers, and any failure to meet the evolving demand and preference of consumers or maintain superior consumer experience could materially and adversely affect our brand reputation, business prospects and results of operations.

Our business depends heavily on the number of consumers who purchase products from our online and offline sales channels. Our ability to attract and retain consumers depends on a number of factors, including but not limited to:

- our ability to constantly source and offer high-quality products that meet the evolving demand and preference of our consumers;
- our ability to provide superior shopping experience for consumers through online and offline channels based on our D&C model;

RISK FACTORS

- the effectiveness of our franchise programs and other sales and marketing efforts; and
- our ability to respond to the changes of the general public’s consumption or dietary habits.

China’s fresh product industry continues to evolve, and we must keep pace with changing consumer expectations and new developments by our competitors. Our stores serve as key touchpoints with consumers, offering a convenient shopping experience. If store staff fail to offer satisfactory shopping experience, make in-store product assortments attractive that meets consumers’ expectations or maintain relationships with consumers, our brand image may be undermined and our results of operations may be adversely affected. In addition, to capture opportunities presented by the rapidly growing e-commerce industry in China, and to meet consumer demand for more convenient shopping experience, we continue to expand our online sales channels, and the failure to successfully expand our online business presence may make us unable to capture such market opportunities. See “Business — Our Sales Network — Online Sales Channels.”

Our efforts to expand our consumer base and to increase consumer engagement may not always be successful. If our existing consumers no longer find our products appealing or are unsatisfied with our products or services, or if our competitors offer more attractive products, prices, discounts or better services, our existing consumers may lose interest in us, reduce their purchases or even stop purchasing from us. If we fail to attract and retain consumers, our brand image may be undermined and our business as well as results of operations may be adversely affected.

Failure by us, our franchisees or suppliers to maintain effective quality control systems of our products or any industry-wide food safety concerns could have a material adverse effect on our brand reputation, business and results of operations.

Our success essentially depends on the quality of our products. Maintaining consistent quality of our products depends significantly on the effectiveness of our quality control systems, which in turn depends on a number of factors, including the design of our quality control systems and our ability to ensure that our employees and our franchisees adhere to those quality control policies and guidelines. Our quality control systems primarily cover (i) procurement and suppliers, (ii) logistics and storage, and (iii) store operations. See “Business — Food Safety and Quality Control.” In addition, as we procure a substantial amount of fresh products from our suppliers, the quality of fresh products is also affected by our suppliers’ ability to maintain effective quality control. We cannot guarantee that our quality control systems or those of our suppliers will remain effective. Furthermore, to ensure food safety, standardized quality as well as brand reputation, we supply and deliver all products to our franchisees. However, we cannot guarantee that our franchisees will follow and maintain the quality control standard for the products they sell to consumers. Any issues relating to food safety and product quality may have a material and adverse impact on our reputation.

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Such complaints may give rise to negative publicity and have adverse impact on our reputation. As such, any significant failure or deterioration of our quality control systems could have a material adverse effect on our brand reputation, business and results of operations.

In addition, the food industry in which we operate is subject to concerns over food safety and quality. There have been various reports and negative news in relation to the food safety and quality incidents in the food industry in the past. Even though the reports and allegations were not targeted at us, the food industry could be negatively impacted by such incidents. The following downturn in the whole industry could take a long time to recover. A public perception that we, or other industry participants do not provide satisfactory products with safety and quality, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract and retain consumers, and our business and results of operations may be materially and adversely affected.

Our future growth depends on our ability to continuously expand our store network and manage the operational performance of such network.

During the Track Record Period, we generated substantially all of our revenue from product sales to our franchisees. Accordingly, our future growth depends significantly on our ability to operate and expand our store network.

In terms of new geographical markets, any additional new markets we might enter in the future could present different competitive conditions, consumer preferences, spending patterns, and regulatory and compliance requirements. We cannot guarantee that the actual market demands of new regions will align with our expectations or that we will open new stores in these markets in a timely manner or at all. To increase our brand awareness in new geographical markets, we might need to invest more in advertising and promotional activities than originally planned. If we cannot successfully enter these new geographical markets or if there is a delay in our expansion in these markets, our business, financial position, and results of operations might be adversely affected.

For existing geographical markets, as we increase our store density in select provinces, we will also need to enhance our supply chain infrastructure in these provinces to meet the growing market demand, while maintaining the high quality and freshness of the products. As a result, we might incur additional operating expenses as we continue our expansion in these markets. Changes in the market environment where the existing franchisees are located, as well as the decline in consumers' willingness and capacity to purchase, may also lead to a decrease in the number of orders and the average sales amount of a single transaction for our franchisees. In such occasions, our business and results of operations would be adversely affected. Further, we may also encounter difficulties during our expansion. For example, we may face intense competition from other brands. In the event that we fail to maintain our relationship with existing franchisees or our competitors offer more favorable terms, our existing franchisees may choose to instead collaborate with other brands, which may, in turn, negatively affect our market share in the existing markets. If our expansion in the existing markets is not

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cost-effective or fails to achieve positive results, it could negatively impact our business, financial position, and results of operations.

All the factors mentioned above, whether individually or in combination, might delay or hinder our store network expansion. Moreover, our expansion could place considerable demands on our management and our operational, technological, and financial resources. If we cannot manage these demands, our business, financial position, and results of operations could be negatively affected.

Our results of operations are largely subject to franchisees' willingness to join our network and the performance of the franchise stores, and we cannot control and may not be able to effectively monitor the operations of these franchise stores or maintain our current relationship with the franchisees.

Our offline sales network primarily consists of franchise stores that are operated by third parties. As of December 31, 2023 and 2024 and September 30, 2025, we had a total of 2,835, 2,863 and 2,898 franchise stores, respectively, accounted for 97.2%, 98.0% and 98.6% of our total number of stores for the same periods. We primarily derive revenue from sales to our franchisees. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from sales to franchisees amounted to RMB11,091.6 million, RMB11,140.4 million, RMB8,236.1 million and RMB7,954.7 million, respectively, representing 94.4%, 94.5%, 94.3% and 95.2% of our total revenue for the same periods. Therefore, our results of operations are significantly subject to the performance of our franchise stores. Generally, our franchisees independently manage their businesses, and are responsible for the daily operation of their own franchise stores. Poor performance of the franchise stores will materially and adversely affect our revenue, profitability and brand. We also rely on franchisees to implement our strategic initiatives and marketing programs. Therefore, the success and quality of the franchise stores are ultimately dependent on the market environment, business environment in which they operate and the consumption capacity of consumers.

Our franchisees face various litigation risks, including consumer claims, personal-injury claims, environmental claims, and employee allegations of improper termination. Although we do not directly undertake costs incurred in each of the above types of proceedings, these complaints may increase the costs of operations for our franchisees, have a negative impact on their profitability, and limit the funds available for their business operations, or affect our ability to renew our franchise arrangements. Such impact would subsequently adversely affect our business operations and results of operations and may negatively impact our brand image.

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Although we have developed a robust franchise management system to supervise and manage our franchise stores and provide training to their employees, we may not be able to monitor and manage their operations as directly and effectively as our self-operated stores. To maintain the standard and consistent quality of our products as well as consumers' purchasing experience, we provide operational guidelines or assistance on key aspects of store operations, which range from frontline store-level staff training, store layout, product display, inventory management, license management to pricing requirement, so as to maintain a uniform brand image and quality across our stores. However, our franchisees may deviate from our guidelines without our consent, which may jeopardize our brand positioning and image. Our franchisees may also breach other provisions of the franchise agreements with us or otherwise engage in illegal actions or misconducts. If our franchisees fail to successfully and effectively operate franchise stores, or if our franchisees do not satisfactorily fulfill their responsibilities and commitments, our franchise stores may experience sales declines and our brand image may be negatively impacted, which may consequently result in our failure to maintain and increase our revenue and profitability.

Fluctuations in prices and changes in the quality of fresh products could materially and adversely affect our profitability and results of operations.

Our supplies of fresh products such as pork, fruits, vegetables, seafood, meat, eggs and dairy products are crucial to the operation of our stores. Any fluctuation in the market prices of our supplies may result in material changes in our cost of inventories sold, which, in turn, could adversely affect our business and results of operations. Our ability to control our costs depends on our ability to secure fresh products that meet our quality standards from our suppliers at reasonable prices. As a result, our production volume and production costs depend on our ability to source fresh products at competitive prices. However, fresh products are subject to price volatility caused by external factors, such as adverse weather conditions and pest disaster, commodity price fluctuations, changes in supply and demand, logistics and processing costs, our bargaining power with suppliers, inflation, and governmental regulations and policies. In particular, cultivation of certain fresh products is vulnerable to extreme weather conditions such as windstorms, hailstorms, drought, temperature extremes and typhoons, as well as natural disasters and crop diseases and pest intrusion. Unfavorable conditions can reduce both yield and quality of such fresh products and may create substantial volatility in the price of certain fresh products in a certain period, which in turn have a material and adverse effect on our business and results of operations. Any increase in the procurement price of fresh products may prompt us to increase our pricing of products, reducing their competitiveness. If we choose not to increase our selling price to preserve our competitiveness despite the increased cost, we may not be able to pass the increased cost on to our franchisees or consumers or to achieve or maintain profitability in the future.

As such, the availability (in terms of type, variety and quality) and price of fresh products may fluctuate and our suppliers may also be affected by higher costs of inventories supplied to us, rising labor costs and other expenses that they pass through to their customers, which could result in higher costs for inventories supplied to us.

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We rely on third-party warehousing and logistics providers to store and deliver our products to our stores, and risks associated with logistics may adversely impact our reputation, business and financial performance.

We partner with third-party logistics service providers to deliver our products efficiently. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our logistics expenses amounted to RMB312.8 million, RMB292.1 million, RMB216.4 million and RMB207.6 million, respectively, representing 2.7%, 2.5%, 2.5% and 2.5% of our total revenue of the same periods. To ensure the optimized quality and condition of fresh products, we have set standards to the third-party providers for logistics. See “Business — Food Safety and Quality Control — Logistics and Storage Quality Control.” However, we cannot guarantee that the third-party logistics providers will always be able to satisfy our stringent quality control requirements.

Our operations rely on third-party warehousing facilities for the storage and distribution of fresh products. Any disruption in these facilities, such as capacity constraints and equipment failures, could significantly impact our ability to fulfill store demand. In addition, if our warehousing partners experience financial distress, operational inefficiencies, or fail to meet food safety and quality standards, we may face delays, increased costs, or reputational damage. Given the perishable nature of our products, even short-term interruptions in warehousing services could materially and adversely affect our business, financial condition, and results of operations.

The services provided by our third-party logistics providers may also be suspended, canceled or delayed for various reasons beyond our control, including improper handling by our logistics service providers, labor disputes or strikes, acts of war or terrorism, outbreaks of epidemics, earthquakes and other natural disasters, which could cause interruption to the sales or delivery of our products or damage to our products. Disputes with or a termination of our contractual relationships with one or more of our logistics companies could result in delayed delivery of products or increased costs. If we are unable to maintain or develop good relationships with logistics companies or find suitable replacements in a timely manner, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our franchisees and consumers. In addition, any improper handling of our products by the logistics providers could also result in product damage, which may in turn lead to product recalls, product liabilities, increased costs and damage to our reputation, which may in turn adversely affect our business and results of operations. Any increase in the service costs of our logistics providers may also lead to an increase to our logistics expenses, which may in turn negatively affect our results of operations.

If our suppliers do not deliver quality food products at competitive prices or in a timely manner or insufficient production capacity, we may experience supply shortages and increased procurement costs.

Purchases from our five largest suppliers in each period during the Track Record Period amounted to RMB1,043.8 million, RMB1,139.4 million and RMB899.4 million, respectively, representing 14.4%, 11.1% and 8.8% of our total purchases for the same periods. In addition, purchases from our largest supplier in each period during the Track

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Record Period amounted to RMB256.9 million, RMB303.6 million and RMB246.3 million, respectively, representing 3.5%, 3.0% and 2.4% of our total purchases for the same periods. We cannot guarantee that we will maintain good and stable relationships with our suppliers. If any of our suppliers do not perform adequately or otherwise fail to distribute quality products to us in a timely manner due to deteriorated relationships with us or insufficient production capacity, we cannot guarantee that we will be able to secure alternative suppliers on commercially acceptable terms in a timely manner, or at all. Any failure to do so could increase our procurement costs and could cause shortages of products, which will further lead to the shortages of our products and may cause us to replace certain products with others that may affect the tastes of our products. In addition, the productivity of our suppliers may also be negatively affected by labor shortages, unexpected mechanical failures, utility shortages or outage, fire, acts of God or other calamities of our suppliers, which would render our suppliers unable to maintain their supply at the same or a similar level of product quality and quantity in the future. Any significant changes to the tastes of our products for a prolonged period could result in a significant reduction in revenue during the time affected by the shortage and could adversely affect our business and results of operations.

We face risks associated with our operation outside Chinese Mainland.

We have expanded our business footprints into Hong Kong and Macau. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, the revenue from sales in Hong Kong and Macau amounted to RMB703.4 million, RMB876.4 million, RMB643.7 million and RMB692.3 million, representing 6.0%, 7.4%, 7.4% and 8.3% of our total revenue for the same periods. As of September 30, 2025, we had 68 and four offline stores in Hong Kong and Macau, respectively. Risks associated with our cross-border operations may include, among other things:

- challenges in providing products, services and support, in recruiting personnel in Hong Kong and Macau markets, and in managing sales channels and distribution networks effectively;
- difficulties in dealing with regulatory regimes, regulatory bodies and government policies with which we may be unfamiliar, in order to obtain permits, licenses and approvals necessary to manufacture, market and sell products in or to various jurisdictions;
- adverse changes in, or our failure or the failure of our suppliers to comply with customs laws, regulations, tariffs and quotas set by the local government and PRC government when we import raw materials and consumables or export our products among the different countries or jurisdictions where we do business;
- inability to effectively manage logistics services in Hong Kong and Macau due to different regulatory environments;
- differences in accounting treatment in different countries and jurisdictions, potential adverse tax implications and foreign exchange losses;

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- inability to effectively enforce contractual or legal rights; and
- changes in laws, regulations and policies as well as political, economic and market instability or civil unrest in the relevant countries and jurisdictions.

Our cross-border operations are also susceptible to uncertainties in their respective financial environment and increased foreign exchange risks stemming from the volatility of foreign exchange rates and changes of foreign exchange controls. We may not be able to adjust our business practices in time to avoid or mitigate adverse effects from any of the foregoing risks, and accordingly, our business and results of operations could be materially and adversely affected. If we are unable to effectively avoid or mitigate these risks, our ability to expand into other markets will be impaired, or our cross-border business may not be able to achieve or sustain profitability, which could have a material and adverse effect on our business, results of operations and prospects.

Our success relies on key management and other highly qualified personnel.

Our future success is significantly dependent upon the continued service of our management and highly qualified personnel. Our continued ability to compete effectively depends on our ability to retain and motivate existing employees and attract new employees. We may need to offer higher compensation and other benefits to attract and retain key personnel and our compensation and benefits payments may increase unexpectedly or at a greater rate than expected. If we lose the services of any member of management or qualified personnel, we may not be able to locate suitable or qualified replacements in a timely manner with reasonable price, or at all. Our failure to attract and retain key management or qualified personnel and any increase in staffing costs to retain such personnel could have a negative impact on our ability to maintain our competitive position and grow our business, and may also have a material adverse effect on our results of operations and growth prospects.

Our key management and employees are subject to confidentiality terms and non-competition arrangements. However, we cannot guarantee that such terms or arrangements can be fully and legally enforced. If any of our management or other key personnel joins or establishes a competing business, we may lose some of our franchisees and consumers, which may have a material adverse effect on our business.

Our integrated distribution centers are susceptible to interruption, damage or loss caused by power outages or other events beyond our control.

As of the Latest Practicable Date, we leased 16 integrated distribution centers across China, all of which are operated by us directly. Our procurement, sorting, processing and logistics involve many different, often interrelated phases and are complex to manage. Even when technical and safety standards for the operation and maintenance of our integrated distribution centers are observed, operational disruptions and delays cannot be ruled out. As such, interruptions, damage or loss to our integrated distribution centers

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caused by fire, severe weather, earthquakes or other force majeure events, government intervention or other events which are beyond our control could harm our business, operating results and prospects.

In addition, the operation of integrated distribution centers requires a stable supply of utilities, such as electricity, water and gas. If there are any shortages of power, water, gas or other utilities, the local authorities may require our integrated distribution centers to be shut down periodically, which may disrupt our production. This may adversely affect our ability to fulfill our sales orders and consequently may have an adverse effect on our business, results of operations and financial condition.

Since we and our franchisees require various approvals, licenses and permits to operate businesses, any failure to obtain or renew any of these approvals, licenses and permits could materially and adversely affect our businesses and results of operations.

We are required to obtain and maintain various approvals, licenses, and permits to operate our business, pursuant to the PRC laws and regulations, which mainly include Food Operation License and Filing for Prepackaged Food Sales Only. See "Business — Licenses, Approvals and Permits." These approvals, licenses and permits are achieved upon satisfactory compliance with, amongst other things, the applicable food hygiene and safety, environmental protection and fire safety laws and regulations. Most of these licenses are subject to examinations or verifications by relevant authorities and some are valid only for a fixed period of time subject to renewal and accreditation. We may be subject to penalties and regulatory actions if we fail to obtain or renew such approvals, licenses and permits, which may have adverse effect on our business, financial position and results of operations.

In addition, our franchisees are also required to obtain and maintain relevant approvals, licenses and permits relating to food operation. Although pursuant to our franchise arrangements, our franchisees are responsible for obtaining and maintaining requisite license and permits for their franchise stores, any non-compliance may cause a temporarily close to the relevant store until it satisfies all legal and regulatory requirements, which may in turn adversely affect the business operations, and they may be subject to penalties and regulatory actions in the case where they fail to obtain or renew such approvals, licenses and permits, which may have a negative impact on our reputation and brand image and ultimately our business, financial position and results of operations. While we have internal controls in place to require our franchisees to obtain all necessary approvals, licenses and permits before commencing operations, we cannot ensure that all franchisees complete corrective actions and obtain relevant certifications in a timely manner. Such failure of our franchise stores to provide valid proof of compliance will not subject us to fines and penalties. However, it may have negative impact on our reputation and brand image, and ultimately affect our financial position and results of operations.

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We cooperate with third-party food delivery platforms. The performance of, and our long-term relationships with, such platforms may affect our business, financial condition, and results of operations.

We cooperate with third-party food delivery platforms for the promotion and delivery of our products via online channels, which allows consumers to place orders online without physically visiting our stores. Interruptions or failures in the systems of such third-party food delivery platforms could affect consumers' shopping experience. If our products are not delivered on time and in proper condition, our consumers may refuse to accept and have less confidence in our products, in which case our business and reputation may be adversely affected. In addition, we cannot assure you that we will maintain long-term relationships with the third-party food delivery platforms. If our relationships terminate, deteriorate or become less cost-effective, our business, financial condition, and results of operations may be materially and adversely affected.

Failure to renew the current leases or locate desirable alternatives for our existing stores could materially and adversely affect our business.

Our growth strategy includes opening and operating stores at desirable and suitable locations, which depends on the ability to find and remain in suitable locations. As a significant number of our stores, including self-operated stores and franchise stores, were located in leased premises. Leases for our self-operated stores and franchise stores generally have a term of five years and ranging from three to five years, respectively, and may be renewed upon mutual agreement. We also lease properties for our integrated distribution centers as well as our offices premises. However, we or our franchisees may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all. If we or our franchisees are required to relocate certain of the leased properties, we or our franchisees may not be able to secure desirable locations in a timely manner or on reasonable commercial terms, and we or our franchisees would incur additional relocation costs, which may adversely affect our business operations and results of operations.

In addition, we and our franchisees compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we or our franchisees could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the suitable leased properties. In addition, we or our franchisees may not be able to locate desirable alternative sites for the business facilities as our business continues to grow and failure in relocating the affected operations could materially and adversely affect our business operations.

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If our risk management system is not adequate or effective or we fail to implement and maintain effective internal controls, our business, financial results and reputation could be materially and adversely affected.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, IT system, human resources and internal control management. However, due to the inherent limitations in the design and implementation of our risk management system, it may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place. Furthermore, our new business initiatives may give rise to additional risks that are currently unknown to us, despite our efforts to anticipate such issues. If our risk management system fails to detect potential risks in our business as intended or is otherwise exposed to weaknesses and deficiencies, our business and results of operations could be materially and adversely affected. Our risk management also depends on effective implementation by our employees. We cannot guarantee that such implementation by our employees will always function as intended or such implementation will not involve any human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business and results of operations could be materially and adversely affected, particularly with respect to the maintenance of our relevant approvals and licenses granted by governments.

In addition, our success depends on our ability to effectively utilize our standardized management system, information systems, resources and internal controls. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our internal controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors, information lapses or production breakdown that affect our business. If we are not successful in identifying and overcoming weaknesses in our internal controls, our business, financial results and reputation could be materially and adversely affected.

We may not be successful in promoting our promotion programs.

We have launched our membership program, prepaid card program and gift card program. See "Business — Branding and Marketing — Member-targeted Marketing Activities." We employ these promotion programs to further enhance the loyalty and stimulating sales by the end consumers. These promotion programs also facilitate our collection of certain valuable data about our customers' purchase activities. However, our ability to track and analyze information regarding consumers and transactions and the success of these promotion programs will largely depend on consumer acceptance of our promotion programs as well as their attractive operations. We may not accurately predict the rate or extent to which our consumers will accept such promotion programs. There is no assurance that our promotion programs will be implemented successfully or remain sustainable, nor can we assure you that the promotion programs will be effective in retaining existing members. If any of the foregoing risks materializes, our businesses and results of operations may be materially and adversely affected.

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Our results of operations are affected by seasonal fluctuations.

As our fresh products contributed significantly to our revenue, we have been subject to certain levels of seasonal fluctuations with respect to consumer demand due to the seasonal patterns for food consumption. For instance, we typically have more consumer orders and generate higher sales from June to September, and lower sales during the Chinese New Year as the public travel to celebrate the holidays. Historically, we experienced lower sales during the winter months, particularly from November through February. Reduced consumer demand during these months could negatively impact store-level performance and our overall revenue. In addition, major holiday periods often lead to changes in consumer behavior, as customers may travel or dine out rather than purchase fresh products for home consumption. Such patterns can result in temporary declines in foot traffic and sales at our stores during extended holidays. Certain product categories, such as fruits and seafood, are inherently subject to the seasonality of their harvest. Limited availability or higher procurement costs during off-harvest periods may constrain our ability to maintain consistent supply and pricing, which could adversely affect our profitability and customer satisfaction. If we are unable to effectively manage these seasonal fluctuations, our financial condition and results of operations could be materially and adversely affected.

We have a comprehensive product portfolio. However, we cannot guarantee that such diversified product portfolio would reduce the impacts of seasonal fluctuations in consumer demands. Going forward, our results of operations may fluctuate due to seasonality as we continue to expand our store network and our historical results of operations may not be comparable to or indicative of our future results of operations.

Our historical results of operations may not be indicative of our future performance.

We recorded net profit of RMB168.6 million, RMB288.4 million and RMB227.4 million and net loss of RMB287.6 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. See “Financial Information — Description of Major Components of Our Results of Operations.” Our future growth and profitability are affected by a number of factors, such as our ability to optimize and enrich our product portfolio, our ability to successfully implement our business development strategies in a cost-effective manner and our ability to effectively manage our costs and expenses and continuously improve operational efficiency. Accordingly, you should not rely on the revenue of any prior period as an indication of our future performance. We may also incur unforeseen expenses, or encounter difficulties, complications or delays in deriving revenue or achieving profitability. If we are unable to generate adequate revenue and manage our expenses, we may continue to incur significant losses and have accumulated losses in the future and may not be able to achieve profitability.

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

We may be subject to various complaints, disputes and lawsuits arising out of the ordinary course of our business, including, from time to time, actual or threatened litigation relating to commercial transactions, product liability, food safety, workers compensation, intellectual property claims and regulatory actions. If any complaint, dispute and lawsuit is dealt with improperly, we may be subject to litigation and required to pay substantial damages. Any complaints, disputes and lawsuits filed by or against us, whether or not meritorious, could result in significant costs and diversion of resources, and could cause serious damage to our reputation.

Specifically, we sell fresh products that create exposure to food liability claims. If such fresh products are not properly procured, stored or delivered, consumers could assert legal claims against us in connection with personal injuries related to food poisoning or tampering, which could subject us to claims for damages. The PRC government, media outlets and public advocacy groups have been increasingly focused on consumer protection in recent years. See "Regulatory Overview — Regulations Relating to Consumer Protection." The costs in connection with defending food liability claims and payment of damages may be substantial. Our reputation could also be adversely affected by such claims, whether or not successful. Furthermore, defective products could result in a decrease in sales and would consequently have a materially adverse effect on our reputation. In addition, potential damages claimed by customers or consumers, delayed deliveries, or our failure to comply with quality requirements could negatively affect the market acceptance of our other products, the risk of which could have a material adverse effect on our business and results of operations. In addition, complaints, disputes and lawsuits filed against us may result from improper supplies to us, while our suppliers may not compensate us for any costs incurred by us as a result of such complaints, disputes and lawsuits in a timely manner, or at all. In that case our business and results of operations may be negatively affected.

Our employees and business partners may engage in intentional or negligent misconduct, or violate our internal policies and laws, which could impair the quality of our products and service, cause us to lose customers or subject us to liability.

We risk compromising the quality of our products if our employees, franchisees, suppliers and other business partners do not perform in accordance with our standards. We have internal policies and guidelines to monitor and ensure the products delivered to our customers are of satisfactory standards. In addition, we have adopted and strictly implemented a series of procedures designed to verify the integrity and qualifications of our employees before engagements and franchisees, suppliers and other business partners before cooperations. Nevertheless, we cannot guarantee that our employees, franchisees, suppliers and other business partners will not engage in any intentional or negligent misconduct.

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Furthermore, we may be exposed to the risks of fraud or other unlawful activities committed by our employees, franchisees, suppliers and other business partners. Fraud or other unlawful activities by our employees, franchisees, suppliers and other business partners may include making unauthorized misrepresentation to our customers, misappropriating third-party intellectual property and other proprietary rights, misusing sensitive customer information, and engaging in bribery or other unlawful payments. In any such event, we could incur liability to our customers or any other third parties.

Any claims could subject us to costly litigation and affect our results of operations and may distract the attention of our management regardless of whether the claims have merit. Any claims could result in complaints from our customers and any other third parties, regulatory and legal liabilities to us, as well as eventually the negative harm to our reputation.

Public scrutiny and negative publicity or allegations involving us, our shareholders, directors, officers, employees, franchisees and business partners may affect our reputation and, as a result, our business and results of operations may be negatively affected.

We have a nationwide offline sales network that deeply penetrates the Chinese market through our franchise stores and self-operated stores. As of September 30, 2025, we had 2,898 franchise stores and 40 self-operated stores. Our extensive business network creates the possibility of heightened attention from the public, regulators and the media. Heightened regulatory and public concerns over consumer protection and consumer safety issues may subject us to legal and social responsibilities and increased scrutiny and negative publicity over these issues. There is no assurance that we would not become a target for regulatory or public scrutiny in the future or that scrutiny and public exposure would not severely damage our reputation as well as our business and prospects.

Negative publicity and allegations involving us, our shareholders, directors, officers, employees and business partners as a whole may materially and adversely harm our brand image and reputation and cause deterioration in the level of market recognition of and trust in the products provided by us, thereby resulting in a decrease in revenue, potential loss of business partners as well as the loss of highly qualified personnel with specialized skills. In addition, such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control. Such negative publicity may also result in the diversion of management's attention, and governmental investigations or other forms of scrutiny, which may have a material and adverse effect on our business, results of operations and prospects.

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We are subject to certain risks relating to third-party settlements and payment processing-related risks.

Historically, certain of our franchisees (individual or collectively, the “**Relevant Customer(s)**”) settled their payments with us through the accounts of third parties designated by these Relevant Customers (the “**Third-party Payment Arrangement**”). In 2023, 2024 and the nine months ended September 30, 2025 the aggregate amount of payment from designated third parties to us was RMB33.7 million, nil and nil, respectively, representing approximately 0.3%, nil and nil of the total revenue of the same periods. During the Track Record Period, no individual Relevant Customer had made material contribution to our Group’s revenue. See “Business — Third-party Payment Arrangements.” Since January, 2024, we have ceased the Third-party Payment Arrangement.

We are subject to various risks relating to such Third-party Settlement Arrangements during the Track Record Period, such as possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors. In the event of any claims from third-party payors, or legal proceedings instituted or brought against us in respect to the demand for refund, return of third-party payment or for violation or non-compliance of laws and regulations, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payment for the products that we sold. Our financial condition and results of operations may as a result be adversely affected.

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

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and the Administrative Regulations on the Housing Provident Fund of the PRC (《住房公積金管理條例》), we are required to make social insurance premium payments and contributions to housing provident funds for our employees. During the Track Record Period, we did not make full contribution to social insurance and housing provident funds for certain employees. In 2023, 2024 and the nine months ended September 30, 2025, we made provisions of RMB6.1 million, RMB3.9 million and RMB3.4 million, respectively in respect of the estimated shortfall in social insurance plans and housing provident fund contributions. As of the Latest Practicable Date, we had not received any administrative penalty, rectification order imposed by competent authorities in PRC, or any material complaint from our employees concerning their payment of social insurance and housing provident funds. See “Business — Employees.” We cannot assure you that we will not be subject to any order to rectify this non-compliance incident in the future.

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In addition, certain PRC subsidiaries of us engaged third-party human resource agencies to pay social insurance premiums and housing provident funds for certain of our employees. As of the Latest Practicable Date, our relevant PRC subsidiaries had not received any administrative penalties or labor arbitration applications from employees for their arrangement with the third-party human resource agencies. If such agencies fail to pay the social insurance premiums or housing provident funds for and on behalf of our employees as they agreed or if such arrangements are challenged by government authorities, we may be subject to additional contribution, late payment fees and/or penalties imposed by the relevant PRC authorities for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify. In addition, pursuant to the PRC laws and regulations, we may be ordered to pay social insurance premiums and housing provident funds for our employees under our own accounts instead of making payments under third-party accounts. Any such order may adversely and materially affect our business, financial condition, results of operations and prospects.

We encounter risks related to leased properties, which could negatively impact our business operations and financial outcomes.

We lease properties mainly for self-operated stores, employee dormitories, integrated distribution centers and office premises. As of the Latest Practicable Date, the landlords or the lessors of 34 of our leased properties had not provided us with valid lease contracts or title certificates. As advised by our PRC Legal Advisor, without valid lease contracts or title certificates, our use of these leased properties with defective titles may be affected by third parties’ claims or challenges against the lease rights. In addition, we may be requested to vacate such leased properties and relocate if the landlords or the lessors do not have the requisite rights to lease the properties, or if the landlords require us to vacate the leased properties in the absence of valid lease contracts. In this event, our operations may be impaired, and we may not be adequately indemnified by the landlords for our related losses. Also, we will incur additional costs in relocating our self-operated stores, employee dormitories and integrated distribution centers to other suitable locations, thus affecting our business and financial condition.

Under PRC law, all lease agreements are required to be registered with the local land and real estate administration bureau. As of the Latest Practicable Date, 82 of our lease agreements had not been registered and filed with the relevant land and real estate administration bureaus in the PRC. As advised by our PRC Legal Advisor, the failure to register or file such agreements does not affect their validity or enforceability. However, under the applicable PRC regulations, we may be ordered by the competent authorities to complete the registration within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. As of the Latest Practicable Date, we had not received any order from the relevant authorities requiring the registration of these lease agreements, and no administrative penalties had been imposed on us for such non-registration. However, in the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. See “Business — Properties.”

RISK FACTORS

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

We cannot guarantee that we can prevent third parties from infringing upon our intellectual property rights. Unauthorized use of our intellectual property, unfair competition, defamation or other violations of our rights by our users, employees and/or third parties may harm our brand and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business. We may, from time to time, be required to institute litigation, arbitration or other proceedings to enforce our intellectual property rights, which would likely be time-consuming and expensive to resolve and would divert our management's time and attention regardless of its outcome, materially and adversely affecting our business and results of operations.

Preventing any unauthorized use of our intellectual properties is difficult and costly, and the steps we take may be inadequate to prevent the misappropriation of our intellectual properties. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. 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 may have a material and adverse effect on our business, results of operations and prospects.

We may be exposed to intellectual property infringement claims by third parties, which may disrupt our business, cause us to incur substantial legal costs, or damage our reputation.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-hows or other intellectual property rights held by third parties. We may also, from time to time in the future, be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed upon by our solutions, services or other aspects of our business without our awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in the PRC or other jurisdictions. If any third-party infringement claims are brought against us, we may be forced to divert our management's time and other resources from our business and operations to defend these claims, regardless of their merits.

Additionally, the application and interpretation of the PRC laws relating to intellectual property, the procedures and the standards for granting trademarks, patents, copyrights, know-hows or other intellectual property rights in the PRC are still evolving, and we cannot guarantee that the PRC courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual properties, and we may incur licensing fees or be forced to develop alternatives on our own. As a result, our business, results of operations and prospects may be materially and adversely affected.

RISK FACTORS

Our efforts in developing and investing in technology and product portfolio may not generate expected outcomes.

Digital transformation forms the backbone of our operations and rapid expansion. Since establishing our internal technology function in 2015, we have developed in-house digital capabilities that cover the entire business chain, from consumer engagement to supply-chain management and store operations, which significantly enhance our operational efficiency and data visibility. See “Business — Our Digitalization.” Our research and development expenses amounted to RMB19.5 million, RMB16.4 million, RMB12.8 million and RMB8.7 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Although we continuously upgrade our IT systems to stay abreast of the latest industry developments, we cannot assure you that our investment in developing IT systems could produce the expected outcomes, in which case our management capabilities, results of operations and prospects may be adversely affected.

In addition, we offer a wide range of products with high quality and competitive prices, carefully sourced from our suppliers, making us a preferred destination for household kitchen and meal needs. Therefore, we are committed to broadening our SPUs to meet evolving customer needs. As of September 30, 2025, we had a total of 775 SPUs. However, we cannot guarantee that we can successfully further enrich our product portfolio even though we invest in our development efforts, in which case our business prospects and results of operations may be adversely affected.

Content displayed online or included in our online channels may be found objectionable by regulatory authorities and may subject us to penalties and other severe consequences.

The PRC government has adopted laws and regulations governing internet and wireless access and the distribution of information over the internet and wireless telecommunications networks. Under these laws and regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet or wireless networks content that, among other things, violates the principle of the PRC constitution, laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, fraudulent or defamatory. We have designed and implemented procedures to monitor content on our Qdama WeChat Mini Program, Qdama App and other online service access points. However, it may not be possible to determine in all cases the types of content that could result in our liability as a distributor of such content, and we may not be able to capture all violating content in time. If any of the content posted or displayed on our Qdama WeChat Mini Program, Qdama App and other online service access points is deemed by the PRC government or other jurisdictions where we operate to violate any content restrictions, we could become subject to penalties, including confiscation of income, fines, suspension of business or revocation of required licenses, which may adversely affect our business and results of operations.

RISK FACTORS

Our performance depends on favorable labor relations with our employees, and any deterioration in labor relations, shortage of labor or material increase in wages may have a material adverse effect on our results of operations.

Our success depends on our ability to hire, train, retain and motivate our employees. As of September 30, 2025, we had 2,283 full-time employees. See “Business — Employees.” During the Track Record Period, we have not experienced any material work stoppages, strikes or other major labor problems. However, we cannot guarantee that any of such events will not arise in the future. If our employees engage in a strike or other work stoppage, we may experience significant operational disruption and/or accept higher labor costs, resulting in an adverse effect on our businesses and results of operations. We regard the favorable labor relation as a significant factor that can affect our performance and any deterioration of our labor relations with our employees could cause labor disputes, which could result in disruption of production and operations. Furthermore, certain professionals in our industry may be subject to non-compete restrictions, we may be impacted by such agreements.

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our employee benefit expenses amounted to RMB563.3 million, RMB545.0 million, RMB401.3 million and RMB376.7 million, respectively. In addition, labor costs in regions where we operate have been increasing in recent years and may potentially continue increasing. As such, we may have to increase our total compensation to attract and retain experienced staff required to achieve our business objectives. However, these increased costs could not be passed to customers by increasing our products’ selling prices in light of market competition. In such circumstances, our profit margin may decrease, which could have an adverse effect on our results of operations.

Furthermore, we engage outsourcing and third-party firms who send their employees to work in our integrated distribution centers and stores. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our outsourced personnel service fees amounted to RMB94.7 million, RMB128.3 million, RMB92.7 million and RMB87.0 million, respectively. We enter into agreements with such outsourcing and third party firms only and therefore do not have any direct contractual relationship with these outsourced personnel. Since these outsourced personnel are not directly employed by us, our control over them is more limited as compared to our own employees. If any outsourced personnel fails to operate or perform their duties in accordance with our protocols, policies and business guidelines, our market reputation, brand image and results of operations could be materially and adversely affected. If the outsourcing and third party firms violate any relevant requirements under the applicable PRC labor laws, regulations or their employment agreements with the personnel, such personnel may claim compensation from us as they provide their services at our stores. As a result, we may incur legal or financial liabilities.

RISK FACTORS

New legislation or changes in the PRC regulatory requirements regarding our business, food safety or online transaction may affect our business operations and prospects.

We are dedicated to offering daily deliveries of high-quality products, especially fresh meat products, to our customers. While we may need to change or adapt our business focus from time to time in response to the new rules and regulations regarding the end markets of our products, we may also not be able to do so timely and efficiently. Any new legislations or changes in the PRC regulatory requirements could materially and adversely affect our business and results of operations. See “Regulatory Overview.”

For example, all food business operators in the PRC must comply with PRC food safety laws and regulations. These food safety laws and regulations require enterprises engaged in the operation of food to obtain the food distribution permits or undergo the recordation of the sale of prepackaged food. In recent years, the PRC government has been strengthening the supervision of food safety. The latest Food Safety Law of the PRC (中華人民共和國食品安全法) and the Regulation on the Implementation of the Food Safety Law of the PRC (中華人民共和國食品安全法實施條例) stipulate that food business operators shall establish a food safety tracing system to ensure the traceability of food. Any failure to comply with PRC food safety-related laws and regulations may result in an order of rectification, fines, confiscation of illegal gains, order of suspension of operations, revocation of relevant permits and, in more extreme cases, prosecution for criminal liabilities. See “Regulatory Overview — Regulations Relating to Food.” In the event that the PRC government makes further changes to food safety regulation, our sales costs may increase.

We are subject to national and local environmental, health and safety directives, laws and regulations.

We are subject to a number of environmental, fire control, health and food safety laws and regulations. In addition, our integrated distribution centers and offline stores can only commence operations after the relevant administrative authorities in charge of environmental protection, fire control, and health and safety have examined and approved the relevant facilities in China or certain other jurisdictions. We may not be fully compliant with these requirements and may experience several isolated immaterial incidents, and we cannot guarantee that we will be able to comply with all regulations and obtain all the regulatory approvals for our production in a timely manner, or at all. Delays or failures in obtaining all the requisite regulatory approvals of such facilities may affect our ability to develop, manufacture and commercialize our products as we plan. As requirements imposed by such laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with these laws and regulations. If we fail to comply with relevant laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in our business operations.

RISK FACTORS

We have incurred net current liabilities and net liabilities during the Track Record Period and we may not be able to maintain profitability.

As of December 31, 2023, 2024 and September 30, 2025, we had net current liabilities of RMB2,811.0 million, RMB2,553.4 million, RMB1,716.4 million, respectively; and net liabilities of RMB2,685.7 million, RMB2,451.2 million and RMB1,734.5 million, respectively. We cannot assure you that we will not have net current liabilities and net liabilities in the future, which would expose us to liquidity risk. Our future liquidity and ability to make additional capital investments necessary for our operations and business expansion will depend primarily on our ability to maintain sufficient cash generated from operating activities. We may not have sufficient cash from operating activities or may need to obtain additional financing, which may not be available on commercially acceptable terms, if at all. Failure to manage such risks may materially and adversely affect our business, financial condition and results of operations.

We may cease to enjoy preferential tax treatment or government grants, the loss of which, or a reduction in which, could affect our results of operations and prospects.

We benefited from preferential tax treatment and government grants during the Track Record Period. See “Financial Information — Description of Major Components of Our Results of Operations — Other Incomes” and “Financial Information — Description of Major Components of Our Results of Operations — Income Tax Expense.” If we cease to be entitled to preferential tax treatment, our income tax expenses may increase, which would adversely affect our results of operations.

We have also received government grants during the Track Record Period. Our government grants amounted to RMB5.6 million, RMB3.1 million, RMB2.6 million and RMB1.0 million in 2023, 2024 and nine months ended September 30, 2024 and 2025, respectively. See “Financial Information — Description of Major Components of Our Results of Operations — Other Income.” We cannot guarantee that we will continue to receive or benefit from such grants in the future.

Our results of operations, financial conditions and prospects have been adversely affected by fair value changes in our convertible redeemable preferred shares. The valuation of our convertible redeemable preferred shares is uncertain due to the use of unobservable inputs.

From June 2015 to August 2024, our Group completed a series of Pre-[REDACTED] Investments at the onshore level in Guangzhou Qdama and at the offshore level in our Company. These Pre-[REDACTED] Investors were allotted certain convertible redeemable preferred shares (the “Convertible Redeemable Preferred Shares”), upon the completion of certain specified events, respectively. See Note 26 to the Accountant’s Report in Appendix I to this document. Upon the completion of this [REDACTED], all of such Convertible Redeemable Preferred Shares will be automatically converted into Ordinary Shares. For the identity and background of the foregoing investors, see the section headed “History, Reorganization and Corporate Structure — Pre-[REDACTED] Investments.”

RISK FACTORS

We recorded fair value gains on convertible redeemable preferred shares of RMB73.4 million, RMB163.8 million, RMB144.8 million and RMB473.2 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such financial liabilities. These factors include 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 operations and financial condition. After the automatic conversion of the Convertible Redeemable Preferred Shares into Shares upon the completion of the [REDACTED], we do not expect to recognize any further gains or losses on fair value changes from these Convertible Redeemable Preferred Shares in the future.

If we fail to perform our contract obligations, our business, results of operations and financial condition may be materially and adversely affected.

Our contract liabilities are primarily related to royalty and franchising services, which amounted to RMB39.5 million, RMB30.2 million and RMB32.1 million as of December 31, 2023 and 2024, and September 30, 2025, respectively. See “Financial Information — Discussion of Key Items of Consolidated Statements of Financial Position — Accruals and Other Payables.” If we fail to honor our obligations in respect of our contract liabilities, we may not be able to convert such amount of contract liabilities into revenue as expected. Our liquidity position may be adversely affected if we are required to refund some or all of the prepayments to franchisees pursuant to our agreements or pursuant to applicable laws and regulations when disputes arise. In addition, if we fail to honor our obligations in respect of our contract liabilities, it may also adversely affect our relationship with relevant franchisees, which may in turn affect our reputation, as well as our results of operations in the future. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

Any failure to maintain the satisfactory performance of our Qdama WeChat Mini Program and App could materially and adversely affect our business and reputation.

The satisfactory performance, reliability and availability of our technology infrastructure are critical to our success and our ability to attract and retain consumers and provide quality service. Any system interruptions caused by telecommunications failures, computer viruses, hacking or other attempts to harm our infrastructure that result in the unavailability or slowdown of Qdama WeChat Mini Program and App or reduced order fulfillment performance could result in a decrease in the volume of products sold and the attractiveness of product offerings on our Qdama WeChat Mini Program and App. During the Track Record Period, we did not experience material attacks and unexpected interruptions. However, we cannot guarantee that our current security mechanisms will be sufficient to protect our technology infrastructure from any intrusions, viruses or hacker attacks, information or data theft or other similar activities. Any such future occurrences could reduce consumer satisfaction, damage our reputation and result in a material decrease in our revenue.

RISK FACTORS

Additionally, we must continue to upgrade and improve our technology infrastructure to support our business growth. However, we cannot guarantee that we will be successful in executing these system upgrades and enhancement efforts. In particular, our systems may experience interruptions during upgrades, and the new technologies or infrastructure may not be fully integrated with the existing systems on a timely basis, or at all. If our existing or future technology infrastructure does not function properly, it could cause system disruptions and slow response times, affecting data transmission, which in turn could materially and adversely affect our business and results of operations.

We face risks related to payments through third-party payment service providers.

Consumers may purchase products via our online or offline sales channel using payment methods through third-party payment service providers, including WeChat Pay and Alipay, among others, and there are certain risks associated with these payment methods, including but not limited to the following:

- the service fees paid to payment service providers may increase over time, which may raise our operating costs;
- there might be incidents of fraud, security breaches and other illegal activities in connection with those payment methods; and
- there might be fines, increased expenses or the loss of ability to use payment methods if our stores fail to comply with rules, regulations and requirements governing electronic funds transfers.

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

In addition, we are subject to various rules and requirements, regulatory or otherwise, governing electronic funds transfers, which are subject to changes that could make it difficult or impossible for us to comply with. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from consumers, process electronic funds transfers or facilitate other types of online payments, and our business and results of operations could be materially and adversely affected. For example, according to the Measures for the Administration of the Bank Card Acquiring Business (銀行卡收單業務管理辦法), acquiring institutions should subject merchants to the real-name system and strictly review their business licenses and other supporting documents. In addition, merchants are prohibited from using relevant accounts to engage in or assist others in conducting illegal activities, and should properly preserve transaction data, keep transaction vouchers, and ensure transaction security.

RISK FACTORS

Moreover, in November 2017, the PBOC published a notice, or the PBOC Notice, on the investigation and administration of illegal offering of settlement services by financial institutions and third-party payment service providers to unlicensed entities. The PBOC Notice intended to prevent unlicensed entities from using licensed payment service providers as a conduit for conducting the unlicensed payment settlement services, so as to safeguard the fund security and information security. As the laws and regulations in this area are still evolving, we cannot assure you that the PBOC or other governmental authorities will find the settlement mechanisms we adopted to be in compliance with the PBOC Notice. We have entered into third-party payment service agreements with licensed entities. However, if the PBOC or other relevant governmental authorities consider the settlement mechanisms we adopted not fully compliant with the PRC regulations, we may need to adjust our business and cooperation model with the commercial banks and third-party payment service providers, and be subject to penalties and orders to rectify, which may result in higher payment processing costs, and any of these events may materially and adversely affect our growth potential, business and results of operations.

We operate an employee shareholding platform which may lead to share-based payments to employees that may affect our profitability and results of operations and dilute shareholders’ interests.

We have adopted an employee shareholding platform for the purpose of providing incentives and rewards to eligible participants who contribute to our success. Some of our employees (including senior management) receive remuneration in the form of share-based payments, whereby employees render services as consideration in exchange for equity instruments. Our share-based payment to employees amounted to RMB18.1 million, RMB51.7 million, RMB46.8 million and RMB19.3 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. See Note 27 to the Accountant’s Report in Appendix I to this document. Any newly granted share-based awards that we may grant from time to time may result in an increase in our issued share capital when vested, which in turn may result in a dilution of our shareholders’ shareholding interest in our Company and a reduction in earnings per share. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have an adverse effect on our financial performance.

RISK FACTORS

Any significant decrease in our profitability in the future would have a material adverse effect on our ability to recover our deferred tax assets, which would have a material adverse effect on our results of operations.

We recognize deferred tax assets to the extent that our management estimates that it is probable that we will generate sufficient taxable profit in the foreseeable future to offset the deductible losses. As of December 31, 2023, 2024 and September 30, 2025, our net deferred income tax assets amounted to RMB12.4 million, RMB9.4 million and RMB11.0 million, respectively. Therefore, the recognition of deferred tax involves judgment and estimates by our management on the timing and extent of future taxable profits. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation charges in the period in which such estimate is changed, and the carrying amount of deferred tax assets may be reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be utilized. Accordingly, if our profitability in the future is significantly lower than our management’s estimates when our deferred tax assets were recognized, our ability to recover such deferred tax assets would be affected, which could have a material adverse effect on our results of operations.

We face foreign exchange risk, and fluctuations in exchange rates could have an adverse effect on our business and investors’ investments.

Our functional currency is RMB, except for the subsidiaries incorporated in Hong Kong where the functional currency is HK\$ and the subsidiaries incorporated in Macau where the functional currency is MOP. We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars. We have not entered into any forward exchange contract to hedge our exposure to foreign exchange risk. See “Financial Information — Financial Risks Disclosure — Market Risk — Foreign Exchange Risk.” Fluctuations in the exchange rate of Renminbi against Hong Kong dollar, Macau pataca, United States dollars, and other foreign currencies are affected by, among other things, the changes in domestic and international political, economic conditions and monetary policies. Any appreciation or depreciation in the value of Renminbi or other foreign currencies that our operations are exposed to will affect our business in different ways. In addition, changes in foreign exchange rates may have an impact on exchange differences arising from the translation of subsidiaries with functional currency other than Renminbi recognized under other comprehensive income and net foreign exchange losses or gains recognized under profit or loss. We had net foreign exchange losses of RMB3.4 million, RMB2.8 million and RMB3.6 million in 2023 and the nine months ended September 30, 2024 and 2025, and net exchange gains of RMB3.6 million in 2024, respectively. In such events, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

RISK FACTORS

We may not have sufficient insurance to cover our business risks.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we had obtained and maintained insurance policies that we believe are customary for businesses of our size and type and in line with the standard commercial practice in China, including property insurance for our integrated distribution centers, public liability insurance, food insurance, employer’s liability insurance, and group accident insurance for high-risk positions. See “Business — Insurance.” We cannot guarantee that a food liability claim or other litigation will not be brought against us in the future, or we will be able to purchase food liability insurance or other related insurance on acceptable terms. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, storage facilities or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business and results of operations may be materially and adversely affected.

We may not be able to obtain adequate financing on commercially reasonable terms on a timely manner, or at all, and any debt financing may contain covenants that restrict our business or operations.

We require significant working capital for our operations or expansion. Our total indebtedness may continue to increase. See “Financial Information — Indebtedness.” Historically, we have generally relied on capital contributions from shareholders, bank loans and other external financing as well as cash generated from our operations to fund our operations and expansion. There can be no assurance that the cash flow generated by our operations will be sufficient to fund our future operations and expansion plans. Our ability to obtain adequate external financing depends on various factors, including our business operations and financial performance, as well as other factors beyond our control, such as the global and PRC economies, the applicable laws, regulations, and policies and the interest rate and other conditions of the external financial resources available. If we will not be able to procure bank loans or other external financing on commercially reasonable terms or on a timely basis or at all, our business, results of operations and business prospects may be materially and adversely affected.

In addition, we may obtain bank loans with financial covenants that include certain restrictions upon our operations. Any failure by us to comply with or violate such covenants may constitute an event of default on our loans. If any default occurs, our results of operations and cash flows may be materially and adversely affected.

RISK FACTORS

Furthermore, if we acquire additional funding due to our future operations or market change, we may issue additional equity securities or securities convertible into our equity securities, issue debt securities or obtain credit facilities to meet our capital requirements. Any future sale by us of our equity securities or securities convertible into our equity securities would dilute our Shareholders' interests. The incurrence of additional debt would also result in restrictive covenants limiting our shareholding structure, business and/or operations.

We may make acquisitions, establish joint ventures and conduct other strategic investments to seek new business opportunities and explore new market opportunities, which may not be successful.

To pursue our growth strategy, we may acquire new technologies, businesses or services, establish joint ventures or enter into strategic alliances with third parties to seek new business opportunities and explore new market opportunities. We may not be able to identify attractive targets, and we have limited experience in acquisitions, joint ventures and strategic investments. In addition, we may not be able to successfully acquire the targets identified despite spending significant amount of time and resources on pursuing such acquisitions. Furthermore, integration of an acquired company, its intellectual property or technology into our own operations is a complex, time-consuming and expensive process. The successful integration of an acquisition may require, among other things, that we integrate and retain key management, sales and other personnel, integrate the acquired technologies or services into our systems, integrate and support preexisting supplier, distribution and customer relationships, coordinate research and development efforts, and consolidate duplicate facilities and functions.

Our available cash and cash equivalents may be used for our future acquisitions, joint ventures and strategic investments, which will possibly result in significant related charges to earnings and dilution for our shareholders. Future acquisitions, joint venture and strategic investments will likely present challenges and could require that our management develop expertise in new areas, manage new business relationships and attract new types of customers. The diversion of our management's attention and any difficulties encountered in these acquisitions could have an adverse effect on our ability to effectively manage our own business. These acquisitions and equity investments may also expose us to other potential risks, including loss of invested amounts, inability to earn an adequate return, unforeseen liabilities, diversion of resources from our existing businesses and potential harm to relationships with employees or customers.

RISK FACTORS

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our business and adversely results of operations.

Our business could be adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, outbreaks of a widespread health epidemic or pandemic (including, without limitation, the swine fever), or other events such as wars, acts of terrorism, environmental accidents, power shortages or communication interruptions. The occurrence of such a disaster or prolonged outbreak of an epidemic or pandemic illness or other adverse public health developments in the PRC or elsewhere could materially disrupt our business and operations. Such events may also significantly affect our industry and may even cause a temporary closure of the stores we or our business partners use for our operations, which would severely disrupt our operations and have a material adverse effect on our business and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global or PRC economy in general. Our operations could also be disrupted if consumers are affected by such natural disasters, health epidemics or pandemics or other outbreaks.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Our business is governed by laws and regulations. Changes to the regulatory regime relating to the areas where we operate businesses may limit our ability to provide products, thereby materially and adversely affecting our business, financial condition and results of operations.

The operations of our businesses are subject to various laws, rules and regulations at the national and regional levels of China’s food industry. Such laws, rules and regulations mainly relate to: (i) specifications in China’s food industry that may affect our ability to carry out daily operations and to implement our business strategies; (ii) the operation and supervision of our stores; and (iii) food safety and fire safety, among other things. Compliance with these laws and regulations can cause difficulties and incur higher costs. New laws or regulations or revisions to laws and regulations can impose additional compliance costs, reduce our revenue, and require us to change our operations to ensure compliance, or otherwise change our business.

RISK FACTORS

In recent years, the PRC government has, on many occasions, promoted the development of food safety. Nevertheless, new laws, rules and regulations relevant to our businesses may be introduced in the future, or the current applicable regulations may otherwise be amended or replaced, requiring us to conduct business with additional oversight and regulatory compliance. In particular, any change in the applicable laws, rules and regulations could require us to obtain additional licenses, permits, approvals or certificates, increase our operational expenses or result in the invalidation of licenses, permits, approvals or certificates we currently have.

Newly promulgated laws and regulations may be subject to further variations in application, interpretation and implementation. As a result, we may not be aware in a timely manner that we have violated certain policies and rules. There can be no assurance that we can adapt to the evolving regulatory environment swiftly enough or in a cost-efficient manner, failure of which may adversely affect our operations and lead to substantial compliance costs. Meanwhile, we may need to implement changes in our facilities, equipment, personnel or services to comply with the latest laws and regulations, and such may increase our capital expenditures and operating expenses, thereby adversely affecting our business, financial condition and results of operations.

Any failure or perceived failure to comply with cybersecurity, data privacy and security, and personal information protection laws and regulations could harm our reputation and adversely affect our business, results of operations and prospects

Our business operations involve the collection, use, storage, transmission and other processing of data. See “Business — Data Privacy and Security”. Accordingly, our business operations are subject to various cybersecurity, data privacy and security, and personal information protection laws and regulations, such as the Data Security Law of the PRC (《中華人民共和國數據安全法》), the revised Cybersecurity law of the PRC (《中華人民共和國網絡安全法》), and the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》). See “Regulatory Overview — Regulations Relating to Data Security, Cybersecurity and Personal Information Protection.” Laws, regulations and standards regarding cybersecurity, data privacy and security, and personal information protection in the PRC are constantly evolving, of which the interpretation and application are also evolving and subject to change that may affect us. In addition, relevant regulatory authorities in the PRC continue to monitor APPs, Mini Programs and other network products or services in relation to the protection of personal information, privacy and information security, and may impose additional requirements from time to time. As such, we cannot guarantee that our privacy and data protection measures are, and will be, always considered sufficient under applicable laws and regulations.

RISK FACTORS

While we strive to comply with our data privacy policies and procedures as well as relevant laws and regulations in the PRC, we may fail to protect our consumers’ personal data for reasons beyond our control. Such information could be divulged due to, for example, theft or misuse arising from employee misconduct or negligence, or compromised in the event of a security breach at any third-party online platform we use. We may entrust third parties to collect some data, or we may share some data with or indirectly collect some data from third parties, during the operation of our business. The activities of such third parties are beyond our control and there is no guarantee as to the effectiveness of the measures we have taken to urge and supervise third parties to abide by applicable cybersecurity and data privacy and protection laws and regulations. If any third party fails, or is deemed to have failed, to obtain authorization from the subject of personal information in a reasonable and lawful manner, or to comply with applicable cybersecurity and data privacy and protection laws and regulations, it may also have a material adverse effect on our businesses as well as our reputation.

Additionally, the integrity of our privacy and data protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyber-attacks. If we are unable to comply with the then-applicable laws and regulations, or to address any data privacy and protection concerns, such actual or alleged failure could damage our reputation, deter existing and potential consumers from using our Qdama WeChat Mini Program and App or from registering memberships, and could subject us to significant legal, financial and operational consequences. Moreover, any failure to comply with applicable data laws and regulations, and any leakage of user data by our business partners, whether or not such incidents are by our fault, could subject us to adverse publicity, which could be detrimental to our reputation and brand image or subject us to proceedings and regulatory actions against us by government authorities or relevant parties. Such proceedings and regulatory actions may subject us to significant penalties and negative publicity, which could leave material and adverse impacts on our business and results of operations.

Failure to comply with the anti-corruption laws, regulations and rules in Chinese Mainland could subject us and/or our employees to investigations and administrative or criminal penalties, which may harm our reputation and materially and adversely affect our business, financial condition or results of operations.

We have adopted policies and procedures designed to ensure that our employees comply with the applicable anti-corruption laws, rules and regulations in Chinese Mainland so as to prevent corruption and fraudulent practices, including financial impropriety, improper conduct or unethical behavior and fraudulent activities. Our existing employees are required to attend regular training and comply with our employee handbook in connection with compliance with applicable laws and regulations.

RISK FACTORS

There can be no assurance that the anti-corruption internal controls and procedures we have established will effectively prevent our non-compliance with the anti-corruption laws, regulations and rules in China arising from actions taken by the individual employees without our knowledge. If this occurs, we and/or our relevant employees may be subject to investigations and administrative or criminal penalties, and our reputation could be harmed by any negative publicity stemming from such incidents, which may materially and adversely affect our business, financial condition, results of operations and prospects.

Failure to comply with the PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners to liability or penalties, limit our ability to inject capital into these subsidiaries, limit these subsidiaries’ ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

SAFE promulgated the SAFE Circular 37 on July 4, 2014, which replaced the former circular commonly known as “SAFE Circular 75” promulgated by SAFE on October 21, 2005. SAFE Circular 37 and its implementing rules require PRC residents to register with banks designated by local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with the PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a “special purpose vehicle.” See “Regulations — Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents.”

Each of Mr. Feng and Ms. Feng, the ultimate main individual shareholders of our Company at the time of our Reorganization has completed their respective initial foreign exchange registration pursuant to Circular 37 in 2021. However, we may not at all times be fully aware or informed of the identities of all our PRC resident beneficial owners, and may not always be able to compel our beneficial owners to comply with the requirements of the SAFE Circular 37. As a result, we cannot assure you that all of our PRC resident beneficial owners will at all times comply with, or in the future make or obtain any applicable registrations or approvals required by the SAFE Circular 37 or other related regulations. Under the relevant rules, failure to comply with the registration procedures set forth in the SAFE Circular 37 may limit our ability to contribute additional capital to our PRC subsidiaries and limit our PRC subsidiaries’ ability to distribute profits to us.

RISK FACTORS

Any failure to comply with relevant regulations regarding the registration requirements for employee stock incentive plans may subject our plan participants or us to fines and other legal or administrative sanctions when we adopt incentive plans in the future.

Pursuant to SAFE Circular 37, PRC residents who participate in stock incentive plans in overseas non-publicly-listed companies may, prior to the exercise of an option, submit applications to SAFE or its local branches for foreign exchange registration with respect to offshore special purpose companies. After the [REDACTED], our Directors, executive officers and other employees who are PRC citizens or who are non-PRC citizens residing in the PRC for a continuous period of not less than one year, subject to limited exceptions, and whom we may grant RSUs, options or restricted shares, may follow the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly 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劃外匯管理有關問題的通知》), issued by SAFE in February 2012, to apply for the foreign exchange registration. According to those regulations, employees, directors and other management members participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to limited exceptions, are required to register with SAFE through a domestic qualified agent, which may be a PRC subsidiary of the overseas listed company, and complete certain other procedures. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit their ability to make payment under the relevant equity incentive plans or receive dividends or sales proceeds related thereto in foreign currencies, or our ability to contribute additional capital into our domestic subsidiaries in China and limit our domestic subsidiaries' ability to distribute dividends to us. We also face regulatory requirements under applicable laws that could restrict our ability to adopt additional equity incentive plans for our Directors, executive officers and other employees.

In addition, the STA has issued circulars concerning employee RSUs, share options or restricted shares. Under these circulars, employees working in the PRC whose RSUs or restricted shares vest, or who exercise share options, will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company have obligations to file documents related to employee RSUs, share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees related to their RSUs, share options or restricted shares. Although we currently withhold income tax from our PRC employees in connection with their exercise of options, if the employees fail to pay, or the PRC subsidiaries fail to withhold, their income taxes according to relevant laws, rules and regulations, the PRC subsidiaries may face penalties imposed by the tax authorities.

RISK FACTORS

We may be classified as a "resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences for us and our non-PRC Shareholders.

The EIT Law provides that enterprises established outside the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" and are generally subject to the uniform 25% enterprise income tax rate on their worldwide income. Under the EIT Implementation Rules, a "de facto management body" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise.

In addition, Issues about the Determination of Chinese-controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》國稅發[2009]82號) promulgated by the SAT on April 22, 2009 and amended on December 29, 2017, regarding the standards used to classify certain Chinese-invested enterprises controlled by Chinese enterprises or Chinese group enterprises and established outside the PRC as "resident enterprises", clarified that dividends and other income paid by such "resident enterprises" will be considered to be PRC source income, subject to PRC withholding tax, currently at a rate of 10%, when recognized by non-PRC enterprise shareholders. This circular also subjects such "resident enterprises" to various reporting requirements with the PRC tax authorities. In addition, the circular mentioned above sets out criteria for determining whether "de facto management bodies" are located in the PRC for overseas incorporated, domestically controlled enterprises. However, as this circular only applies to enterprises established outside the PRC that are controlled by PRC enterprises or groups of PRC enterprises, it remains unclear how the tax authorities will determine the location of "de facto management bodies" for overseas incorporated enterprises that are controlled by individual PRC residents like us and some of our subsidiaries. Therefore, although substantially all of our management is currently located in the PRC, it remains unclear whether the PRC tax authorities would require or permit our overseas registered entities to be treated as PRC resident enterprises. We do not currently consider that we are a PRC resident enterprise. However, if the PRC tax authorities disagree with our assessment and determine that we are a "resident enterprise", we may be subject to enterprise income tax at a rate of 25% on our worldwide income and dividends paid by us to our non-PRC Shareholders as well as capital gains recognized by them with respect to the sale of our Shares may be subject to a PRC withholding tax. This will have an impact on our effective tax rate, a material and adverse effect on our net income and results of operations, and may require us to withhold tax on our non-PRC Shareholders.

RISK FACTORS

Certain judgments obtained against us by our shareholders may be difficult to enforce.

We are an exempted company incorporated in the Cayman Islands, and all of our assets and subsidiaries are located in Chinese Mainland. The majority of our Directors and senior management reside in Chinese Mainland. Judgments rendered by Hong Kong courts may be recognized and enforced in Chinese Mainland if the requirements set forth by the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met. Nonetheless, it may be difficult for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. In addition, it may be difficult for you to bring an original action against us or our resident officers and directors in Chinese Mainland in a court of Chinese Mainland based on the liability provisions of non-Chinese Mainland securities laws. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of regions where we operate may render you difficult to enforce a judgment against our assets or the assets of our Directors and officers.

Although we will be subject to the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong upon the [REDACTED] of our Shares on the Stock Exchange, the holders of the Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong do not have the force of law in Hong Kong.

We may be subject to litigation and regulatory investigations and proceedings, and may not always be successful in defending ourselves against such claims or proceedings.

Our business operations may be subject to substantial litigation and regulatory risks, including the risk of lawsuits and other legal actions relating to fraud and misconduct, sales and customer services, leases, labor disputes and control procedures deficiencies, as well as the protection of personal and confidential information of our end-users and business partners, among others. We may be subject to claims and lawsuits in the ordinary course of our business. We may also be subject to inquiries, inspections, investigations and proceedings by relevant regulatory and other governmental agencies relating to advertisements and taxation, among other things, which may result in the diversion of our resources and management attention. Actions brought against us may result in settlements, injunctions, fines, penalties or other results adverse to us that could harm our business, financial condition, results of operations and reputation. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant for us. A significant judgment or regulatory action against us or a material disruption in our business arising from adverse adjudications in proceedings against our Directors, officers or employees would have a material adverse effect on our liquidity, business, financial condition, results of operations, reputation and prospects.

RISK FACTORS

The remittance of Renminbi into and out of the PRC and government regulations on currency conversion may affect our ability to pay dividends and other obligations, and affect the value of your investment.

The PRC government requires the convertibility of Renminbi into foreign currencies must be subject to certain regulatory procedures, and under certain circumstances, remittances out of China are also subject to certain regulatory procedures. We receive most of our revenue in Renminbi. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations. Shortages in the availability of foreign currency may affect our ability to remit sufficient foreign currency, or otherwise satisfy our foreign currency-denominated obligations.

Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. If we are not able to obtain sufficient foreign currencies to satisfy our foreign currency demands due to regulatory procedures, we may not be able to pay dividends in foreign currencies to our Shareholders.

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

We are a holding company and rely to a significant extent on dividends and other distributions on equity paid by our PRC subsidiaries for our offshore cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders, fund inter-company loans, service any debt we may incur outside of China and pay our expenses. If our PRC subsidiaries incur additional debt, the instruments governing the debt may restrict their ability to pay dividends or make other distributions or remittances, including loans, to us. Furthermore, the laws, rules and regulations applicable to our PRC subsidiaries and certain other subsidiaries permit payments of dividends only out of their retained earnings, if any, determined in accordance with applicable accounting standards and regulations. Under applicable laws, rules and regulations, each of our subsidiaries incorporated in China is required to set aside at least 10% of their after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of their registered capital. These reserves, together with the registered equity, are not distributable as cash dividends.

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Changes in economic conditions could adversely affect our business, financial condition, results of operations, cash flows and prospects.

Substantially all of our businesses, assets, operations and revenue are located in or derived from our operations in the PRC, and, as a result, our business, financial condition and results of operations are influenced by the overall economic environment in the PRC. Our performance is affected by China's economy, which, in turn, is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world can also possibly impact China's economy. We are unable to predict all the risks that we face as a result of current economic and regulatory developments and many of these risks are beyond our control. All such factors may materially and adversely affect our business, results of operations as well as our financial performance.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares and an active trading market may not develop.

Prior to the completion of the [REDACTED], there has not been a public market for our Shares. An active public market may not develop or be sustained after the [REDACTED]. The [REDACTED] is the result of negotiations among us and the [REDACTED] on behalf of the [REDACTED] and may not be indicative of prices that will prevail in the trading market after the [REDACTED].

We have applied to [REDACTED] and [REDACTED] our Shares on the Stock Exchange. However, even if approved, being [REDACTED] on the Stock Exchange does not guarantee that an active trading market for our Shares will develop or be sustained. If an active market for our Shares does not develop after the [REDACTED], the market price and liquidity of our Shares may be adversely affected. As a result, you may not be able to resell your Shares at prices equal to or greater than the price paid for the Shares in the [REDACTED].

The market price and trading volume of our Shares may be volatile, which could result in substantial losses for investors purchasing Shares in the [REDACTED]. The market price of our Shares may fluctuate significantly and rapidly as a result of a variety of factors, many of which are beyond our control, including:

- actual and anticipated variations in our results of operations;
- changes in securities analysts' estimates or market perception of our financial performance;
- announcement by us of significant acquisitions, dispositions, strategic alliances or joint ventures;
- recruitment or loss of key personnel by us or our competitors;
- market developments affecting us or China's food industry;

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- the operating and stock price performance of other companies, other industries and other events or factors beyond our control;
- fluctuations in trading volumes or the release of lock-up or other transfer restrictions on our outstanding Shares or sales of additional Shares by us; and
- general economic, political and stock market conditions in Hong Kong, Chinese Mainland and elsewhere in the world.

Moreover, in recent years, stock markets in general have experienced significant price and volume fluctuations, some of which have been unrelated or disproportionate to the operating performance of the listed companies. These broad market and industry fluctuations may adversely affect the market price of our Shares.

Purchasers of Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

As the [REDACTED] is higher than the net tangible book value per Share prior to the [REDACTED], you will experience an immediate dilution in [REDACTED] net tangible book value per Share. In addition, we may issue additional Shares or equity-related securities. If we issue additional Shares or equity-related securities in the future, the percentage ownership of our existing Shareholders may be diluted. In addition, such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

There can be no assurance if and when we will pay dividends in the future. Dividends distributed in the past may not be indicative of our dividend payments in the future.

Distribution of dividends shall be formulated by our Board of Directors at their discretion and may be subject to Shareholders’ approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial conditions, operating and capital expenditure requirements, distributable profits as determined under HKFRS, our Articles of Association, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, and any other factor determined by our Board of Directors from time to time to be relevant to the declaration of dividend payments. As a result, our historical dividend distributions are not indicative of our future dividend distribution policy. There can be no assurance whether, when and in what form we will pay dividends in the future or that we will pay dividends in accordance with our dividend policy. See “Financial Information — Dividends and Dividend Policy.”

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Our Controlling Shareholders may exert substantial influence over our operation and may not act in the best interests of our independent Shareholders.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Controlling Shareholders will control approximately [REDACTED]% of our issued share capital. Therefore, they will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of Directors and the approval of significant corporate transactions. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of us that would otherwise benefit our Shareholders. The interests of the Controlling Shareholders may not always coincide with us or your best interests. If the interests of the Controlling Shareholders conflict with the interests of us or our other Shareholders, or if the Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of us or other Shareholders, we or those other Shareholders, including you, may be disadvantaged as a result.

We were incorporated under the laws of the Cayman Islands and these laws could provide different protections to minority Shareholders than do those of the laws of Hong Kong.

Our corporate affairs are governed by the Memorandum and the Articles, and by the Companies Law and laws of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority Shareholders could differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong. Such differences could mean that the minority Shareholders could have different protections than they could have under the laws of Hong Kong.

Sale, or perceived sale, of substantial amounts of our Shares in the public market could adversely affect the prevailing market price of our Shares.

Save for existing Shareholders who are subject to certain lock-up periods, our existing Shareholders may dispose of our Shares that they may own now or in the future. Sales of substantial amounts of our Shares in the public market, or the perception that these sales may occur, could materially and adversely affect the prevailing market price of our Shares.

Statistics in this document provided by CIC are subject to assumptions and methodologies set forth in the "Industry Overview."

Facts and statistics in this document relating to the market and the industry in which we operate, including those relating to the economy and the global food industry, are derived from an industry report prepared by CIC and commissioned by us, as well as from various official government sources. Information and statistics from official government sources have not been independently verified by us, the Joint Sponsors, the [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] or any other party involved in the [REDACTED] and no representation is given as to its accuracy and completeness. Investors should not place undue reliance on such facts or statistics.

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate," "believe," "could," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, 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.

We are subject to changing laws and regulations regarding corporate governance and public disclosure that have increased both our costs and the risk of non-compliance.

We are or will be subject to rules and regulations by various governing bodies, including, for example, the Stock Exchange, which together with the SFC is charged with the protection of investors and the oversight of companies whose securities are publicly traded, the various regulatory authorities in China, Hong Kong and the Cayman Islands, and to new and evolving regulatory measures under applicable law. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in increased administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, the interpretation and application of these laws, regulations and standards may evolve from time to time. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalties and our business may be harmed.

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

There may have been prior to the publication of this document, and there may be subsequent to the date of this document but prior to the completion of the [REDACTED], press and/or media coverage regarding us, our business, our industry and/or the [REDACTED]. None of us, the Joint Sponsors, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] or any other person involved in the [REDACTED] have authorized the disclosure of information about the [REDACTED] in any press or media and none of these parties accepts any responsibility for the accuracy or completeness of any such information or the fairness or appropriateness of any forecasts, views or opinions expressed by the press and/or other media regarding our Shares, the [REDACTED], our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed in any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this document, we disclaim them. Accordingly, you should make your investment decisions on the basis of the information contained in this document only and should not rely on any other information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation of the [REDACTED], the Company has sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Hong Kong Listing Rules provide that a new applicant for [REDACTED] on the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong and, under normal circumstances, at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong.

The Company's headquarters are based, and most of the business operations of the Group, are managed and conducted in the PRC. The executive Directors ordinarily reside in the PRC, as the Board believes it would be more effective and efficient for the executive Directors to be based in a location where the Group's substantial operations are located. As such, the Company does not and, in the foreseeable future, will not be able to comply with the requirements of Rule 8.12 of the Hong Kong Listing Rules for sufficient management presence in Hong Kong.

Accordingly, the Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rule 8.12 of the Hong Kong Listing Rules, provided that the Company implements the following arrangements:

- (i) the Company has appointed Ms. Feng and Mr. Wong Keith Shing Cheung (王承鐸先生) ("**Mr. Wong**") as the authorized representatives of the Company (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Hong Kong Listing Rules. The Authorized Representatives will serve as the Company's principal channel of communication with the Hong Kong Stock Exchange. They can be readily contactable by phone and email to deal promptly with enquiries from the Hong Kong Stock Exchange and will also be available to meet with the Hong Kong Stock Exchange to discuss any matters on short notice. The contact details of the Authorized Representatives have been provided to the Hong Kong Stock Exchange;
- (ii) all the Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period. In addition, each Director has provided his/her contact details, including office phone numbers, mobile phone numbers and email addresses (if any), to the Authorized Representatives and to the Hong Kong Stock Exchange, so that each of the Authorized Representatives and the Hong Kong Stock Exchange would be able to contact all the Directors (including the independent non-executive Directors) promptly at all times if and when the Hong Kong Stock Exchange wishes to contact the Directors;

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- (iii) the Company has appointed Red Solar Capital Limited as its Compliance Advisor for the period commencing on the [REDACTED] and ending on the date on which the Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of the Company's financial results for the first full financial year commencing after the [REDACTED]. The Compliance Advisor will act as the Company's additional and alternative channel of communication with the Hong Kong Stock Exchange, and its representatives will be readily available to answer enquiries from the Hong Kong Stock Exchange; and
- (iv) the Company has appointed designated staff members as the responsible communication officers at the Company's headquarters to oversee regular communication with the Authorized Representatives and the Company's professional advisors in Hong Kong, including its legal advisors and the Compliance Advisor, keep abreast of any correspondence and/or inquiries from the Hong Kong Stock Exchange and report to the executive Directors, streamlining communication between the Hong Kong Stock Exchange and the Company following the [REDACTED].

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Hong Kong Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experiences, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Pursuant to Note 1 to Rule 3.28 of the Hong Kong Listing Rules, the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (i) a member of The Hong Kong Chartered Governance Institute;
- (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and
- (iii) a certified public accountant (as defined in the Professional Accountants Ordinance).

Pursuant to Note 2 to Rule 3.28 of the Hong Kong Listing Rules, in assessing "relevant experience", the Hong Kong Stock Exchange will consider the individual's:

- (i) length of employment with the issuer and other issuers and the roles he played;
- (ii) familiarity with the Hong Kong Listing Rules and other relevant law and regulations including the SFO, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Hong Kong Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

The Company has appointed Ms. Li as one of the joint company secretaries. Ms. Li joined the Group in August 2022. She currently also holds the position of head of investment and financing of our Group. See "Directors and Senior Management" in this document for further biographical details of Ms. Li. Although Ms. Li does not possess the qualifications set out in Rule 3.28 of the Hong Kong Listing Rules, the Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have Ms. Li as its joint company secretary who is familiar with the Group's internal operation and management and possesses professional knowledge and experience in handling corporate governance and compliance, legal affairs and public relationship related matters. The Company has also appointed Mr. Wong to act as the other joint company secretary to assist Ms. Li in discharging the duties of a company secretary of the Company. Mr. Wong is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and is therefore qualified under Rule 3.28 of the Hong Kong Listing Rules to act as a joint company secretary of the Company. He is also a member of Hong Kong Institute of Certified Public Accountants. See "Directors and Senior Management" for further biographical details of Mr. Wong.

Since Ms. Li does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Hong Kong Listing Rules, the Company has applied to the Hong Kong Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Hong Kong Listing Rules for a period of three years since the [REDACTED] on the following conditions: (i) Ms. Li must be assisted by Mr. Wong who possesses the qualifications or experience as required under Rule 3.28 of the Hong Kong Listing Rules and is appointed as a joint company secretary throughout the waiver period; and (ii) the waiver will be revoked in the event of a material breach of the Hong Kong Listing Rules by the Company.

In support of the waiver application, the Company has adopted, or will adopt the following arrangements:

- (i) in preparation of the application of the [REDACTED], Ms. Li has attended training on the respective obligations of the Directors, senior management and the Company under the relevant Hong Kong laws and the Hong Kong Listing Rules organized by the Hong Kong legal advisors to the Company;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (ii) Mr. Wong will work closely with Ms. Li to jointly discharge the duties and responsibilities as the joint company secretaries and to assist Ms. Li in acquiring the relevant experience as required under the Hong Kong Listing Rules for an initial period of three years from the [REDACTED], a period which should be sufficient for Ms. Li to acquire the relevant experience as required under the Hong Kong Listing Rules;
- (iii) the Company will ensure that Ms. Li continues to have access to the relevant training and support in relation to the Hong Kong Listing Rules and the duties required for a company secretary of an issuer [REDACTED] on the Hong Kong Stock Exchange. Furthermore, both Ms. Li and Mr. Wong will seek advice from the Company's Hong Kong legal and other professional advisors as and when required. Ms. Li also undertakes to take no less than 15 hours of relevant professional training in each financial year of the Company; and
- (iv) before the end of the three-year period, the qualifications and experience of Ms. Li and the need for on-going assistance of Mr. Wong will be further evaluated by the Company. The Company will then endeavor to demonstrate to the Hong Kong Stock Exchange's satisfaction that Ms. Li, having had the benefit of the assistance of Mr. Wong for the immediately preceding three years, has acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Hong Kong Listing Rules) such that a further waiver from Rules 3.28 and 8.17 of the Hong Kong Listing Rules will not be necessary. The Company understands that the Hong Kong Stock Exchange will immediately revoke the waiver if Mr. Wong ceases to provide assistance to Ms. Li during the three-year period or when there is an event of a material breach of the Hong Kong Listing Rules by the Company.

Prior to the expiry of the three-year period, the Company will liaise with the Hong Kong Stock Exchange to enable it to assess whether Ms. Li has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Hong Kong Listing Rules.

WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions under the Listing Rules following the completion of the [REDACTED]. We have applied to the Stock Exchange for, and [have been] granted, a waiver from strict compliance with certain requirements of Chapter 14A of the Listing Rules. Details of such transactions, together with the relevant waiver granted are set out in "Connected Transactions" in this document.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. Feng Weihua (馮衛華女士)	10A, Block 18, Jiaxin City Garden Xianghe Road Daliang Sub-district Shunde District Foshan City Guangdong Province PRC	Chinese
Mr. Zhou Lin (周林先生)	Room 803, Building 40, Huahui Mingyuan No. 5 Luopu Road Panyu District Guangzhou Guangdong Province PRC	Chinese
Independent Non-Executive Directors		
Mr. Lee Wai Kong Albert (李維剛先生) .	Flat 108, 1/F, Kent Mansion 97 Tin Hau Temple Road North Point Hong Kong	Chinese (Hong Kong)
Mr. Shi Kangping (施康平先生)	Room 801, Unit 2, Building 3, Yard 9 Nanxiange Street Xuanwu District Beijing PRC	Chinese
Mr. Chung Chong Sun (鍾創新先生)	Unit D, 15th Floor, Ko Kwan Building 48 Jordan Road Kowloon Hong Kong	Chinese (Hong Kong)

For further details, see “Directors and Senior Management.”

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

China International Capital Corporation

Hong Kong Securities Limited

29/F, One International Finance Center

1 Harbour View Street

Central

Hong Kong

ABCI Capital Limited

11/F, Agricultural Bank of China Tower

50 Connaught Road Central

Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisors to the Company	<i>As to Hong Kong and U.S. laws:</i> Clifford Chance 27/F, Jardine House One Connaught Place Central Hong Kong <i>As to PRC law:</i> Jingtian & Gongcheng 34/F, Tower 3, China Central Place 77 Jianguo Road Beijing PRC <i>As to Cayman Islands law:</i> Maples and Calder (Hong Kong) LLP 26th Floor, Central Plaza 18 Harbour Road Wanchai Hong Kong
Legal Advisors to the Joint Sponsors and the [REDACTED]	<i>As to Hong Kong and U.S. laws:</i> Baker & McKenzie 14/F, One Taikoo Place 979 King’s Road Quarry Bay Hong Kong <i>As to PRC law:</i> CM Law Firm Room 2805, Plaza 66 Tower 2 1366 West Nanjing Road Shanghai PRC
Auditor and Reporting Accountant	PricewaterhouseCoopers <i>Certified Public Accountants and Registered Public Interest Entity Auditor</i> 22/F, Prince’s Building Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Industry Consultant

China Insights Consultancy

10F, Block B, Jing’an International Center

88 Puji Road

Jing’an District

Shanghai

PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office	PO Box 309, Ugland House Grand Cayman, KY1-1104 Cayman Islands
Headquarters and Principal Place of Business in the PRC	Building 69, Zone A Guangzhou Venture Town Nos. 1601-1603, Guangzhou Avenue South Haizhu District Guangzhou PRC
Place of Business in Hong Kong	Flat 01, 21/F, China Shipbuilding Tower 650 Cheung Sha Wan Road Cheung Sha Wan Kowloon Hong Kong
Company's Website	<u>www.qdama.com</u> <i>(A copy of this document is available on the Company's website. Except for the information contained in this document, none of the other information contained on the Company's website forms part of this document)</i>
Joint Company Secretaries	Ms. Li Zhihong Building 69, Zone A Guangzhou Venture Town Nos. 1601-1603, Guangzhou Avenue South Haizhu District Guangzhou PRC Mr. Wong Keith Shing Cheung <i>Associate of The Hong Kong Chartered Governance Institute, Associate of The Chartered Governance Institute and Member of Hong Kong Institute of Certified Public Accountants</i> Room 1912, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

CORPORATE INFORMATION

Authorized Representatives

Ms. Feng Weihua (馮衛華女士)
 10A, Block 18, Jiaxin City Garden
 Xianghe Road
 Daliang Sub-district
 Shunde District
 Foshan City
 Guangdong Province
 PRC

Mr. Wong Keith Shing Cheung (王承鐔先生)
 Room 1912, 19/F, Lee Garden One
 33 Hysan Avenue
 Causeway Bay
 Hong Kong

Audit Committee

Mr. Lee Wai Kong Albert (李維剛先生) (*Chairperson*)
 Mr. Shi Kangping (施康平先生)
 Mr. Chung Chong Sun (鍾創新先生)

Nomination Committee

Ms. Feng (馮女士) (*Chairperson*)
 Mr. Lee Wai Kong Albert (李維剛先生)
 Mr. Chung Chong Sun (鍾創新先生)

Remuneration Committee

Mr. Shi Kangping (施康平先生) (*Chairperson*)
 Ms. Feng (馮女士)
 Mr. Chung Chong Sun (鍾創新先生)

Compliance Advisor

Red Solar Capital Limited
 Unit 402B, 4/F
 China Insurance Group Building
 No. 141 Des Voeux Road Central
 Central
 Hong Kong

[REDACTED]

CORPORATE INFORMATION

Principal Banks

China Merchants Bank Co., Ltd.

Guangzhou Branch

No. 5 Huashui Road

Tianhe District

Guangzhou

PRC

Bank of China Limited

Guangzhou Panyu Sub-branch

No. 338 Qinghedong Road

Shiqiao Street

Panyu District

Guangzhou

PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by CIC (the “CIC Report”). We engaged CIC to prepare the CIC Report in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Joint Sponsors, [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED], [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

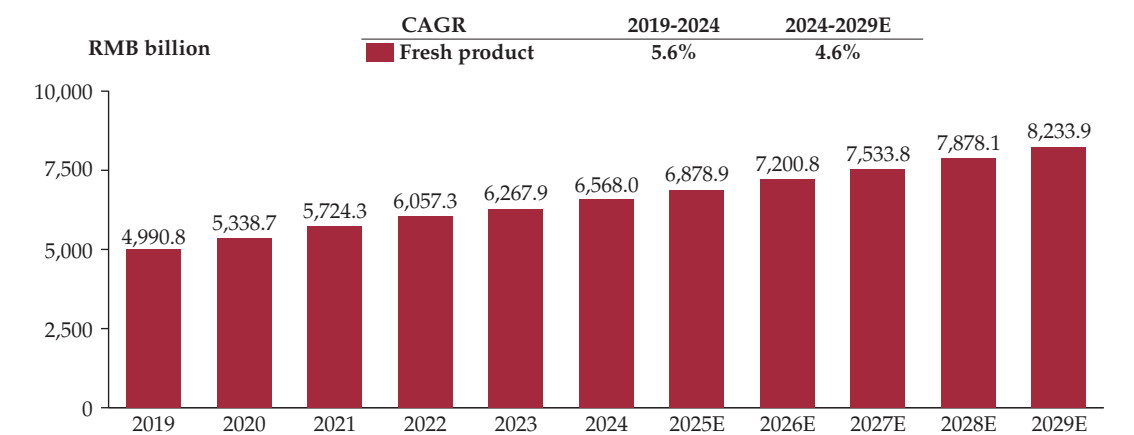
OVERVIEW OF CHINA’S FRESH PRODUCT INDUSTRY

Market Overview

Fresh products primarily comprise vegetables, fruits, meat, seafood, and 3R (ready-to-cook, ready-to-heat, and ready-to-eat). According to CIC, China’s fresh product retail market has developed rapidly in recent years. The market size of China’s fresh product retail market (by GMV) increased from RMB4,990.8 billion in 2019 to RMB6,568.0 billion in 2024, representing a CAGR of 5.6%. Driven by rising disposable income and purchasing power, growing consumer demand for quality of life and healthy diet, the enrichment of retail channels, the continuous development of supply chain technology, and a series of encouraging policies promoting agricultural and rural modernization and food safety, China’s fresh product retail market still possesses huge potential for further growth. The GMV of China’s fresh product market is projected to further grow to RMB8,233.9 billion by 2029, representing a CAGR of 4.6% from 2024.

The following sets forth the historical and projected market size of China’s fresh product retail industry by gross merchandise value:

Market Size of China’s Fresh Product Retail Market, by GMV, 2019-2029E



Source: CIC

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Fresh products are essential consumer goods characterized by high purchase frequency and rigid demand. On average, consumers purchase vegetables and meat twice as frequently as fruits, approximately 20 times as frequently as hot pot ingredients, and four to five times as frequently as freshly-made tea beverages, or snacks.

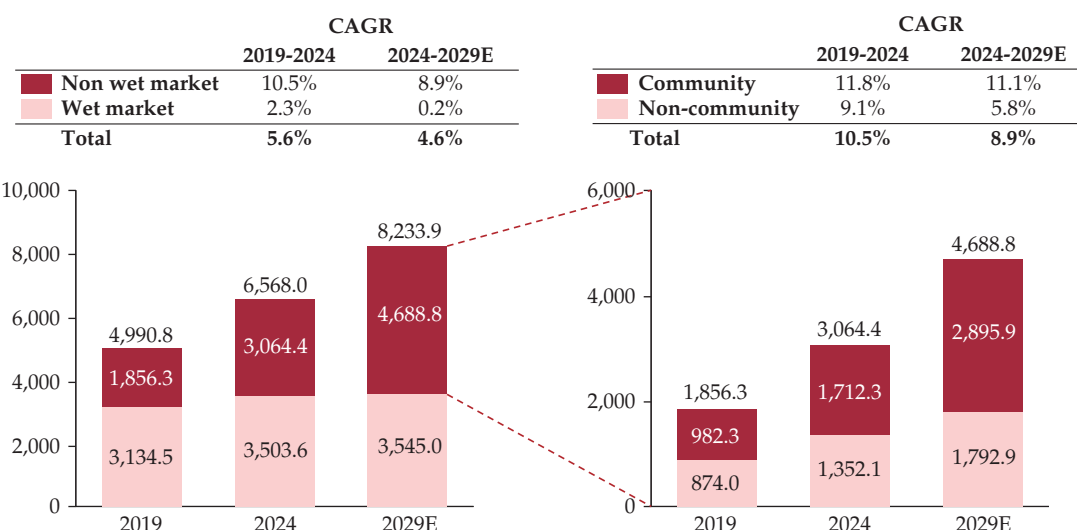
CHINA'S FRESH PRODUCT INDUSTRY BY CONSUMPTION CHANNEL AND SCENARIO

Due to extremely fragmented supply and demand across the upstream and downstream sectors, China's fresh product retail industry is characterized by long distribution chains and multiple layers of wholesalers, resulting in high mark-up rates, high loss rates, low turnover, and uneven product quality.

Chinese consumers purchase fresh products through numerous channels, including relatively traditional formats such as wet markets, supermarkets and hypermarkets, traditional e-commerce platforms, and non-chain mom-and-pop stores that have existed for a long time, as well as emerging formats that have appeared in recent years such as community-based fresh product chains, on-demand e-commerce (frontline fulfillment grid and store-as-a-warehouse), and community group purchasing. Among these, wet markets have existed for a long time in the past and remain the primary channel for Chinese consumers to purchase fresh products. However, due to the inherent limitations of their business models, they cannot simultaneously satisfy consumer demands for fresh product in terms of food quality, variety, price favorability, and shopping convenience, nor can they solve the traditional pain points of China's fresh product retail industry; consequently, their market size is gradually being eroded by other channels. The following chart sets forth the breakdown of China's fresh product retail market by consumption channel and consumption scenario calculated by GMV:

Market Size of China's Fresh Product Retail Market by Consumption Channel and Scenario, by GMV, 2019-2029E

RMB billion



Source: CIC

INDUSTRY OVERVIEW

The non-wet market fresh product retail market can be further categorized into community and non-community scenarios. In 2024, nearly 60% of fresh product retail was completed within community scenarios, occupying the mainstream fresh product consumption. In community scenarios, consumers can purchase fresh products through diverse consumption channels, including community-based fresh product chains, community group purchasing, on-demand e-commerce (frontline fulfillment grid and store-as-a-warehouse), and non-chain mom-and-pop stores located in communities. Non-community scenarios primarily include supermarkets and hypermarkets, as well as traditional e-commerce.

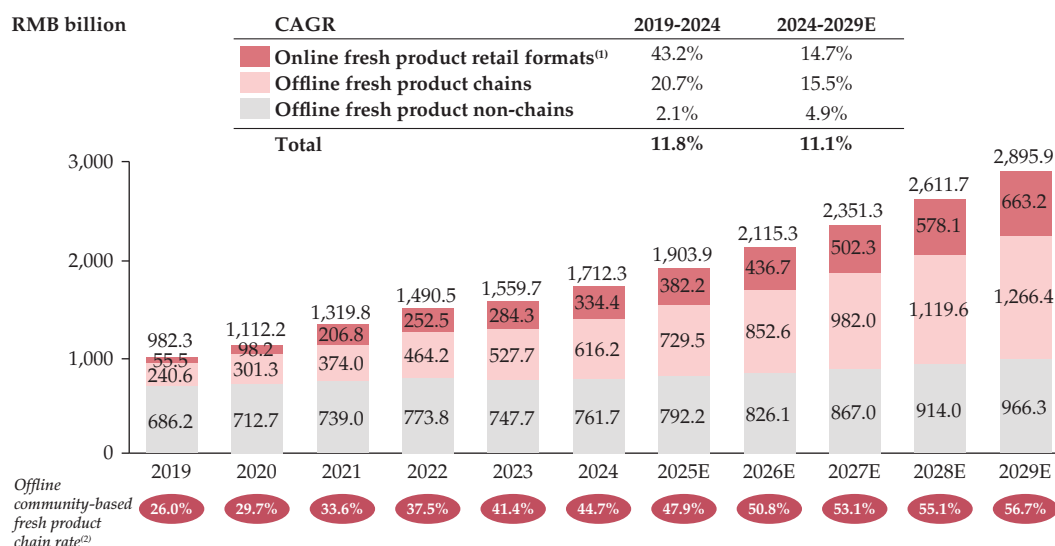
We believe that China's community-based retail market is highly likely to incubate retail giants. Retail development experience in mature markets indicates that the formats of retail giants are highly adapted to the residential patterns of local residents; for example, large hypermarkets represented by Walmart and Costco and street-side convenience stores represented by 7-Eleven are suited to the low-density residential pattern in US suburbs and the high-density block residential pattern in Japan, respectively. In China, residents live in high-density clusters within communities, thereby giving rise to an extremely large-scale community-based retail market. According to CIC, the scale of China's community-based retail sales reached RMB3,692.3 billion in 2024 (calculated by the GMV of food, beverages, and daily necessities), accounting for nearly 40% of the total consumption scale of food, beverages and daily necessities in China during the same period, having become one of the most important retail scenarios in China. Concurrently, as consumer spending in communities revolves closely around cooking and meal preparation needs, accounting for nearly 50% of the total scale of community-based retail in 2024, a massive community-based fresh product market has been formed. According to information from CIC, the market size of China's community-based fresh product retail market increased from RMB982.3 billion in 2019 to RMB1,712.3 billion in 2024, and is expected to further grow to RMB2,895.9 billion by 2029. Therefore, by analogy with mature markets, China's community-based fresh product retail market has created a favorable environment for the birth of Chinese retail giants.

Given the immense potential inherent in China's community-based fresh product retail market, a variety of innovative models have emerged around the community fresh products in recent years. Although online formats represented by community group purchasing and on-demand e-commerce (frontline fulfillment grid and store-as-a-warehouse) are developing rapidly in China's community-based fresh product retail market, offline formats still accounted for as high as 80% of the community-based fresh product retail market in 2024, maintaining an absolute mainstream position. Due to the numerous varieties of fresh products, the significant impact of freshness on product quality, and the diversity of consumer demand for fresh products, offline formats allow core consumer groups for fresh products to assess product quality in person and select products best suited to their own tastes; thus, they will possess irreplaceable advantages over online formats in the long term. However, the offline community-based fresh product retail track still contains a large number of non-chain traditional mom-and-pop stores; in 2024, the chain rate of offline community-based fresh product retail was 44.7%, and it is expected that the chain rate will continuously increase to reach 56.7% in 2029.

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The following chart sets forth the market size of China’s community-based fresh product retail market by different retail formats calculated by GMV:

**Market Size of China’s Community-based Fresh Product Retail Market
by Retail Formats/Retail Types, by GMV, 2019-2029E**



Source: CIC

Notes:

- (1) Refers to the retail formats in community-based fresh product retail industry that mainly achieving fresh product transactions through online ordering, including on-demand e-commerce (frontline fulfillment grid and store-as-a-warehouse) and community group purchasing;
- (2) Refers to the proportion of the retail sales value for fresh products through offline chains compared to the total retail sales value for fresh products through all offline retail formats in community-based fresh product retail industry.

OVERVIEW OF COMMUNITY-BASED FRESH PRODUCT CHAINS INDUSTRY

Market Overview

Community-based fresh product chains refer to a new retail format that takes offline store locations near residential communities as the core, supplemented by online sales, with residents of surrounding communities as the primary customer group. The fresh product retail sales of such stores account for over 50%, the total number of stores exceeds 10, and the store area is less than 500 sq.m. Community-based fresh product chains can be further subdivided by product category into community-based comprehensive fresh product chains, community-based fruit chains, and other community-based fresh product chains targeting vertical categories of fresh products.

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According to CIC, China’s community-based fresh product chains industry has experienced rapid development, with the market size growing from RMB240.6 billion in 2019 to RMB616.2 billion in 2024, achieving a CAGR of 20.7%; it is expected to continue growing at a CAGR of 15.5% over the next five years, reaching RMB1,266.4 billion in 2029. Community-based fresh product chains will become the primary model of community-based fresh product retail formats in the long term and maintain unique advantages over other formats, based on the following:

- ***China’s unique community structure makes community-based fresh product chains the optimal retail format.*** Communities are currently the most important retail scenario for fresh products in China, as nearly 60% of retail sales of fresh products completed in communities. Compared to the large-scale store model emerging from overseas low-density communities, China’s unique high-density communities can incubate new retail formats. In 2024, the number of communities in China with over 1,000 households exceeded 80 thousand, widely distributed across cities of all tiers in China. Through offline stores centered around large and medium-sized communities within approximately 15 minutes’ walking distance for target customer groups, community-based fresh product chains can absorb the advantages of other formats and achieve full coverage of consumers by satisfying the needs of different customer groups through online Apps, mini-programs, and other channels. Geographical locations in close proximity to communities bring natural traffic advantages to community-based fresh product chains, characterized by stable consumer base, strong path dependence, and high repurchase rates. At the same time, consumers visiting offline stores for purchasing or self-pickup avoid high individual delivery fees, realizing low-cost fulfillment and high operational efficiency. By comparison, on-demand e-commerce requires high-density orders in high-tier cities or regional local markets to dilute fulfillment costs, while community group purchasing is only suitable for lower-tier markets or specific price-sensitive populations in high-tier cities; therefore, community-based fresh product chains have stronger universality across cities of all tiers.
- ***Community-based fresh product chains are the format that best conforms to Chinese consumers’ fresh product shopping habits.*** Fresh products possess non-standard attributes; Chinese consumers, especially core consumer groups for fresh products, typically need to visit stores to make purchasing decisions based on the variety, freshness, and price of fresh products. Compared to other new retail formats, community-based fresh product chains can comprehensively satisfy consumers’ shopping habits, stimulating consumption through display and improving consumer satisfaction and stickiness through service. Community-based fresh product chains are more aligned with the long-term shopping needs of core consumer groups for fresh products than other formats.

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- ***Regular customer economy drives high repurchase rates.*** Compared to the issue of non-standard service widely existing in other fresh product retail formats, the community-based fresh product chain model has made targeted improvements; standardized offline stores and warm service enable consumers to obtain a high-quality service experience, continuously deepening the emotional bond between stores and surrounding residents, and driving high consumer repurchase rates during this process, thereby reducing store customer acquisition costs.
- ***Providing powerful guarantees for the freshness of fresh products.*** Community-based fresh product chains specialize in fresh products, taking enhanced freshness as their mission; they establish professional and systematic fresh product standards, improve the standardization of fresh products, and utilize digital operation system to carry out strict quality control management and product traceability, facilitating consumers’ purchase of highly fresh products and providing food safety guarantees for consumers.
- ***Offering competitive prices.*** Community-based fresh product chains acquire large customer groups through high product freshness and convenient service experiences; they continuously expand scale and volume through digital operations, thereby achieving increased procurement, low inventory, low loss rate, and high turnover, bringing competitive prices to consumers.

Key Growth Drivers of China’s Community-Based Fresh Product Chains Industry

The key growth drivers of community-based fresh product chains include:

- ***Increasing urban population density.*** China’s urbanization rate increased from 62.7% in 2019 to 67.0% in 2024, and is expected to further increase to 71.6% by 2029. The continuous urbanization process brings higher urban population density and community density, continuously enhancing the customer traffic and customer group scale covered by community-based fresh product chains. High-density population layout, combined with soaring rental costs and time costs in urban areas, have jointly fostered the emergence of small-scale fresh product retail formats with higher efficiency and lower costs.
- ***Aging population and miniaturization of family structure.*** According to the Ministry of Civil Affairs of the People’s Republic of China, the proportion of the population aged 60 and above in China has increased from 18.1% in 2019 to 22.0% in 2024. As the population structure gradually ages, the demand among the elderly for community care and emotional connection has become increasingly prominent. Under this trend, large supermarkets and hypermarkets with comprehensive varieties but insufficient convenience struggle to cater to consumer needs, while small-scale fresh product chains combining convenience and social functions have emerged. Simultaneously,

INDUSTRY OVERVIEW

the average population size of households in China decreased from 3.1 persons in 2010 to 2.5 persons in 2024. Under the trend of family miniaturization, the demand for one-stop bulk procurement has decreased, and consumers tend to reduce purchase quantities and increase purchase frequency.

- *Increasing working hours leading to high time costs.* According to the National Bureau of Statistics of China, the average weekly working hours per capita in China were 49.0 hours in 2024, significantly higher than those in major countries and regions such as Europe, the United States, Japan, and South Korea; longer working hours have led to a continuous increase in expectations for the convenience of daily consumption. The decrease in the number of households with full-time housewives has also resulted in a decrease in the time families spend on cooking, and a substantial increase in demand for small-scale fresh product retailers that are closer to communities as well as pre-processed fresh vegetables.
- *Pursuit of quality life and healthy diet.* With the increase in residents’ per capita disposable income and purchasing power, urban residents’ pursuit of quality life and healthy diet is also constantly escalating. Excellent shopping experience and fresh quality assurance will become increasingly important daily consumption decision-making drivers for urban residents.
- *Rising demand for value-for-money.* While pursuing freshness and health, consumers are still price-sensitive. This is particularly evident in the fresh product industry, where consumers typically seek to obtain high-quality, fresh products at a reasonable price. In response to this demand, companies need to optimize their supply chains and improve procurement efficiency to ensure that consumers can enjoy high-quality products while experiencing exceptional value-for-money.

Future Development Trends of China’s Community-Based Fresh Product Chains Industry

- *Market penetration rate will continue to increase.* The community-based fresh product chains industry effectively resolves the operational pain points existing in the long-standing models of wet markets, supermarkets and hypermarkets, traditional e-commerce platforms, and non-chain mom-and-pop stores; it satisfies consumer demands for convenience in fresh product shopping, fresh product quality, standardized high-quality service, rich variety selection, and favorable prices, best conforming to Chinese consumers’ fresh product shopping habits and serving as the optimal retail sales format for fresh products. The community-based fresh product chains will substitute the traditional retail formats of wet markets, supermarkets and hypermarkets, traditional e-commerce platforms, and non-chain mom-and-pop stores, continuously eroding their market share. The market penetration rate of community-based fresh product chains in China’s fresh product retail industry is constantly increasing, growing from 4.8% in 2019 to 9.4% in 2024, and is expected to rise to 15.4% by 2029.

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- *Operational standardization and digital intelligence.* According to CIC, China’s offline community-based fresh product retail is still dominated by mom-and-pop stores, with a relatively low chain rate. In the future, industry concentration will further increase; community-based fresh product chains with brand awareness, standardized operational methods, and chain scale advantages will substitute other fragmented and independent formats, and the scale advantages and status of industry leaders will be further manifested. The franchise model is gradually becoming the mainstream in the community-based fresh product chains industry. Industry leaders provide one-stop solutions to franchisees by constructing highly standardized operational systems and digital intelligence empowerment platforms, building core competitiveness for continuous and efficient expansion.
- *Integration of online and offline scenarios.* Community-based fresh product chains are primarily based on offline stores; in the future, they will continuously derive auxiliary models such as self-pickup points, online mini-programs, and APPs based on the age groups and consumption habits of the customers, integrating online and offline consumption and delivery scenarios to provide more intimate and convenient services around consumers’ multi-dimensional needs.
- *Continuous improvement of supply chain capabilities.* Industry leaders usually have efficient supply chains and strong product development capabilities to meet the increasingly diverse demands. For example, the introduction of 3R products helps address consumers’ demands for convenience. The ability to flexibly adjust product portfolio helps to better respond to changing demands. Moreover, through innovative supply chain management and accurate demand forecasting, companies can respond more quickly to market changes.
- *Becoming an entry point for the community economy and building more innovative community economy formats.* Community-based fresh product chains cover populations characterized by stability, high stickiness, and high-frequency transactions; based on fresh products, they will build themselves into entry points for the community economy, construct more innovative community economy formats, and cut into a broader market. According to CIC, the market size of China’s community-based retail market was RMB3.7 trillion in 2024 and is expected to reach RMB5.8 trillion in 2029, with a CAGR of 9.5% over the next five years.

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COMPETITIVE LANDSCAPE OF CHINA’S COMMUNITY-BASED FRESH PRODUCT CHAINS INDUSTRY

Overview of the Industry Competitive Landscape

The competitive landscape of China’s community-based fresh product chains industry is relatively fragmented, with the top five players accounting for a combined fresh products GMV market share of 7.3% in 2024, indicating huge room for consolidation in this market in the future.

In terms of fresh products GMV from 2020 to 2024, the Company has been China’s largest community-based fresh product chain brand for five consecutive years; In 2024, the Company’s fresh products GMV in China reached RMB13.5 billion, representing a market share of 2.2% in the community-based fresh product chains industry. Moreover, the Company’s operational efficiency leads the industry; in 2024, the Company’s sales per square meter was the highest among the top five community-based fresh product chain brands in China and also higher than the industry average level of the community-based fresh product chains industry during the same period.

Top Five Companies in China’s Community-based Fresh Product Chains Industry, by Fresh Products GMV, 2024

Ranking	Company	GMV of fresh products ⁽¹⁾ , 2024, RMB billion	Market share ⁽²⁾ , 2024, %	Total GMV ⁽¹⁾ , 2024, RMB billion	Store number ⁽³⁾ , as of December 31, 2024, unit
1	The Company	13.5	2.2%	13.6 ⁽⁴⁾	2,855 ⁽⁵⁾
2	Company A ⁽⁶⁾	12.4	2.0%	12.7	5,127
3	Company B ⁽⁷⁾	9.5	1.5%	10.0	10,150
4	Company C ⁽⁸⁾	6.0	1.0%	6.3	2,298
5	Company D ⁽⁹⁾	3.7	0.6%	4.7	850
	Subtotal	45.1	7.3%		
	Total	616.2	100.0%		

Source: Annual report, CIC

Notes:

- (1) Only includes GMV in the Chinese Mainland (excluding the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China).
- (2) Market share refers to the each company’s GMV of fresh products, as a percentage of overall GMV of fresh products of the community-based fresh product chains industry.

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- (3) Store number refers to the total number of stores in the Chinese Mainland (excluding the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China).
- (4) The total GMV of the Company including all categories and all regions reached RMB14.8 billion in 2024.
- (5) The total store number of the Company including all regions reached 2,922 as of December 31, 2024.
- (6) Company A is a Hong Kong-listed company founded in 2001, headquartered in Shenzhen, Guangdong Province, China, and primarily sells fruits.
- (7) Company B is a Hong Kong-listed company founded in 2019, headquartered in Shanghai, China, and primarily sells ingredients for home meals.
- (8) Company C is a private company founded in 2006, headquartered in Hangzhou, Zhejiang Province, China, and primarily sells fruits.
- (9) Company D is a private company founded in 1998, headquartered in Shanghai, China, with main businesses including planting, processing, supply chain, and retail sales of fresh products.

Entry Barriers and Key Success Factor of China’s Community-Based Fresh Product Chains Industry

The entry barriers and key success factors of the community-based fresh product chains industry include:

- ***Mature store network and robust expansion strategies.*** Extensive and dense store layout can greatly enhance consumption convenience and brand visibility, directly driving consumption growth and consolidating consumer loyalty. Relying on replicable single-store models, through strategic regional densification and entry into new markets, companies can efficiently cover target customer groups and strengthen supply chain synergies, continuously occupying consumer mindshare and laying the foundation for long-term success.
- ***Advanced supply chain management capabilities and comprehensive infrastructure construction.*** The perfection of cold-chain logistics and supply chain management systems is a key factor enabling market participants to reduce fulfillment costs and loss rates, and improve operational efficiency and food quality. The ability to stably and efficiently guarantee product freshness and high price-performance ratio requires long-term construction investment and experience accumulation.
- ***Strong product quality control capabilities and rich product portfolios.*** Due to the specific nature of fresh products, market participants need to possess professional product quality control capabilities. Leading market participants have formed mature business models, certain scale effects, and the bargaining power and management ability to conduct in-depth quality control at origin. In addition, diversified and differentiated product portfolios are also crucial in attracting consumers, such as leading enterprises launching 3R products (RTC, RTE, RTH), private label products, and customized products.

INDUSTRY OVERVIEW

- ***Excellence in digital capabilities and in-depth understanding of user preferences.*** Leading community-based fresh product chains brands have established membership system with digital operational capabilities; based on massive user base and data resources accumulated through long-term operations, they conduct in-depth analysis of user behavioral habits and shopping preferences, which in turn reversely guides product selection, forming rich product selection experience and excellent product selection capabilities. Meanwhile, digitalisation is also applied to business processes such as procurement, warehousing, logistics, and store management, helping enterprises reduce costs and increase efficiency.
- ***Franchisee empowerment management capabilities and win-win cooperation systems.*** The successful expansion of the franchise model depends on the chain brand’s all-around empowerment support for franchisees to enhance their independent operational capabilities. Through support across multiple dimensions including store site selection and renovation, marketing and promotion, personnel training, product supply, standard operating procedures (SOPs), logistics, store visits, and supervision inspections, a mutually beneficial collaboration is established to optimize the single-store economic model, enabling franchisees to form close cooperation with headquarters and jointly drive business growth and development.
- ***Well-recognized brand.*** Since fresh products are non-standard goods with high loss rates, user recognition and trust in the brand will lead to strong path dependence and brand loyalty. A good brand image will also bring more customers to brands, reduce customer acquisition costs, and establish a market-leading position. Brand awareness requires long-term adherence to brand development strategies and continuous marketing investment.

KEY CHANGES IN MAJOR COSTS AND PRICES

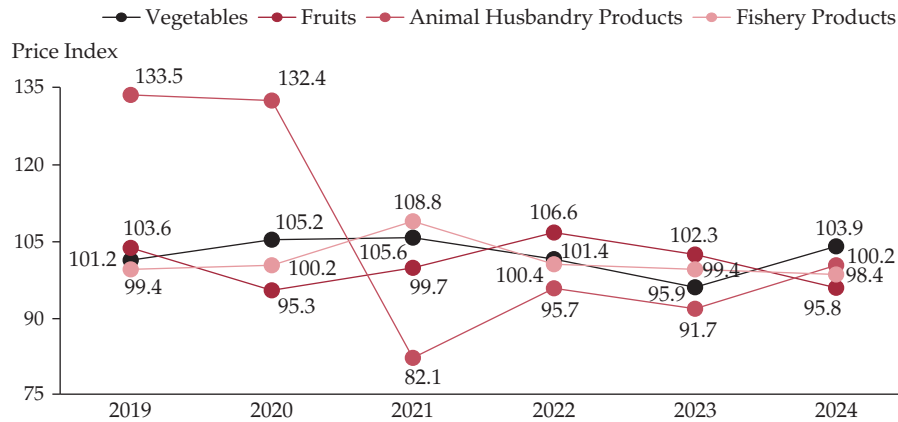
The producer price indices for vegetables, fruits, and fishery products in China remained relatively stable during the period from 2019 to 2024; specifically, vegetables increased slightly from 101.2 in 2019 to 103.9 in 2024, while fruits and fishery products decreased slightly from 103.6 and 99.4 in 2019 to 95.8 and 98.4 in 2024, respectively.

However, due to fluctuations in pork prices, the fluctuation range of the animal husbandry product price index was relatively large. In 2019, African Swine Fever caused a decline in pig production and a rise in pork prices. Subsequently, with the recovery of pig production, pork prices in China fell back accordingly.

INDUSTRY OVERVIEW

China’s Producer Price Indices for Vegetables, Fruits, Animal Husbandry Products, and Fishery Products

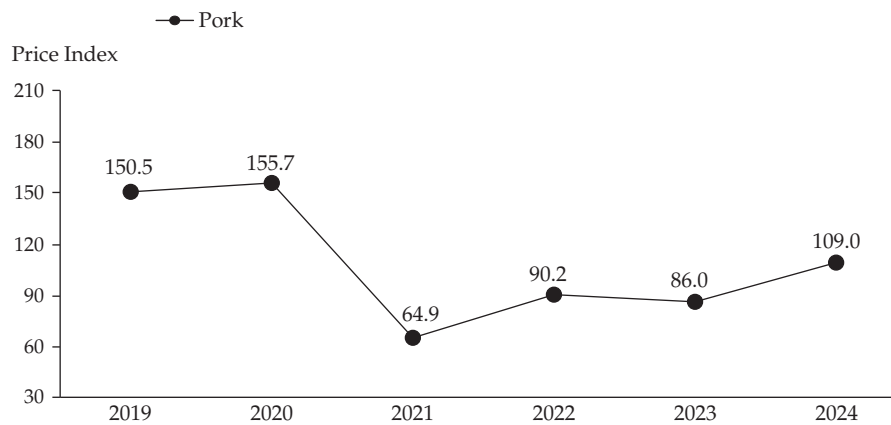
Index (Previous Year=100), 2019-2024



Source: CIC, National Bureau of Statistics

China’s Pork Price Index

Index (Previous Year=100), 2019-2024



Source: CIC, National Bureau of Statistics

INDUSTRY OVERVIEW

SOURCE OF THE INDUSTRY INFORMATION

We engaged CIC, an independent market research consultant, to conduct an analysis of, and to prepare a report on the fresh product retail industry in China for use in this document, which was commissioned by us for a fee of RMB1,268 thousand. CIC prepared its report based on data released by government institutions and non-government organizations and its primary and secondary research. CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics of China and disclosures of listed companies.

Forecasts and assumptions included in the CIC Report are inherently uncertain because of events or combinations of events that cannot be reasonably foreseen, including, without limitation, the actions of governments, consumers, competitors and other third parties. Specific factors that could cause actual results to differ materially include, among other things, risks inherent in the catering market, social and economic factors, supply risks, regulatory risks and environmental concerns, labor risks, financing risks, force majeure or unforeseen events. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report. Our Directors confirm that, after taking reasonable care, there is no material adverse change in the overall market information since the date of the CIC Report that would materially qualify, contradict or have an impact on such information.

REGULATORY OVERVIEW

The following is a brief summary of the key laws and regulations in the PRC and Hong Kong that currently 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. investors should note that the following summary is based on the laws and regulations in force as at the date of this document, which may be subject to change.

A. PRC LAWS AND REGULATIONS

Regulations Relating to Foreign Investment

All enterprises in the PRC are required to comply with the PRC Company Law promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) in 1993 and newly amended in 2023 and came into effect on July 1, 2024. The PRC Company Law, which regulates the formation, structure and management of companies, also applies to foreign-invested companies. Where there are otherwise different provisions in any law regarding foreign investment, such provisions shall prevail.

On March 15, 2019, the National People’s Congress (the “NPC”) promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Regulations on the Implementation of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》), which took effect on the same day as the Foreign Investment Law. On September 6, 2024, the National Development and Reform Commission (the “NDRC”) and the Ministry of Commerce (the “MOFCOM”) promulgated the Special Administrative Measures for Foreign Investment Access (Negative List) (Edition 2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”), which became effective on November 1, 2024.

Pursuant to the Foreign Investment Law and the Negative List, the PRC implements a system of pre-entry national treatment plus negative list management for foreign investment. The Negative List specifies the areas in which investment is restricted, and foreign investors must meet the conditions set out in the Negative List to invest in those areas; areas outside the Negative List are managed in accordance with the principle of consistency between domestic and foreign investment.

REGULATORY OVERVIEW

The Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020, which came into effect on January 18, 2021, specified that any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. An overseas investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in.

The Measures for Foreign Investment Information Reporting (《外商投資信息報告辦法》), which was promulgated on December 30, 2019 and came into effect on January 1, 2020, sets out the details of the foreign investment information report system. Since January 1, 2020, with respect to foreign investors carrying out investment activities directly or indirectly in the PRC, foreign investors or foreign-funded enterprises shall submit investment information to the commerce authorities in accordance with these measures.

On June 19, 2015, the Ministry of Industry and Information Technology (the “MIIT”) promulgated the Notice on Removing the Restrictions on Foreign Equity Ratios in Online Data Processing and Transaction Processing (Operating E-commerce) Business (《關於放開在綫數據處理與交易處理業務(經營類電子商務)外資股比限制的通告》), and decided to lift the restrictions on foreign equity ratios in online data processing and transaction processing (operating e-commerce) business across the country, allowing the foreign equity ratios to be increased to 100%.

Regulations Relating to Commercial Franchise

The State Council promulgated Regulation on the Administration of Commercial Franchises (《商業特許經營管理條例》) on February 6, 2007. Pursuant to such Regulation, the term “commercial franchise” refers to such business operations by which an enterprise owning a registered trademark, enterprise mark, patent, know-how or any other business resource (hereinafter referred to as “franchiser”) confers the said business resource to any other business operator (hereinafter referred to as “franchisee”) by means of contract, and the franchisee undertakes business operations under the uniform business model as stipulated by the contract, and pay franchising fees to the franchiser. A franchiser for engagement in franchise activities shall possess a mature business model and the ability to provide long-term business guidance, technical support, business training and other services to the franchisee. A franchiser for engagement in franchise activities shall have at least two direct sales stores, and have undertaken the business for more than a year. A franchiser shall, within 15 days after having concluded a franchise contract for the first time, report it to the commercial administrative department for archival filing according to this Regulation.

REGULATORY OVERVIEW

The Administrative Measures for Archival Filing of Commercial Franchisees (《商業特許經營備案管理辦法》), which was latest revised by the Ministry of Commerce on December 29, 2023, further stipulates the management details of commercial franchise activities. The Ministry of Commerce and the competent commerce departments under the people's governments of all provinces, autonomous regions, and municipalities directly under the Central Government shall be the authorities for archival filing of commercial . If commercial franchise activities are conducted within a province, autonomous region, or municipality directly under the Central Government, filing shall be made with the competent commerce department under the people's government of the province, autonomous region, or municipality directly under the Central Government where the franchisor is located. If commercial franchise activities are conducted in more than one province, autonomous region, or municipality directly under the Central Government, filing shall be made with the Ministry of Commerce. Franchisors failing to file pursuant to the Regulation and these Measures shall be ordered by competent commerce departments of people's governments at or above the prefecture-level to complete filing within a time limit and fined RMB10,000 to RMB50,000; failure to file within the time limit shall result in a fine of RMB50,000 to RMB100,000 and a public announcement.

On April 30, 2007, the Ministry of Commerce promulgated the Administrative Measures for Commercial Franchise Information Disclosure (《商業特許經營信息披露管理辦法》), which was amended on February 23, 2012 and became effective on April 1, 2012. The above Measures stipulate in detail the information disclosure obligations of franchisors in carrying out commercial franchising activities.

Regulations Relating to Food

Food Safety

On February 28, 2009, the SCNPC promulgated the Food Safety Law of the PRC (《中華人民共和國食品安全法》) (the **"Food Safety Law"**), which was last revised on September 12, 2025 and came into effect on December 1, 2025. On July 20, 2009, the State Council promulgated the Implementing Regulations of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》) (the **"Implementing Regulations of the Food Safety Law"**), which was last revised by the State Council on October 11, 2019 and came into effect on December 1, 2019.

According to the Food Safety Law, food producers and operators shall be responsible for the safety of the food which they produce or deal in. The food safety supervision and administration departments under the State Council shall exercise supervision and administration over food production and operation activities. The health administrative department under the State Council shall organize the implementation of risk monitoring and risk assessment of food safety and shall formulate and issue national food safety standards in concert with the food safety supervision and administration departments under the State Council. Food safety standards are mandatory standards. No mandatory food standards other than food safety standards shall be formulated.

REGULATORY OVERVIEW

Furthermore, according to the relevant laws and regulations above, food producers and operators shall establish a whole-process food safety traceability system so as to ensure the traceability of food products. The food safety supervision and administration departments under the State Council shall establish a coordination mechanism for whole-process food safety traceability in collaboration with the agriculture administrative department and other related departments under the State Council.

The Agricultural Product Quality and Safety Law of the PRC (《中華人民共和國農產品質量安全法》), which was promulgated by the SCNPC on September 2, 2022 and became effective on January 1, 2023, stipulates that all agricultural products for sale shall meet the relevant quality and safety standards for agricultural products, that agricultural product trading enterprises shall establish and improve an incoming inspection system for the agricultural products they procure for resale, and that agricultural products which fail to meet the aforesaid quality and safety standards upon inspection shall not be put on the market.

Food Operation Licensing

According to the Food Safety Law, the state shall adopt a licensing system for food production and operation. Whoever engages in food production or sale or catering services shall obtain a permit in accordance with the law. However, a permit is not required for the sale of edible agricultural products and prepacked food. The sale of prepacked food shall be reported to the food safety regulatory department of the local people's government at or above the county level for recordation.

On June 15, 2023, the SAMR promulgated the Measures for the Administration of Food Operation Licensing and Registration (《食品經營許可和備案管理辦法》), which came into effect on December 1, 2023. According to the Measures for the Administration of Food Operation Licensing and Registration, in addition to certain statutory circumstances, anyone plans to engage in food sales and provide catering services within the territory of the PRC shall obtain a food trade permit in accordance with the law. An application for a food trade permit shall be filed based on the main business form of the food trader and the category of the business item. Whoever sells prepackaged food only shall report to the local market regulatory department of the county or equivalent where it is located for recordation. If a food trader that has obtained a food trade permit increases the sale of prepackaged food, it is not required to undergo recordation separately. Food operators engaging in food operation activities at different operation sites shall obtain food operation licenses or make registration for record separately in accordance with the law.

The Announcement on Matters relating to the Record-filing for the Sale of Only Pre-packaged Food (《關於僅銷售預包裝食品備案有關事項的公告》), which was promulgated by the SAMR on November 29, 2023, stipulates that an entity trading in food but only for sale of pre-packaged food shall apply for the record-filing when registering for market entity registration. The record-filing formalities shall be completed before carrying out such businesses. Those who have obtained food operation licenses are not required to go through the record-filing before the expiration of their food operation licenses.

REGULATORY OVERVIEW

Food Recall System

In accordance with the Food Safety Law, the State has launched a food recall system. Upon discovery of food produced not conforming to food safety standards or if there is any evidence proving that the foods produced may harm human health, food producers must immediately cease production, recall foods in the market, notify the relevant food producers, operators and consumers thereof, and keep records of the recall and notification status.

On March 11, 2015, the China Food and Drug Administration (currently known as the SAMR) formulated the Measures for the Administration of Food Recalls (《食品召回管理辦法》), which was last revised on October 23, 2020. According to the Measures for the Administration of Food Recalls, the SAMR is responsible for guiding the supervision and management of the national suspension of production and operation, recall and disposal of unsafe foods. Food producers and operators shall, according to law, assume primary responsibilities for food safety, by establishing a sound management system, collecting and analyzing food safety information and performing legal duties of the cease of production and operation as well as recall and disposal of unsafe foods. Where food producers and operators find that their produced and operated food products are unsafe, they must immediately cease the production and operation, inform the relevant food producers and operators to stop production and operation, urge the customers to stop consumption by way of notices or announcements and take necessary measures to prevent food safety risks. Food producers and operators who violate the provisions on the suspension of production and operation, recall and disposal of unsafe food products may be subject to warnings, fines and other punishments from the market regulation department.

Regulations Relating to Single-purpose Commercial Prepaid Cards

The Ministry of Commerce promulgated the Administrative Measures on Single-purpose Commercial Prepaid Cards (Trial Implementation) (《單用途商業預付卡管理辦法(試行)》) on August 18, 2016. Such Measures shall apply to enterprises engaged in retail, hospitality, catering and residential services that conduct single-purpose commercial prepaid card businesses within the territory of PRC. Enterprises issuing single-purpose commercial prepaid cards shall complete the filing formalities in accordance with relevant provisions within 30 days from the date of launching their single-purpose prepaid card businesses, otherwise they shall be ordered to rectify within a stipulated period. Failure to rectify as required shall incur a fine of RMB10,000 to RMB30,000.

REGULATORY OVERVIEW

Regulations Relating to Product Quality

On February 22, 1993, the SCNPC promulgated the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the “**Product Quality Law**”), which came into effect on September 1, 1993. It was last amended by the SCNPC on December 29, 2018 and took effect on the same day. According to the Product Quality Law, producers shall be liable for the quality of the products they produce, and sellers shall also take measures to guarantee the quality of the products they sell. The market regulation department of the State Council is in charge of the supervision over product quality nationwide. The relevant departments under the State Council shall be responsible for supervision over product quality within the scope of their respective functions and responsibilities. If there are different provisions concerning the supervision departments over product quality, such provisions shall be applied. The State applies a system of supervision and inspection in respect of product quality with random inspection as the main method. Where the quality of products for which supervision and random inspection have been carried out is not up to standard, the market regulation department that carried out the supervision and random inspection shall order the producer or seller to make rectification within a time limit. Where the rectification is not made within the time limit, the market regulation department of the people’s government at provincial level or above shall issue a public announcement; where products are re-examined after the announcement and are still not up to standard, the department shall order the production to be suspended and the operations to be reorganized; where the quality of products that has been re-examined after the expiry of the period for reorganization is still not up to standard, the business license shall be revoked. If an individual or enterprise has quality issues in products they produce or sell, they may be subject to order of suspension of production or sales, confiscation of products produced and sold illegally, imposition of fines, confiscation of illegal gains, revocation of business licenses or even investigation for criminal liabilities by relevant authorities.

On May 28, 2020, the NPC promulgated the Civil Code of the PRC (《中華人民共和國民法典》) (the “**Civil Code**”), which became effective on January 1, 2021. According to the Civil Code, a producer shall bear tort liability if its product causes damage to others due to a defect. If a defect is found in a product after it has been put into circulation, the producer and the seller shall take remedial measures in a timely manner including, inter alia, withdrawal from sale, alerts and recalls. In the event of expanded damage arising from a failure to take remedial measures in a timely manner or inadequate remedial measures, the producer and the seller shall also bear tort liability.

REGULATORY OVERVIEW

Regulations Relating to Consumer Protection

On October 31, 1993, the SCNPC promulgated 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"**). It was last amended by the SCNPC on October 25, 2013 and the latest amended version came into effect on March 15, 2014. On March 15, 2024, the State Council promulgated the Regulation on the Implementation 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》), which was officially implemented on July 1, 2024.

Under the Consumer Protection Law, consumers have the inviolable right to personal and property safety when purchasing or using goods or receiving services, and may demand operators to provide safe goods or services. Operators shall abide by the principles of voluntariness, equality, fairness, honesty and credibility in transactions with consumers. Consumers suffering personal or property damages from such activities are entitled to legal compensation.

Regulations Relating to Environmental Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) was last amended on April, 24, 2014, and came into effect on January 1, 2015. Pursuant to the Law, the state shall implement a pollutant discharge permit administration system. Enterprises, public institutions and other producers and operators subject to such administration shall discharge pollutants in compliance with the requirements of their pollutant discharge permits; no entity may discharge pollutants without obtaining a pollutant discharge permit.

The Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was latest amended on December 29, 2018, stipulated that the state shall implement a classified management system for environmental impact assessments of construction projects based on the level of environmental impact caused by such projects. The project undertakers shall, in accordance with the relevant provisions, compile environmental impact statements, environmental impact reports or complete environmental impact registration forms.

The Prevention and Control of Water Pollution Law of the PRC (《中華人民共和國水污染防治法》) was last revised by the SCNPC on June 27, 2017 and implemented on January 1, 2018. The Law stipulates that the discharge of water pollutants shall not exceed the prescribed water pollutant discharge standards and the total discharge control targets of key water pollutants. Enterprises, institutions and other production operators that are required to obtain a pollutant discharge permit prior to discharging wastewater and sewage must obtain the pollutant discharge permit. The pollutant discharge license specifies requirements on the types, concentration, total amount and discharging direction of the water pollutants to be discharged.

REGULATORY OVERVIEW

On April 1, 2024, Ministry of Ecology and Environment promulgated the Measures for Pollutant Discharge Permitting Administration (《排污許可管理辦法》), which came into effect on July 1, 2024. According to the Measures, enterprises, public institutions and other producers and business operators shall, in accordance with factors such as the amount of pollutants produced, the amount of pollutants discharged and the extent of their impact on the environment, carry out the management of pollutant discharge permits with a focus, simplified management and pollutant discharge registration. The specific scope of pollutant discharging entities under priority pollutant discharge permitting administration or those under summary pollutant discharge permitting administration shall be governed by the classification administration list of pollutant discharge permitting for fixed pollution sources. The pollutant discharging entities that are required by law to apply for a pollutant discharge permit shall do so in accordance with the law and discharge pollutants in compliance with relevant provisions. Those who have not obtained a discharge permit shall not discharge pollutants. The pollutant discharge registration entity that needs to fill out a pollutant discharge registration form shall register its pollutant discharge on the National Pollutant Discharge Permit Management Information Platform.

According to the Classified Management List of Emission Permits for Fixed Pollution Sources (Version 2019) (《固定污染源排污許可分類管理名錄(2019年版)》), which became effective on December 20, 2019, the State implements key management, simplified management and registration management of emission permits based on the amount of pollutants generated, the volume of pollutants discharged, and the degree of environmental hazards posed by the enterprises, public institutions and other business operators (“**Sewage discharging units**”). Sewage discharging units subject to registration management do not need to apply for a sewage discharge permit, and shall fill in the sewage discharge registration form on the national sewage discharge permit management information platform to record basic information, the destination of pollutant discharges, the pollutant discharge standards implemented, and information on the pollution prevention and control measures taken.

The specific measures for pollutant discharge licensing shall be prescribed by the State Council. Additionally, under the Administrative Measures for the Permit of Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on January 22, 2015, last revised on December 1, 2022 and effective on February 1, 2023, enterprises, institutions and individual industrial and commercial enterprises engaged in manufacturing, construction, catering and medical activities must obtain a sewage discharge permit before discharging sewage into urban drainage facilities.

REGULATORY OVERVIEW

Regulations Relating to Value-added Telecommunication Services

The State Council promulgated the Telecommunication Regulation of the PRC (《中華人民共和國電信條例》) on September 25, 2000, last amended on February 6, 2016. According to this Regulation, telecommunications business is divided into basic telecommunications services and value-added telecommunications services, with the latter referring to the telecommunications and information services provided through the public network infrastructure. Operating cross-provincial value-added telecommunications services requires the examination and approval by the competent information industry department of the State Council, and the acquisition of a Cross-regional Value-added Telecommunications Service Operating Permit. Operating such services covering an area within one province, autonomous region or municipality directly under the central government requires approval by the local telecommunications administration authority and a Value-added Telecommunications Service Operating Permit.

On March 1, 2009, the MIIT promulgated the Measures for the Administration of Telecommunications Business Licensing (《電信業務經營許可管理辦法》), which was latest amended on July 3, 2017 and came into effect on September 1, 2017. Under such Measures, telecommunications business may not be operated unless a legally business permit has been obtained. Business permits are categorized as Basic Telecommunications Business Permits and Value-Added Telecommunications Business Permits, with the latter valid for five years. Whoever operates telecommunications business without authorization or beyond the specified scope shall be punished such as confiscate the illegal income, impose a fine or being ordered to suspend business for rectification.

Regulations Relating to Online Retail Businesses

On August 31, 2018, the SCNPC issued the E-commerce Law of the PRC (《中華人民共和國電子商務法》) (the **"E-commerce Law"**), which became effective on January 1, 2019. Under the E-commerce Law, "e-commerce" refers to commercial activities of selling goods or providing services via information networks such as the Internet. E-commerce operators, which mean natural persons, legal persons or unincorporated organizations engaging in such activities through the Internet or any other information networks, including e-commerce platform operators, on-platform operators, and operators using self-built websites or other online services, shall complete market entity registration in accordance with the law, except for: (i) individuals selling self-produced agricultural sideline products or household handicrafts; (ii) individuals providing licensed-exempt convenient labor services or occasional small-value transactions with personal skills; or (iii) other circumstances exempted by laws or administrative regulations. E-commerce operators must obtain relevant administrative licenses for business operations. Failure to do so may result in rectification orders, fines or business suspension imposed by market regulation authorities.

REGULATORY OVERVIEW

On March 18, 2025, the SAMR issued the latest version of the Measures for the Supervision and Administration of Online Trading (《網絡交易監督管理辦法》), which came effective on May 1, 2025. Under the Measures, online trading operators engaging in business activities shall diligently fulfill their statutory obligations, proactively assume primary responsibility, and accept supervision from all sectors of society. Furthermore, such businesses shall continuously publicize the information of business entities or a link to such information in a prominent position on the homepage of their websites or the main page of their business activities.

Pursuant to the Provisions on the Administration of Information Services of Mobile Internet Apps (《移動互聯網應用程序信息服務管理規定》), which was lastly amended by the Cyberspace Administration of China (the "CAC") on August 1, 2022, an App provider shall be liable for the display of information content, refrain from generating or disseminating illegal information, and actively prevent and resist illegal or harmful information.

On March 18, 2025, the SAMR promulgated the latest version of the Measures for the Investigation and Punishment of Illegal Acts Related to Online Food Safety (《網路食品安全違法行為查處辦法》), effective May 1, 2025. Pursuant to the Measures, third-party online food trading platform operators and the food producers/traders engaging in trade through via such platforms or self-built websites within the territory of the PRC shall be liable for the authenticity of online food safety information. The third-party online food trading platform operators shall complete filing formalities with the provincial market regulation authority in their locality and obtain a filing number within 30 working days after approval by the competent communications department. Failure to perform such filing obligations shall result in the county-level or higher local market regulation authority ordering rectification and issuing a warning; refusal to rectify shall incur a fine.

Regulations Relating to Advertisement

On October 27, 1994, the SCNPC promulgated the Advertising Law of the PRC (《中華人民共和國廣告法》) (the "**Advertising Law**"), which was lastly amended on April 29, 2021. According to the Advertising Law, advertisements shall not have any false or misleading content or defraud or mislead consumers. An advertiser shall be responsible for the veracity of contents of advertisement. Where a false advertisement is published, the market regulatory department shall order cessation of publishing the advertisement, order the advertiser to eliminate adverse effects within the corresponding extent, and impose a fine. Where a false advertisement has caused any damage to the lawful rights and interests of consumers who purchase goods or receive services, the advertiser shall assume civil liability in accordance with the law.

REGULATORY OVERVIEW

Regulations Relating to Labor

Labor Law and Labor Contract Law

The Labor Law of the PRC (《中華人民共和國勞動法》) was promulgated by the SCNPC, which was last amended on December 29, 2018 and became effective on the same date. According to the Law, the state adopts a standard work week where an employee shall not work for more than eight hours a day and no more than 44 hours a week on average. The state implements a system of guaranteed minimum wages, and the wages paid by employers to workers shall not be lower than the local minimum wage standard. Employers must establish and improve the system for occupational safety and health, strictly implement the national protocols and procedures on occupational safety and health required by the State and provide education on occupational safety and health to employees, and guard against labor safety accidents and reduce occupational hazards.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) was first promulgated on June 29, 2007 by the SCNPC and was last amended on December 28, 2012 and enforced on July 1, 2013. It requires that employers shall establish and improve labor rules and regulations in accordance with the law to ensure that employees enjoy labor rights and perform labor obligations. When an employer establishes a labor relationship with an employee, a written labor contract shall be entered into. An employer must make payment for employee remuneration timely and in full amount in accordance with the provisions of relevant labor contract and State regulations. Besides, an employer must strictly abide by the fixed standard of labor work, and must not force or threaten an employee in disguise to work overtime. If the employer arranges overtime duties, it shall pay overtime wage to the employee in accordance with the relevant provisions of the State.

Social Insurance and Housing Provident Fund

According 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 amended on December 29, 2018, and the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) recently amended by the State Council and effective on March 24, 2019, an employer is required to make contributions to social insurance schemes for its employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance authorities may demand the employer make payments or supplementary payments for the unpaid social insurance premium within a prescribed time limit together with a 0.05% surcharge of the unpaid social insurance premium from the due date. If the payment is not made within such time limit, the relevant administrative authorities will impose a fine ranging from one to three times the total outstanding amount.

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On July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025. Such Interpretation stipulates that if an employer and an employee agree or the employee undertakes that social insurance premiums need not be paid, the court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance premiums in accordance with the law, and the employee seeks to terminate the labor contract and claims economic Compensation from the employer pursuant to the Labor Contract Law, the court shall support such claims in accordance with the law.

Pursuant to the Regulations on Management of Housing Provident Fund (2019 Revision) (《住房公積金管理條例(2019修訂)》), employers shall complete housing provident fund contribution registration with the housing provident fund management center and open housing provident fund accounts for employees. Within 30 days of hiring an employee, the employer shall complete contribution registration formalities and go through account opening or transfer procedures for the employee with the center. The contribution ratio of both employers and employees shall not be less than 5% of the employee's monthly average salary of the previous year, and eligible cities may adjust the ratio appropriately. Employers failing to complete registration or open employee accounts shall be ordered by the center to rectify within a time limit; non-compliance will result in a fine of RMB10,000 to RMB50,000. Employers failing to make contributions on time shall be ordered to pay arrears within a time limit; continued non-compliance will allow the center to apply to the people's court for enforcement.

Regulations Relating to Leasing

According to the Civil Code, the state implements a unified registration system for immovables. An immovable ownership certificate is the proof of the holder's real right in the immovable. The owner of an immovable or movable is entitled to possess, use, benefit from and dispose of the property in accordance with the law. A lessee may sublease the leased property to a third party with the lessor's consent; otherwise, the lessor may rescind the contract.

The Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) was promulgated by Ministry of Housing and Urban-Rural Development on December 1, 2010, and came into effect on February 1, 2011. According to this Regulation, the parties to a house lease shall enter into a lease contract legally, a lessee may sublease the house only with the lessor's written consent, the parties shall complete lease registration and filing procedures with the local municipal, city or county construction (real estate) authority within 30 days of contract conclusion, and failure to comply will result in an order to rectify within a time limit, with fines of up to RMB1,000 for individuals and RMB1,000 to RMB10,000 for entities.

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Regulations Relating to Fire Control

The Fire Control Law of the PRC (《中華人民共和國消防法》) (the “**Fire Control Law**”) was promulgated by the SCNPC on April 29, 1998, and newly amended on April 29, 2021. Pursuant to the Fire Control Law, construction or user entities must apply to the county-level or above local people’s governments’ fire rescue agencies for a fire safety inspection before public gathering places are put into use or operation. Unauthorized use or operation of such places without passing the inspection shall result in an order to suspend construction, use, production or operation and a fine of RMB30,000 to RMB300,000.

Regulations Relating to Anti-Unfair Competition

On September 2, 1993, the SCNPC promulgated the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the “**Anti-Unfair Law**”), which was lastly amended on June 27, 2025 and became effective on October 15, 2025. According to the Anti-Unfair Law, businesses shall, in their production and distribution activities, adhere to the free will, equality, fairness, and good faith principles, and abide by laws and business ethics, and participate in market competition fairly. An operator shall not conduct any false or misleading commercial publicity in respect of the performance, functions, quality, sales, user reviews, and honors received of its commodities, in order to defraud or mislead consumers and other operators.

According to the Price Law of the PRC (《中華人民共和國價格法》) (the “**Price Law**”), promulgated by the SCNPC on December 29, 1997 and effective on May 1, 1998, business operators are prohibited from engaging in unfair pricing activities, including market price manipulation, below-cost dumping, manipulation of prices, price-based deception or misleading of consumers or other operators, and price discrimination. Any operator in violation of the Price Law shall be subject to administrative penalties such as warning, cessation of illegal activities, confiscation of illegal gains, and a fine of up to five times such gains; in serious cases, and such operator may be ordered to suspend business for rectification or have its business license revoked.

Regulations Relating to Intellectual Property Protection

Trademarks

On August 23, 1982, the SCNPC promulgated the Trademark Law of the PRC (《中華人民共和國商標法》) (the “**Trademark Law**”), which came into effect on March 1, 1983. It was last amended by the SCNPC on April 23, 2019 and the latest version became effective from November 1, 2019. On August 3, 2002, the State Council promulgated the Implementation Regulations of the Trademark Law (《中華人民共和國商標法實施條例》) (the “**Implementation Regulations of the Trademark Law**”), which came into effect on September 15, 2002. It was last amended by the State Council on April 29, 2014 and the latest version became effective from May 1, 2014. Registered trademarks are protected by relevant laws and regulations such as the Civil Code, the Trademark Law and the Implementation Regulations of the Trademark Law.

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According to the Trademark Law and the Implementation Regulations of the Trademark Law, the Trademark Office of National Intellectual Property Administration is responsible for the registration and administration of trademarks throughout the country. Registered trademarks are trademarks approved and registered by the Trademark Office, including commodity trademarks, service trademarks, collective trademarks, and certification marks. Goods that are required to use registered trademarks according to the laws and administrative regulations must receive approval at its trademark registration, as such goods are prohibited from being sold unless registration has been approved by the Trademark Office. Registered trademarks are valid for ten years commencing from the date of registration, unless otherwise revoked by the Trademark Office. When it is necessary to continue using the registered trademark upon expiration of period of validity, a trademark registrant shall make an application for renewal in accordance with the requirements. The period of validity for each renewal of registration shall be ten years commencing from the next day of the expiration of the previous period of validity. If the formalities for renewal have not been handled upon expiration of period of validity, the registered trademarks will be deregistered.

Furthermore, according to the Trademark Law, trademark infringement disputes may be resolved by the registrant or interested party through court litigation or by requesting the market supervision and administration department for handling. Damages for infringement shall be determined based on the right holder's actual losses, or the infringer's gains if losses are unascertainable, or a reasonable multiple of trademark royalties if both are unascertainable. For bad-faith infringement with serious circumstances, damages may be up to five times the aforesaid amount, including reasonable expenses incurred by the right holder to stop the infringement.

Patents

The SCNPC promulgated the Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**"), which was last amended by the SCNPC on October 17, 2020 and became effective from June 1, 2021. On December 12, 1992, the State Council promulgated the Implementation Rules of the Patent Law (《中華人民共和國專利法實施細則》) (the "**Implementation Rules of the Patent Law**"), which came into effect on January 1, 1993. It was last amended by the State Council on December 11, 2023 and took effect on January 20, 2024. Patents are protected by relevant laws and regulations such as the Civil Code, the Patent Law and the Implementation Rules of the Patent Law.

According to the Patent Law and the Implementation Rules of the Patent Law, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide. It accepts and examines patent applications in a uniform way and grants patent rights in accordance with the law. Patents for inventions, utility models and designs can be applied for in accordance with the law. Invention patents are valid for twenty years, utility model patents for ten years and design patents for fifteen years, from the date of application, except where no annual fee for the patent has been paid as required, or the patent owner has given up its patent by a written declaration.

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Copyrights

The SCNPC promulgated the Copyright Law of the PRC (《中華人民共和國著作權法》) (the “**Copyright Law**”), which was last amended on November 11, 2020 and the latest version became effective on June 1, 2021. On May 30, 1991, the State Council promulgated the Implementation Regulations of the Copyright Law (《中華人民共和國著作權法實施條例》) (the “**Implementation Regulations of the Copyright Law**”), which came into effect on June 1, 1991. It was last amended by the State Council on January 30, 2013 and took effect from March 1, 2013. Copyrights are protected by relevant laws and regulations such as the Civil Code, the Copyright Law and the Implementation Regulations of the Copyright Law. The national copyright authority is responsible for copyright administration throughout the country.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》) (the “**Software Copyright Measures**”), promulgated by the National Copyright Administration and brought into effect on February 20, 2002, regulates the registration of software copyright, exclusive licensing contracts for software copyright and transfer contracts. The National Copyright Administration shall be the competent governmental authority for the national administration of software copyright registration and the Copyright Protection Center of China (the “**CPCC**”) is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants pursuant to the provisions of both the Software Copyright Measures and the Computer Software Protection Regulations (《計算機軟件保護條例》).

Domain Names

Domain names are protected by the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017. According to the Administrative Measures for Internet Domain Names, the domain name services follow the principle of “first apply, first register”, and the applicants become domain name holders upon successful registration.

Regulations Relating to Data Security, Cybersecurity and Personal Information Protection

Cybersecurity and Data Security

The PRC regulatory authorities have enacted laws and regulations concerning internet information security and the protection of personal information against misuse or unauthorized disclosure, which include, for example, the Decisions on Protection of Internet Security (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) enacted and amended by the NPCSC on December 28, 2000 and August 27, 2009, respectively, the Provisions on the Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) issued by the Ministry of Public Security (the “**MPS**”) on December 13, 2005 and became effective on March 1, 2006, the Decision of the Standing Committee of the National People’s Congress on Strengthening Network Information Protection (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) promulgated by the SCNPC on

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December 28, 2012, and 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.

On June 22, 2007, the MPS, National Administration of State Secrets Protection and other governmental authorities issued the Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》), which regulates that the security protection of an information system may be graded into five. For an information system of Grade II or above newly built, its operator or user shall complete the record filing procedures in accordance with the relevant requirements.

The CAC promulgated the Administrative Provisions on the Account Names of Internet User (《互聯網用戶賬號名稱管理規定》) on February 4, 2015 (which became effective on March 1, 2015) and the Administrative Provisions on the Account Information of Internet Users (《互聯網用戶帳號信息管理規定》) on June 27, 2022 (which became effective on August 1, 2022), which, amongst others, require internet information service providers implement security management responsibilities to prevent users from having illegal and bad information in the account registration information.

On July 1, 2015, the SCNPC issued the National Security Law of the People's Republic of China (《中華人民共和國國家安全法》), which came into effect on the same day, pursuant to which the State shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On October 28, 2025, the SCNPC newly revised the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), which came into effect on January 1, 2026. According to the Cybersecurity Law, network operators shall fulfill their obligations to safeguard cybersecurity when conducting business and providing services. For the construction and operation of the network or the provision of services through the network, technical and other necessary measures shall be taken as required by law and the compulsory requirements of national standards to ensure the safe and stable operation of the network, respond to cybersecurity incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. The revised Cybersecurity Law increases penalties under certain circumstances and expands extraterritorial application to activities outside the PRC that endanger the cybersecurity of the PRC.

The Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") was released by the SCNPC on June 10, 2021 and became effective on September 1, 2021. The Data Security Law stipulates the measures to support and promote data security and development, to establish and optimize the national data security management system, and to clarify organizations' and individuals' responsibilities in data security. The Data Security Law introduces a data classification and hierarchical protection system. In addition, it clarifies that any organization or individual collecting data shall adopt lawful and proper methods and shall not acquire data by theft or in other illegal manners, and risk monitoring shall be strengthened when data processing

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activities are carried out, and where risks such as data security flaws and vulnerabilities are discovered, remedial measures shall be immediately taken.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China, and the General Office of the State Council jointly issued the Opinions on Strictly Combatting 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》), emphasizing strengthening the regulation of illegal securities activities and supervision over overseas listings of domestic enterprises, and improving legislation on data security, cross-border data transmission and confidential information management.

On December 28, 2021, the CAC and certain other PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**Revised Measures for Cybersecurity Review**”), which became effective on February 15, 2022. The Revised Measures for Cybersecurity Review provides that, among others, (i) a critical information infrastructure operator (“**CIIO**”) purchasing network products and services or a network platform operator that engages in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office under the CAC; (ii) a network platform operator with personal information of more than one million users which seeks listing in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer’s network products or services, or data processing activities affect or may affect national security.

The CAC promulgated the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the “**Security Assessment Measures**”), which came into effect on September 1, 2022. The Security Assessment Measures applies to the security assessment conducted by data processors where they provide overseas recipients with important data or personal information collected and generated during operations within the PRC. Based on the Security Assessment Measures, data processors shall apply to the CAC for a security assessment of cross-border data transfer if such transfer is conducted by a CIIO, or involves important data, or their cross-border data transfer activities fulfill certain thresholds.

The MIIT promulgated the Administrative Measures on Data Security in the Field of Industry and Information Technology (Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) (the “**MIIT Data Security Measures**”), which came into effect on January 1, 2023. The MIIT Data Security Measures applies to the data processing activities in the field of industry and information technology carried out within the territory of China, and sets out a series of data security protection obligations for data processors in such field, such as taking protective measures based on the corresponding grading of data, establishing a full life-cycle data security management system, appointing data security management personnel as needed, assisting the industrial administrative authorities with relevant work, and conducting filings for the important data and core data processed.

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On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》), effective on the date of promulgation. The provisions provide exemptions from data security assessment, personal information protection certification, and standard contracts for outbound transfer of personal information. These exemptions include, among others, scenarios where a data processor, other than a CIIO, has cumulatively transferred personal information (excluding sensitive personal information) of fewer than 100,000 individuals to overseas recipients since January 1 of the current year. In addition, a data processor, other than a CIIO, shall enter into a standard contract with overseas recipients or obtain certification for personal information protection if, since January 1 of the current year, the data processor has cumulatively transferred to overseas recipients personal information (excluding sensitive personal information) of more than 100,000 but fewer than 1,000,000 individuals, or sensitive personal information of fewer than 10,000 individuals. The provisions also explicitly state that data processors are not required to apply for security assessment on cross-border transfer of important data, provided that the relevant data has not been notified or published as important data by relevant departments or regions.

On September 24, 2024, the State Council released the Administration Regulations on Cyber Data Security (《網絡數據安全管理條例》) (the “**Regulations on Cyber Data Security**”), which came into effect on January 1, 2025. According to the Regulations on Cyber Data Security, where network data processing activities carried out by a network data processor affect or may affect national security, national security review shall be conducted in accordance with the relevant provisions issued by the state. Furthermore, the Regulations on Cyber Data Security also provided other specific requirements on personal information protection, important data safety, cyber data cross-border safety management and obligations of network platform service provider.

Personal Information Protection

On July 16, 2013, the MIIT promulgated the Regulations on Protection of Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》), which came into effect on September 1, 2013, to enhance and enforce legal protection over user information security and privacy on the internet. The Regulations on Protection of Personal Information of Telecommunications and Internet Users require internet service providers to take various measures to ensure the security of users’ information.

On August 29, 2015, the SCNPC issued the Ninth Amendment to the Criminal Law of the People’s Republic of China (《中華人民共和國刑法修正案(九)》), which became effective on November 1, 2015, and stipulates that any network service provider that fails to fulfill the obligations related to information network security management as required by applicable laws and administrative regulations and refuses to rectify upon regulatory orders shall be subject to criminal liability. The Notice of the Supreme People’s Court, the Supreme People’s Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》), issued on April 23, 2013, and the Interpretation of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues regarding Legal Application in Criminal Cases

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Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) issued on May 8, 2017 further clarifies the definitions of certain concepts and specifies certain standards for the conviction and sentencing in respect of the crimes in relation to personal information infringement.

Pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), which was issued by the Central Cyberspace Affairs Commission, the MIIT, the MPS, and the SAMR on January 23, 2019, restating the regulatory requirements for personal information collection and use. Such regulatory requirements were emphasized by the Notice on the Special Rectification of Apps Infringing upon User’s Rights and Interests (《關於開展APP侵害用戶權益專項整治工作的通知》) issued by MIIT on October 31, 2019. On November 28, 2019, the CAC, the MIIT, the MPS and the SAMR jointly issued the Methods of Identifying Illegal Acts to Collect and Use Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》), which further illustrates certain common illegal practices and acts that will be considered as “collection and use of personal information without users’ consent”. On July 22, 2020, the MIIT issued the Notice on Carrying out Special Rectification Actions in Depth against the Infringement upon Users’ Rights and Interests by Apps (《關於開展縱深推進APP侵害用戶權益專項整治行動的通知》), which lists four types of illegal collection and usage of personal information. On March 12, 2021, the CAC, the MIIT, the MPS, and the SAMR jointly issued the Circular on Issuing the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《關於印發〈常見類型移動互聯網應用程序必要個人信息範圍規定〉的通知》), which clarifies the definition and scope of “Applications”, as well as the scope of necessary personal information for common types of Applications. On February 6, 2023, the MIIT promulgated the Notice on Further Improving the Service Capabilities of Mobile Internet Applications (《關於進一步提升移動互聯網應用服務能力的通知》), which emphasizes enhanced transparency in personal information processing such as setting out specific requirements on the text of personal information processing rules.

Pursuant to the Civil Code, which was promulgated by the NPC on May 28, 2020 and became effective on January 1, 2021, the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the “PIPL”) was promulgated by the SCNPC on August 20, 2021 and became effective on November 1, 2021.

Pursuant to the PIPL, the processing of personal information shall be conducted based on consent of relevant individuals or otherwise permitted by laws and regulations, and before processing personal information, personal information processors should truthfully, accurately and completely inform individuals of requisite matters in a

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conspicuous manner and in clear and easy-to-understand language. Personal information processors should also take the following measures to ensure that personal information processing activities comply with laws and administrative regulations and to prevent unauthorized access and personal information leakage, tampering and loss: (i) formulating internal management systems and operating procedures; (ii) implementing classified management of personal information; (iii) adopting corresponding security technical measures such as encryption and de-identification; (iv) reasonably determining the operating authority for personal information processing, and regularly conduct safety education and training for practitioners; (v) formulating and organizing the implementation of emergency plans for personal information security incidents; and (vi) other measures stipulated by laws and administrative regulations.

Where personal information is processed in violation of the provisions of the PIPL, or the processing of personal information fails to fulfill the personal information protection obligations hereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and order to suspend or terminate the provision of services by the applications that illegally process personal information; if the personal information processor refuses to make corrections, a fine of not more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined not less than RMB10,000 but not more than RMB100,000. For any aforesaid illegal act with serious circumstances, the competent authority may impose more stringent penalties.

On February 22, 2023, the CAC promulgated the Measures for the Administration of Standard Contractual Clauses for the Cross-Border Transfer of Personal Information (《個人信息出境標準合同辦法》), which became effective on June 1, 2023 and provides requirements and guidelines for personal information processors in respect of their entry into a contract for outbound transfer of personal information abroad and the relevant filing procedures.

On February 12, 2025, the Administrative Measures for the Compliance Audit of Personal Information Protection (《個人信息保護合規審計管理辦法》), was promulgated by the CAC, which became effective on May 1, 2025. According to the Administrative Measures for the Compliance Audit of Personal Information Protection, personal information processors that process the personal information of more than 10 million individuals shall carry out the compliance audit of personal information protection at least every two years. Personal information processors in any of the following circumstances may be required by the CAC and other authorities performing personal information protection duties to entrust a professional agency to conduct a compliance audit of their personal information processing activities: (1) where significant risks are identified in the personal information processing activities that severely impact individual rights or lack adequate security measures; (2) where the personal information processing activities may infringe upon the rights and interests of a large number of individuals; (3) in the event of a personal information security incident resulting in the leakage, tampering, loss, or destruction of personal information of more than 1 million individuals or sensitive personal information of more than 100,000 individuals.

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Regulations Relating to Foreign Exchange

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Regulation**”), which was lastly amended on August 5, 2008. According to the Foreign Exchange Regulation, the foreign exchange administration department under the State Council supervises and administers the national foreign exchange market in accordance with the law, and stipulates the currency and form of foreign exchange market transactions. Except as otherwise provided by laws and regulations, the circulation of foreign currency is prohibited within the territory of the PRC, and settlement in foreign currency is prohibited. Foreign exchange items can be classified into current account items and capital account items. Foreign exchange income for current account items (such as the payment of dividends and interest) can be retained or sold to financial institutions engaged in foreign exchange settlement and sale in accordance with regulations. Foreign exchange expenditures for current account items shall be paid in accordance with the administrative regulations of the foreign exchange regulatory department under the State Council on foreign exchange payment and purchase, upon presentation of valid documents, out of an entity’s own foreign exchange funds or those purchased from financial institutions engaged in foreign exchange settlement and sale. Foreign exchange and foreign exchange settlement funds for capital account items (such as direct equity investment) shall be used in accordance with the purposes approved by the relevant competent departments and foreign exchange regulatory authorities, and the foreign exchange regulatory authorities have the right to supervise and inspect the use of foreign exchange and foreign exchange settlement funds for capital account items and the variation of individual accounts.

The SAFE promulgated the Notice on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment 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》) on March 30, 2015, which came into effect on June 1, 2015, partially repealed in 2019 and updated on March 23, 2023. According to the Notice on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises, the discretionary foreign exchange capital settlement of foreign-invested enterprises refers to the foreign exchange funds in the capital account of foreign-invested enterprises that has been confirmed by the SAFE for monetary capital contribution rights and interests (or registered by the bank for monetary capital contribution) according to the actual business needs of enterprises. Foreign exchange capital funds of foreign-invested enterprises shall be settled based on discretion, and the proportion shall be tentatively set at 100%. While implementing the discretionary settlement of foreign exchange capital, foreign-invested enterprises can still choose to use their foreign exchange capital in accordance with the foreign exchange payment and settlement system.

On June 9, 2016, the SAFE issued the Notice 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 notice stipulates that the RMB funds obtained from the discretionary settlement of foreign exchange income of domestic institutions are included in the accounts for pending foreign exchange settlements, and the foreign exchange income from capital account items of domestic institutions and the RMB funds obtained from foreign exchange settlement shall be used within the business scope under the authenticity and self-use principles.

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On October 23, 2019, the SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》). The notice canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-invested enterprises, and allowed non-investment foreign-invested enterprises to make domestic equity investments with capital funds in accordance with the law provided that they do not violate the current special administrative measures for foreign investment access (negative list) and that the domestic investment projects are true and compliant. Eligible enterprises in the pilot area are also allowed to use revenue under capital accounts, such as capital funds, foreign debts and overseas listing revenue for domestic payments without providing materials to the bank in advance for authenticity verification on an item-by-item basis.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020 and became effective on June 1, 2020, the reform of facilitating receipts and payments under capital accounts shall be popularized nationwide. Eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall under the principle of prudential business development, manage and control the relevant business risks, and conduct spot checking in accordance with the relevant requirements.

Regulations Relating to Taxes

Enterprise Income Tax

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**Enterprise Income Tax Law**”) was first promulgated by the NPC on March 16, 2007 and last amended by the SCNPC on December 29, 2018 and became effective on the same date. The Implementing Regulation of the Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) (the “**Implementing Regulation of Enterprise Income Tax Law**”) was first promulgated by the State Council on December 6, 2007, last revised on December 6, 2024 and took effect on January 20, 2025. Pursuant to the above Law and the Implementing Regulation, enterprises are divided into resident enterprises and non-resident enterprises. Enterprise income tax shall be payable by a resident enterprise for income derived from or accruing in or outside the PRC. Enterprise income tax shall be payable by a non-resident enterprise, for income derived from or accruing in the PRC by its office or premises established in the PRC, and for income derived from or accruing outside the PRC with which the established office or premises has a de facto relationship. “Income” as referred herein includes income from the sale of goods, the provision of services, the transfer of property, dividends and other equity investments, interest, rental, royalties, donations and other income. The enterprise income tax rate is 25%, but if a non-resident enterprise has no establishment or place in China, or has an establishment or place but its income has no actual connection with the establishment or place, the applicable tax rate is 20%.

REGULATORY OVERVIEW

The Notice on Issues Concerning the Recognition of Overseas Registered Chinese-funded Holding Enterprises as Resident Enterprises Based on the Standards of Actual Management Agency (《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》), which was partially revised on December 29, 2017, stipulated that if an overseas Chinese-funded enterprise meets the following conditions at the same time, it shall be determined to be a resident enterprise in China with actual management agency to which corresponding tax arrangement shall apply, and enterprise income tax shall be levied on its income derived from within and outside China: (i) the place where the senior management personnel responsible for the implementation of daily production, operation, management and operation of the enterprise and their senior management departments perform their duties is mainly located in China; (ii) the financial decisions (such as borrowing, lending, financing, financial risk management, etc.) and personnel decisions (such as appointment, dismissal and remuneration, etc.) of the enterprise are decided by the institutions or personnel located in China, or need to be approved by the institutions or personnel located in China; (iii) the main properties, accounting books, company seals, minutes and files of the board of directors and shareholders' meetings, etc. are located or kept in China; (iv) more than 1/2 (including 1/2) of the directors or senior managers of the enterprise with voting rights often reside in China.

VAT

According to the Provisional Regulations on VAT of the PRC (《中華人民共和國增值稅暫行條例》), which was last amended on November 19, 2017, together with the Detailed Rules for the Implementation of the Provisional Regulations on VAT of the PRC (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated on December 25, 1993, came into effect on the same day and latest amended on October 28, 2011 with effect from November 1, 2011, entities and individuals engaged in selling goods or labor services of processing, repair or maintenance, selling services, intangible assets or immovables within the territory of the PRC or importing goods to the PRC are subject to the payment of VAT. The VAT Law of the PRC (《中華人民共和國增值稅法》) was promulgated by the SCNPC on November 25, 2024, which became effective on January 1, 2026. According to the VAT Law of the PRC, entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, or immovables, or import goods within the territory of the PRC are taxpayers of VAT, and shall pay VAT in accordance with this Law.

According to the Provisional Regulations on VAT of the PRC, the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) and the STA and the General Administration of Customs on Relevant Policies for Deepening the VAT Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》), the VAT rates applicable to an ordinary taxpayers are 13%, 9% and 6%, and applicable to small-scale taxpayers are 3%.

REGULATORY OVERVIEW

Dividends and Taxes

The main laws, rules and regulations governing the dividend distribution by foreign-invested enterprises in China are the Foreign Investment Law and its implementing regulations, and the PRC Company Law. Under these provisions, foreign-invested enterprises may only distribute dividends from accumulated profits (if any) calculated in accordance with PRC accounting standards and regulations. An enterprise in China shall allocate at least 10% of its after-tax accumulated profits (if any) as statutory surplus reserve annually until the cumulative amount of such reserve reaches 50% of the enterprise's registered capital. No profit distribution shall be made until prior fiscal year losses are offset. Both retained profits from prior fiscal years and distributable profits of the current fiscal year are distributable.

Pursuant to the Enterprise Income Tax Law and the Implementing Regulation of Enterprise Income Tax Law, a 10% enterprise income tax rate generally applies to dividends paid to non-resident enterprise shareholders who have no establishment or place in the PRC, or have an establishment or place but the relevant income is not actually connected thereto (where such dividends are derived from PRC). This shall not apply if the jurisdiction of incorporation of the non-resident enterprise shareholder has entered into a tax treaty with China providing for preferential withholding tax arrangements.

Regulations Relating to Overseas Listing

On February 17, 2023, the China Securities Regulatory Commission (the "CSRC") promulgated the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》), which became effective on March 31, 2023. Pursuant to the Measures, the CSRC shall, in accordance with the law, supervise and regulate the overseas offering and listing activities by domestic enterprises. In the case of the direct overseas offering and listing by a domestic enterprise, the issuer shall file with the CSRC. In the case of the indirect overseas offering and listing by a domestic enterprise, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC. The recognition of the indirect overseas offering and listing by a domestic enterprise follows the principle of substance over form, and an issuer will be recognized as the indirect overseas offering and listing by a domestic enterprise if it meets the following conditions: (i) the proportion of any one of the indicators of the domestic enterprise's operating revenue, total profits, total assets or net assets of the domestic enterprise in the latest accounting year exceeds 50% of the relevant information in the issuer's audited consolidated financial statements for the same period; and (ii) the major aspect of the operating activities is conducted within the PRC, or the principal place of business is located in the PRC, or the majority of senior management members responsible for the operation and management of the business are citizens of the PRC, or they are ordinarily residing in the PRC.

If a domestic enterprise fails to fulfill the filing procedures, or if there are conditions that prohibit the overseas offering and listing by such domestic enterprise, and the enterprise proceeds with overseas offering and listing, the CSRC shall order it to make corrections, issue a warning to it, and impose a fine.

REGULATORY OVERVIEW

According to the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, the person in charge who is directly responsible and other persons directly responsible shall be given a warning, and a fine of RMB500,000 to RMB5 million shall be imposed. The circumstances where overseas offering and listing are prohibited include: (i) where listing and financing is expressly prohibited by laws, administrative regulations or relevant state regulations; (ii) where the relevant competent authorities of the State Council have determined, in accordance with the law, that the overseas offering and listing may jeopardize national security; (iii) where the domestic enterprise or its controlling shareholder or de facto controller has been involved in a criminal crime of corruption, bribery, embezzlement of property, misappropriation of property or undermining the order of the socialist market economy within the last three years; (iv) where the domestic enterprise is being investigated according to law for suspected crimes or major violations of law, and there is not yet a clear opinion on the conclusion; (v) there is a major ownership dispute over the equity held by the controlling shareholder or shareholders dominated by the controlling shareholder or de facto controller.

The Provisions on Strengthening Confidentiality and Archives Administration for Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) issued by the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023, which came into effect on March 31, 2023, state that, in the course of overseas offering and listing activities by a domestic enterprise, the domestic enterprise, as well as the securities firms and securities service providers that provide corresponding services, shall establish a sound confidentiality and archive work system, take necessary measures to implement the responsibility of confidentiality and archive management, and shall not disclose state secrets and working secrets of state organs. “Domestic enterprise” includes domestic joint-stock companies that conduct direct overseas offering and listing and domestic operating entities of entities that conduct indirect overseas offering and listing.

B. HONG KONG LAWS AND REGULATIONS

Laws Relating to Our Business

Public Health and Municipal Services Ordinance

The Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) (the “**Public Health and Municipal Services Ordinance**”) sets out the legal framework for food safety control in Hong Kong. The Public Health and Municipal Services Ordinance requires the manufacturers and sellers of food to ensure that their products are fit for human consumption and comply with the requirements in respect of food safety, food standards and labeling.

Section 50 of the Public Health and Municipal Services Ordinance prohibits the manufacturing, advertising and sale in Hong Kong of food that is injurious to health. Anyone who fails to comply with this section commits an offense and is liable to a maximum penalty of HK\$10,000 and to imprisonment for three months.

REGULATORY OVERVIEW

Section 52 of the Public Health and Municipal Services Ordinance provides that, subject to the defenses in section 53 of the same ordinance, if a seller sells to the prejudice of a purchaser any food which is not of the nature, substance or quality of the food demanded by the purchaser, the seller shall be guilty of an offense and is liable to a maximum penalty of HK\$10,000 and to imprisonment for three months.

Section 54 of the Public Health and Municipal Services Ordinance provides that any person who sells or offers for sale any food intended for, but unfit for, human consumption shall be guilty of an offense. The maximum penalty for contravention of section 54 is a fine of HK\$50,000 and imprisonment for six months.

Section 61 of the Public Health and Municipal Services Ordinance provides that it shall be an offense for any person who gives with any food sold by him or displays with any food exposed for sale by him any label which falsely describes the food or is calculated to mislead as to its nature, substance or quality. Further, it shall also be an offense if any person publishes or is a party to the publication of an advertisement falsely describing any food or is likely to mislead as to the nature, substance or quality of any food. The maximum penalty for contravention of section 61 is a fine of HK\$50,000 and imprisonment for six months.

The Food and Environmental Hygiene Department ("FEHD") is responsible for the enforcement of the relevant laws and regulations. It may take samples of all kinds of food products at their points of entry to Hong Kong and may prohibit or restrict importation of a food product. It also has the power to examine any food which is intended for human consumption, and seize and remove such food or its packaging if it appears that such food is unfit for human consumption.

Food Business Regulation

Section 31(1) of the Food Business Regulation (Chapter 132X of the Laws of Hong Kong) (the "**Food Business Regulation**") provides that no person shall carry on or cause, permit or suffer to be carried on any food factory business except with a food factory license. The FEHD may grant a provisional food factory license to a new applicant who has fulfilled the basic requirements in accordance with the Food Business Regulation pending fulfillment of all outstanding requirements for the issue of a full food factory license.

A provisional food factory license is valid for a period of six months and a full food factory license is valid generally for a period of one year, both subject to payment of the prescribed license fees and continuous compliance with the requirements under the relevant legislation and regulations. A provisional food factory license is renewable on one occasion and a full food factory license is renewable annually.

Section 30(1) of the Food Business Regulation provides that any person who intends to sell or offer or expose for sale any of the restricted foods specified in schedule 2 to the Food Business Regulation must obtain the permission in writing from the Director of Food and Environmental Hygiene.

REGULATORY OVERVIEW

Section 35 of the Food Business Regulation provides that any person who is in contravention of sections 30(1) or 31(1) of the Food Business Regulation shall be guilty of an offense. The maximum penalty is a fine of HK\$50,000 (together with a daily fine of HK\$900 where it is a continuing offense) and imprisonment for six months.

Food and Drugs (Composition and Labeling) Regulations

The Food and Drugs (Composition and Labeling) Regulations (Chapter 132W of the Laws of Hong Kong) (the "**Food and Drugs (Composition and Labeling) Regulations**") contains provisions for the advertising and labeling of food.

Regulation 3 of the Food and Drugs (Composition and Labeling) Regulations provides that the manufacturing of foods shall be up to the standards as specified under schedule 1 to the Food and Drugs (Composition and Labeling) Regulations. Any person who advertises for sale, sells or manufactures for sale any food which does not conform to the relevant requirements as to composition prescribed in schedule 1 to the Food and Drugs (Composition and Labeling) Regulations commits an offense and is liable to a fine of HK\$50,000 and to imprisonment for six months.

Regulation 4A of the Food and Drugs (Composition and Labeling) Regulations requires all prepackaged food (except for those listed in schedule 4 to the Food and Drugs (Composition and Labeling) Regulations) to be marked and labelled in the manner prescribed in schedule 3 to the Food and Drugs (Composition and Labeling) Regulations. Schedule 3 contains labeling requirements in respect of stating the product's name or designation, ingredients, "best before" or "use by" date, special conditions for storage or instruction for use, manufacturer's or packer's name and address, and count, weight or volume. Additionally, the schedule also includes requirements on the appropriate language or languages for marking or labeling pre-packaged food. Contravention of those requirements may result in a conviction carrying a maximum penalty of HK\$50,000 and imprisonment for six months.

In accordance with Regulation 4B of the Food and Drugs (Composition and Labeling) Regulations, generally pre-packaged food sold by our Group should be marked or labelled with its energy value and nutrient content in the manner prescribed in part 1 of schedule 5 to the Food and Drugs (Composition and Labeling) Regulations, and nutrition claims, if any, made on the label of the product or in any advertisement for the product should comply with part 2 of schedule 5 to the Food and Drugs (Composition and Labeling) Regulations. Contravention of those requirements may result in a conviction carrying a maximum penalty of HK\$50,000 and imprisonment for six months.

Food Safety Ordinance

The Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong) (the "**Food Safety Ordinance**") establishes a registration scheme for food importers and food distributors, to require the keeping of records by persons who acquire, capture, import or supply food and to enable food import controls to be imposed.

REGULATORY OVERVIEW

Food importers and food distributors (persons who, in the course of business, supply food in Hong Kong by wholesale) must register with the FEHD. Sections 4 and 5 of the Food Safety Ordinance provide that contravention of such registration requirement is an offense, with a maximum penalty of up to HK\$50,000 and imprisonment for six months. Sections 4 and 5 of the Food Safety Ordinance also provide that the holder of a food factory license under the Food Business Regulation shall be exempted from such registration requirement.

Further, the Food Safety Ordinance imposes the following respective record-keeping obligations on food importers, food distributors and all other persons who acquire food in the course of business to enhance traceability of food in Hong Kong:

- a) a person who, in the course of business, acquires food in Hong Kong must record the relevant information about the acquisition of the food, including (a) the date when the food was acquired; (b) the name and contact details of the person from whom the food was acquired; (c) the total quantity of the food; and (d) a description of the food, within 72 hours after the time the food was acquired;
- b) a person who, in the course of business, imports food must record the relevant information about the acquisition of the food, including (a) the date when the food was acquired; (b) the name and contact details of the person from whom the food was acquired; (c) the place from where the food was imported; (d) the total quantity of the food; and (e) a description of the food, at or before the time the food is imported;
- c) a person who, in the course of business, supplies food in Hong Kong by wholesale must record the relevant information about the supply of the food, including (a) the date the food was supplied; (b) the name and contact details of the person to whom the food was supplied; (c) the total quantity of the food; and (d) a description of the food, within 72 hours after the time the supply took place;
- d) all records must be kept for three months after the acquisition or supply in respect of food with a shelf-life of three months or less and 24 months after the acquisition or supply in respect of food with a shelf-life of greater than three months;
- e) any person who fails to comply with the record-keeping requirements without reasonable excuse commits an offense and is liable to a maximum fine of HK\$10,000 and to imprisonment for three months.

REGULATORY OVERVIEW

Import and Export Ordinance

The import of frozen meat, chilled meat, frozen poultry or chilled poultry requires an import license under the Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the "**Import and Export Ordinance**"). The FEHD is the designated authority to issue import licenses for these commodities. The meat includes beef, mutton, pork, veal or lamb, and the offal of any animal from which such meat is derived. The poultry includes the carcass of a domestic fowl, duck, goose or turkey or any part of such a carcass, and any part of a bird mentioned above which is edible or used in the preparation of food. Section 6C of the Import and Export Ordinance provides that contravention of such requirement is an offense with a maximum penalty of up to HK\$500,000 and imprisonment for two years.

Each consignment of the frozen meat, chilled meat, frozen poultry and chilled poultry is to be covered by one import license. License applications must be supported by a valid health certificate issued by the recognized issuing entity of the exporting country covering the consignment or by specific approval from the Director of Food and Environmental Hygiene.

An import license is normally valid for one shipment only and for a period of six weeks from the date of issue.

Imported Game, Meat, Poultry and Eggs Regulations

Regulation 4(1)(a) of the Imported Game, Meat, Poultry and Eggs Regulations (Chapter 132AK of the Laws of Hong Kong) (the "**Imported Game, Meat, Poultry and Eggs Regulations**") requires meat, poultry or eggs to be imported with a health certificate issued by an issuing entity recognized by the Director of Food and Environmental Hygiene.

If importers wish to import meat, poultry or eggs from a country/place where the issuing entity responsible for issuing health certificates is yet to be recognized as an issuing entity, they should ask the relevant issuing entity or government to apply to the FEHD in writing and provide the following information related to its country:

- a) the animal disease situation;
- b) the legislation governing hygienic standards of meat, poultry or eggs;
- c) the location of processing plants and facilities for handling, processing, production, storage and transport of meat, poultry or eggs;
- d) details of inspection of meat or poultry in the ante and post-mortem process and qualifications of officers responsible for the inspection process;
- e) a sample of the official veterinary and health certificate; and
- f) the official name of the issuing entity responsible for issuing veterinary and health certificates.

REGULATORY OVERVIEW

Regulation 4(1)(b) of the Imported Game, Meat, Poultry and Eggs Regulations requires prior approval of the FEHD before the import of each consignment of prohibited meat or game. In making an application for approval, importers should write to the FEHD by providing similar information as set out in items (i) to (vi) in the paragraph above but pertaining to prohibited meat or game obtained from the government of the place of origin.

Regulation 4(3) of the Imported Game, Meat, Poultry and Eggs Regulations provides that the FEHD may require the person who imports the game, meat, poultry, eggs or prohibited meat to submit it for inspection by a health inspector on arrival; and impose such conditions or issue such directions with regard to the imported game, meat, poultry, eggs or prohibited meat as he may consider desirable for the purpose of ensuring that it is sound, wholesome or fit for human consumption.

Preservatives in Food Regulation

The Preservatives in Food Regulation (Chapter 132BD of the Laws of Hong Kong) (the "**Preservatives in Food Regulation**") restricts the sale of food containing food preservatives in Hong Kong.

Section 3 of the Preservatives in Food Regulation prohibits the importation, manufacturing or sale of any article of food that contains a food additive other than the permitted food additive as set out in schedule 1 to the Preservatives in Food Regulation and only if the permitted additive contained does not exceed the maximum permitted level.

Sections 5 and 6 of the Preservatives in Food Regulation provide that no person is allowed to sell any preservative or antioxidant in food or food that contains a permitted preservative or permitted antioxidant unless the container of such preservative or antioxidant or such food bears a label in accordance with schedule 2 to the Preservatives in Food Regulation.

Section 9 of the Preservatives in Food Regulation provides that anyone who fails to comply with section 3, 5 or 6 of the Preservatives in Food Regulation commits an offense and shall be liable on conviction to a maximum penalty of HK\$50,000 and imprisonment for six months.

Trade Descriptions Ordinance

The Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) (the "**Trade Descriptions Ordinance**") prohibits false trade description, false, misleading or incomplete information, false statements, etc., in respect of goods offered and services provided in the course of trade.

REGULATORY OVERVIEW

Section 2 of the Trade Descriptions Ordinance provides, *inter alia*, that "trade description" in relation to goods means an indication, direct or indirect, and by whatever means given, of certain matters (including among other things, quantity, method of manufacture, composition, fitness for purpose, availability, compliance with a standard specified or recognized by any person, price, their being of the same kind as goods supplied to a person, place or date of manufacture, person by whom manufactured, etc.) with respect to any goods or parts of the goods; and in relation to services means an indication, direct or indirect, and by whatever means given, of certain matters (including among other things, nature, scope, quantity, fitness for purpose, method and procedures, availability, the person by whom the service is supplied, after-sale service assistance, price, etc.).

Section 7 of the Trade Descriptions Ordinance provides that no person shall in the course of trade or business apply a false trade description to any goods or sell or offer for sale any goods with false trade descriptions applied thereto.

Section 7A of the Trade Descriptions Ordinance provides that a trader who applies a false trade description to a service supplied or offered to be supplied to a consumer, or supplies or offers to supply to a consumer a service to which a false trade description is applied, commits an offense.

Sections 13E, 13F, 13G, 13H and 13I of the Trade Descriptions Ordinance provide that a trader who engages in relation to a consumer in a commercial practice that (i) is a misleading omission; or (ii) is aggressive; (iii) constitutes bait advertising; (iv) constitutes a bait and switch; or (v) constitutes wrongly accepting payment for a product, commits an offense.

Section 18 of the Trade Descriptions Ordinance provides that a person who commits an offense under sections 7, 7A, 13E, 13F, 13G, 13H or 13I shall be subject, on conviction on indictment, to a fine of HK\$500,000 and to imprisonment for five years, and on summary conviction, to a fine at HK\$100,000 and to imprisonment for two years.

Sale of Goods Ordinance

The Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) (the "**Sale of Goods Ordinance**") governs, among other things, the scope of certain implied terms or conditions and warranties generally relating to the safety and suitability of goods supplied under a contract for the sale of goods in Hong Kong. Warranties relating to the safety and suitability of goods supplied include that goods for sale must be of merchantable quality and as such are, among other things, free from defects, safe and durable. Where there is a breach of warranty by the seller, under the Sale of Goods Ordinance, the buyer is not, by reason only of such breach of warranty, entitled to reject the goods, but he may set up against the seller a diminution or extinction of the price or maintain an action against the seller for damages for the breach of warranty.

REGULATORY OVERVIEW

Trade Marks Ordinance

The Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) (the “**Trade Marks Ordinance**”) provides for the registration of trademarks, the use of registered trademarks and related matters. Hong Kong provides territorial protection for trademarks. Therefore, trademarks registered in other countries or regions are not automatically entitled to protection in Hong Kong. In order to enjoy protection by the laws of Hong Kong, trademarks must be registered with the Trade Marks Registry of the Intellectual Property Department under the Trade Marks Ordinance and the Trade Marks Rules (Chapter 559A of the Laws of Hong Kong) (the “**Trade Marks Rules**”).

Section 10 of the Trade Marks Ordinance provides that a registered trademark is a property right acquired through due registration under the Trade Marks Ordinance. The owner of a registered trademark is entitled to the statutory rights provided by the Trade Marks Ordinance.

Section 14 of the Trade Marks Ordinance provides that the owner of a registered trademark is conferred exclusive rights in the trademark. The rights of the owner in respect of the registered trademark come into existence from the date of registration of the trademark. According to section 48 of the Trade Marks Ordinance, the registration date is the filing date of the application for registration.

Subject to the exceptions under sections 19 to 21 of the Trade Marks Ordinance, any use of the trademark by third parties without the consent of the owner is an infringement of the trademark. Section 18 of the Trade Marks Ordinance further specifies the conducts which amount to infringement of the registered trademark.

The owner of the registered trademark is entitled to remedies under the Trade Marks Ordinance once any infringement by third parties occurs, such as infringement proceedings provided for in sections 23 and 25 of the Trade Marks Ordinance.

Trademarks which are not registered under the Trade Marks Ordinance and the Trade Marks Rules may still obtain protection by the common law action of passing off, which requires proof of the owner’s reputation in the unregistered trademark and that use of the trademark by third parties will cause damage to the owner.

Personal Data (Privacy) Ordinance

The purpose of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the “**PDPO**”) is to protect the privacy of individuals in relation to personal data. Personal data is defined in section 2 of the ordinance as any data (i) relating directly or indirectly to a living individual; (ii) from which it is practicable for the identity of the individual to be directly or indirectly ascertained; and (iii) in a form in which access to or processing of the data is practicable. The PDPO regulates the conduct of a data user, i.e. a person who, either alone or jointly or in common with other persons, controls the collection, holding, processing or use of the personal data.

REGULATORY OVERVIEW

The PDPO sets out six data protection principles which all data users need to comply with, namely:

Principle 1 – Purpose and manner of collection:

Personal data should be collected by means which are lawful and fair, and should be collected for a lawful purpose directly related to a function or activity of the data user. The data collected should be necessary, adequate but not excessive. The data subject should be informed of the purpose and the classed of persons to whom the data may be transferred.

Principle 2 – Accuracy and duration of retention:

Practicable steps shall be taken to ensure that the personal data is accurate and is not kept longer than is necessary.

Principle 3 – Use of personal data:

Unless consent of the data subject is obtained, personal data must only be used for the purpose for which the data is collected or for a directly related purpose.

Principle 4 – Security of personal data:

Practicable steps shall be taken to ensure that the personal data held by a data user are protected against unauthorized or accidental access, processing, erasure, loss or use.

Principle 5 – Information to be generally available:

Practicable steps shall be taken to ensure that personal data policies and practices are generally available to the public regarding the types of personal data it holds and the main purposes for which the personal data is used.

Principle 6 – Access to personal data:

Data subjects must be given access to their personal data and be allowed to mark corrections of their personal data.

Under section 38 of PDPO, the Privacy Commissioner for Personal Data may carry out an investigation against a data user if he receives a complaint or has reasonable ground to believe that the data user has done an act or practice or engaged in an act or practice in relation to personal data that may be a contravention of a requirement of the ordinance. The Commissioner may then issue an enforcement notice under section 50 following an investigation to direct the data user to remedy the contravention and/or prevent any recurrence of the contravention. A data user who contravenes such enforcement notice commits an offense and is liable, on first conviction, to a level 5 fine of HK\$50,000 and imprisonment for 2 years.

REGULATORY OVERVIEW

Laws Relating to Environmental Protection

Water Pollution Control Ordinance

In Hong Kong, discharges of trade effluents into specific water control zones are subject to control and the discharger is required to obtain a water pollution control license granted by the Environmental Protection Department under the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) (the “**Water Pollution Control Ordinance**”) before commencing the discharge.

Sections 8(1) and 8(2) of the Water Pollution Control Ordinance provide that a person who discharges (i) any waste or polluting matter into the waters of Hong Kong in a water control zone; or (ii) any matter into any inland waters in a water control zone which tends (either directly or in combination with other matter which has entered those waters) to impede the proper flow of the water in a manner leading or likely to lead to substantial aggravation of pollution, commits an offense and where any such matter is discharged from any premises, the occupier of the premises also commits an offense.

Sections 9(1) and 9(2) of the Water Pollution Control Ordinance provide that generally a person who discharges any matter into a communal sewer or communal drain in a water control zone commits an offense and where any such matter is discharged into a communal sewer or communal drain in a water control zone from any premises, the occupier of the premises also commits an offense.

Section 12(1)(b) of the Water Pollution Control Ordinance provides that a person does not commit an offense under sections 8(1), 8(2), 9(1) or 9(2) of the Water Pollution Control Ordinance if the discharge or deposit in question is made under, and in accordance with, a water pollution control license.

Section 15 of the Water Pollution Control Ordinance provides that the Director of Environmental Protection may grant a water pollution control license on terms and conditions as he thinks fit specifying requirements relevant to the discharge, such as the discharge location, provision of wastewater treatment facilities, maximum allowable quantity, effluent standards, self-monitoring requirements and keeping records.

A water pollution control license may be granted for a period of not less than two years, subject to payment of the prescribed license fee and continuous compliance with the requirements under the relevant legislation and regulations. A water pollution control license is renewable.

REGULATORY OVERVIEW

Laws Relating to Labor, Health and Safety

Employment Ordinance

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the "**Employment Ordinance**") provides for the protection of the wages of employees and the regulation of the general conditions of employment and employment agencies. Under the Employment Ordinance, an employee is generally entitled to, amongst other things, notice of termination of his employment contract; payment in lieu of notice; maternity protection in the case of a pregnant employee; not less than one rest day in every period of seven days; severance payments or long service payments; sickness allowance; statutory holidays or alternative holidays; and paid annual leave of up to 14 days depending on the period of employment.

Employees' Compensation Ordinance

The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "**Employees' Compensation Ordinance**") establishes a no-fault, non-contributory employee compensation system for work injuries and lays down the respective rights and obligations of employer and employee in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is generally liable to pay for the compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, under section 32 of the Employees' Compensation Ordinance, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

Further, section 40 of the Employees' Compensation Ordinance provides that an employer is not permitted to employ an employee in any employment unless there is in force in relation to such employee a policy of insurance issued by an insurer for an amount not less than that specified in the Employees' Compensation Ordinance. According to the Fourth Schedule to the Employees' Compensation Ordinance, the insured amount shall be not less than HK\$100,000,000 per event if a company has no more than 200 employees.

Inland Revenue Ordinance

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**Inland Revenue Ordinance**") provides that profits tax shall be charged on every person carrying on a trade, profession or business in Hong Kong in respect of his assessable profits arising in or derived from Hong Kong at the standard rate. Every person carrying on a trade, profession or business in Hong Kong is required to keep sufficient records of his income and expenditure and shall retain such records for a period of not less than seven years from the transaction date.

REGULATORY OVERVIEW

Minimum Wage Ordinance

With effect from 1 May 2023, the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (the “**Minimum Wage Ordinance**”) provides for a prescribed minimum hourly wage rate at HK\$40 per hour for every employee employed under the Employment Ordinance. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

Mandatory Provident Fund Schemes Ordinance

The Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the “**Mandatory Provident Fund Schemes Ordinance**”) provides that employers are required to enroll their regular employees (except for certain exempt persons) aged between at least 18 but under 65 years of age and employed for 60 days or more in a Mandatory Provident Fund (“MPF”) scheme within the first 60 days of employment.

Under the MPF scheme, an employer and its employees are both required to contribute 5% of the employee’s monthly relevant income as mandatory contribution for and in respect of the employee, subject to the minimum and maximum relevant income levels for contribution purposes. For a monthly-paid employee, the current minimum and maximum relevant income levels are HK\$7,100 and HK\$30,000 respectively.

Occupiers Liability Ordinance

The Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong) (the “**Occupiers Liability Ordinance**”) regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land.

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of a premises to take reasonable care of the premises in all circumstances so as to ensure that his visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

REGULATORY OVERVIEW

Occupational Safety and Health Ordinance

The Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) (the "**Occupational Safety and Health Ordinance**") provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Section 6 of the Occupational Safety and Health Ordinance provides that employers must as far as reasonably practicable ensure the safety and health of their employees in their workplaces by:

- a) providing and maintaining plant and systems of work that are safe and without risks to health;
- b) making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- c) providing such information, instruction, training and supervision as may be necessary for ensuring safety and health at work of the employees;
- d) providing and maintaining means of access to and egress from the workplace that are safe and without any such risks; and
- e) providing and maintaining a working environment for the employees that is safe and without risks to health.

Failure to comply with the above provisions constitutes an offense and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offense and is liable on conviction to a fine of HK\$200,000 and to imprisonment for six months.

Sections 9 and 10 of the Occupational Safety and Health Ordinance provide that the Commissioner for Labor may also issue improvement notices against non-compliance with this ordinance or the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), and suspension notices against activities in workplaces where there is an imminent risk of death or serious bodily injury to the employees. Failure to comply with such notices constitutes an offense punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to 12 months.

Section 6A of the Factories and Industrial Undertakings Ordinance states that a proprietor of a relevant undertaking must ensure the safety and health at work of all his employees. A proprietor who contravenes its duty under the Factories and Industrial Undertakings Ordinance commits an offense and is liable to a fine at HK\$500,000. In the case of a wilful contravention without reasonable excuse, such proprietor commits an offense and is liable to a fine of HK\$500,000 and to imprisonment for six months.

REGULATORY OVERVIEW

Competition Ordinance

The Competition Ordinance (Chapter 619 of the Laws of Hong Kong) (the “**Competition Ordinance**”) prohibits conduct that prevents, restricts or distorts competition in Hong Kong, prohibits mergers that substantially lessen competition in Hong Kong and provides for incidental and connected matters.

The Competition Ordinance includes the First Conduct Rule, which states that an undertaking shall not make or give effect to an agreement, engage in a concerted practice, or, as a member of an association of undertakings, make or give effect to a decision of the association, if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong, and the Second Conduct Rule, which prohibits anti-competitive conduct by a party with substantial market power; and the Merger Rule, which states that an undertaking that has a substantial degree of market power in a market must not abuse that power by engaging in conduct that has as its object or effect the prevention, restriction or distortion of competition in Hong Kong. Upon breach, the Competition Tribunal may impose against offenders pecuniary penalty, director disqualifications, and prohibition, damage and other orders. For pecuniary penalty, section 93 of the Competition Ordinance enables the Competition Tribunal to award a penalty of up to 10% of the turnover of the undertakings involved for up to three years in which the contravention occurs.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We are the largest community-based fresh product chain company in China. Our history can be traced back to 2014, when our founders, Ms. Feng and Mr. Feng (the younger brother of Ms. Feng), founded Guangzhou Qdama, the principal operating entity of our Group. Over the years, our Group has operated under the “Qdama” brand (錢大媽), dedicating to offering high-quality fresh products, especially pork products to consumers with D&C Model (end of the day discount and clearance model). According to CIC, our Group ranked first among community-based fresh product chains in China by GMV of fresh products from 2020 to 2024.

On May 12, 2021, our Company was incorporated as an exempted company with limited liability in the Cayman Islands, and as part of the Reorganization became the holding company of our Group.

OUR GROUP’S BUSINESS MILESTONES

The following table sets forth major events and milestones in the development of the business of Our Group:

Year	Event
2014	Guangzhou Qdama, the principal operating entity of our Group, was established.
2015	We completed Series A Financing. We expanded our store network to over 100 stores.
2017	We completed Series B Financing.
2018	We completed Series B+ Financing. We expanded our store network into Hong Kong. We expanded our store network to over 1,000 stores. We completed Series C Financing.
2019	We expanded our store network to Eastern China and Central China. We completed Series D Financing.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Year	Event
2020	We expanded our store network to over 2,000 stores.
2022	We completed Series E Financing.
2023	We were awarded as Model Case of Developing Business with Integrity in Guangdong Province in 2023 (2023年廣東省誠信興商典型案例) by Guangdong Provincial Department of Commerce (廣東省商務廳).
2024	We were awarded as top ten among the 2024 China Supermarket Top 100 list (2024年中國超市TOP100) by China Chain Store & Franchise Association (中國連鎖經營協會).
2025	We expanded our store network to 2,938 stores as of September 30, 2025.
	We were awarded as Key Leading Agricultural Enterprise of Guangdong Province (廣東省重點農業龍頭企業) by Guangdong Provincial Department of Agriculture and Rural Affairs (廣東省農業農村廳).
	We were awarded as Top 100 Private Enterprises in Guangdong Province (廣東省民營企業100強) by Guangdong Federation of Industry and Commerce (廣東省工商業聯合會).

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following subsidiaries made a material contribution to our results of operation during the Track Record Period:

Name of subsidiary	Place of incorporation	Date of incorporation	Shareholding	Principal business activities
Guangzhou Qdama	PRC	May 16, 2014	100%	Brand management
Guangzhou Qdama Supply Chain	PRC	February 12, 2020	100%	Supply chain management
Dongguan Qdama Agricultural Products	PRC	October 12, 2016	100%	Store operation management and Supply chain management
Zhongshan Qdama Agricultural Products	PRC	April 27, 2017	100%	Store operations management and supply chain management
Shenzhen Qdama Agricultural Products	PRC	December 2, 2013	100%	Store operations management and supply chain management

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

<u>Name of subsidiary</u>	<u>Place of incorporation</u>	<u>Date of incorporation</u>	<u>Shareholding</u>	<u>Principal business activities</u>
Shanghai Qdama Agricultural Products	PRC	March 22, 2019	100%	Store operations management and supply chain management
Hong Kong Qdama Fresh . . .	Hong Kong	February 27, 2019	100%	Store operations management in Hong Kong and Macau region

For information on our other subsidiaries and operating entities, see Note 12 to the Accountant’s Report set out in Appendix I to this document.

MAJOR SHAREHOLDING CHANGES OF OUR GROUP

(a) Establishment and shareholding changes of Guangzhou Qdama

Guangzhou Qdama, our principal operating subsidiary in the PRC, was established in the PRC on May 16, 2014 with a registered capital of RMB1,000,000 and was wholly owned by Mr. Feng.

Series A Financing and Equity Transfer

On April 17, 2015, Guangzhou Qdama and the following investors (the “**Series A Investors**”) entered into a share capital increase agreement. For further details, see “— Pre-[REDACTED] Investments” below. As a result, the registered capital of Guangzhou Qdama was increased to RMB1,111,111.

<u>Subscriber</u>	<u>Registered capital subscribed for</u> (RMB)	<u>Consideration</u> (RMB)
Suzhou Heju Huiyi Investment Partnership (Limited Partnership) (蘇州和聚匯益投資合夥企業(有限合夥), “ Suzhou Huiyi ”)	55,555	6,500,000
Suzhou Heju Rongyi Investment Partnership (Limited Partnership) (蘇州和聚融益投資合夥企業(有限合夥), “ Suzhou Rongyi ”)	55,555	6,500,000

On the even date, Mr. Feng transferred the registered capital of Guangzhou Qdama of RMB55,555 to his sister, Ms. Feng, at the consideration of RMB55,555.5, which was determined with reference to the registered share capital acquired.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Establishment of an Employee Shareholding Platform and Capital Increase

Guangzhou Money Shopkeeper was established on September 26, 2016 as an employee shareholding platform and was owned as to 20% and 80% by Ms. Feng and Mr. Feng, respectively.

In January 2017, Guangzhou Money Shopkeeper subscribed for the registered capital of Guangzhou Qdama of RMB123,457 at the consideration of RMB1,215,510, which was determined with reference to a then paid-up registered capital of Guangzhou Qdama. As a result, the registered capital of Guangzhou Qdama was increased to RMB1,234,568.

Series B Financing and Equity Transfer

On April 13, 2017, Guangzhou Qdama and the following investors (the “**Series B Investors**”) entered into a share capital increase agreement. See “—Pre-[REDACTED] Investments” below. As a result, the registered capital of Guangzhou Qdama was increased to RMB1,371,742 pursuant to such share capital increase agreement and relevant shareholders’ agreement.

<u>Subscriber</u>	<u>Registered capital subscribed for</u>	<u>Consideration</u>
	(RMB)	(RMB)
Generation Alpha Investment Ltd.	102,880	45,000,000
Ningbo Meishan Bonded Port Area Hehong Zhiyi Investment Partnership (Limited Partnership) (寧波梅山保稅港區和宏致益投資合夥企業(有限合夥), “ Hehong Zhiyi ”)	23,319	10,200,000
Zhuhai Zhiying	8,230	3,600,000
Yancheng Changqing	2,743	1,200,000

On the even date, Mr. Feng, Ms. Feng, Suzhou Huiyi and Suzhou Rongyi transferred the registered capital of RMB11,659.64, RMB685.86, RMB685.86 and RMB685.86 of Guangzhou Qdama to Guangzhou Money Shopkeeper at the consideration of RMB11,659.64, RMB685.86, RMB685.86 and RMB685.86, respectively. Such consideration was determined with reference to the then paid-up registered capital of Guangzhou Qdama.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Series B+ Financing

On November 8, 2017, Guangzhou Qdama and the following investor (the “**Series B+ Investor**”) entered into a share capital increase agreement. See “—Pre-[REDACTED] Investments” below. As a result, the registered capital of Guangzhou Qdama was increased to RMB1,415,452.

<u>Subscriber</u>	<u>Registered capital subscribed for</u> (RMB)	<u>Consideration</u> (RMB)
Generation Alpha	39,321	25,000,000

On the even date, to maintain the shareholding percentage of Guangzhou Money Shopkeeper in Guangzhou Qdama immediately before and after the completion of series B+ financing, Guangzhou Money Shopkeeper subscribed for the registered capital of Guangzhou Qdama of RMB4,370.78 at the consideration of RMB4,370.78, which was determined with reference to the registered capital of subscribed for.

Series C Financing

On May 3, 2018, Guangzhou Qdama and the following investors (the “**Series C Investors**”) entered into a share capital increase agreement. See “—Pre-[REDACTED] Investments” below. As a result, the registered capital of Guangzhou Qdama was increased to RMB1,498,713.

<u>Subscriber</u>	<u>Registered capital subscribed for</u> (RMB)	<u>Consideration</u> (RMB)
Xizang Rongan Growth Investment Center (Limited Partnership) (西藏榕安成長投資中心(有限合夥), “Xizang Rongan”)	38,217	89,250,000
Generation Alpha	36,718	85,750,000

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Equity Transfer in 2018

On May 3, 2018, the following equity transfers were initiated by our then Shareholders (the “**2018 Transfer**”). See “— Pre-[REDACTED] Investments” below.

Transferor	Transferee	Registered capital transferred	Consideration
		(RMB)	(RMB)
Suzhou Huiyi	Xizang Rongan	22,481	52,501,228
Suzhou Rongyi	Generation Alpha	22,481	52,501,228
Hehong Zhiyi	Xizang Rongan	3,747	8,750,594
Hehong Zhiyi	Generation Alpha	749	1,749,185
Hehong Zhiyi	Shanghai Shangshi Hongzhang Investment Center (Limited Partnership) (上海尚時弘章投資中心 (有限合夥), “Shanghai Shangshi”)	7,493	17,498,852
Zhuhai Zhiying	Shanghai Shangshi	8,231	19,222,348

On the even date, to maintain the shareholding percentage of Guangzhou Money Shopkeeper in Guangzhou Qdama immediately before and after the completion of series C financing, Guangzhou Money Shopkeeper subscribed for the registered capital of Guangzhou Qdama of RMB8,326 at the consideration of RMB8,326, which was determined with reference to the registered capital subscribed for.

Series D Financing

On November 26, 2019, Guangzhou Qdama and the following investors (the “**Series D Investors**”) entered into a share capital increase agreement. See “— Pre-[REDACTED] Investments” below. As a result, the registered capital of Guangzhou Qdama was increased to RMB1,624,657.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

<u>Subscriber</u>	<u>Registered capital subscribed for</u> (RMB)	<u>Consideration</u> (RMB)
Lingyu Co-stone	37,783	200,000,000
Taikang Life Insurance	33,060	175,000,000
Linghui Cornerstone	18,891	100,000,000
Jiaxing Hanyuan Equity Investment Partnership (Limited Partnership) (嘉興瀚源股權投資合夥企業 (有限合夥), “Jiaxing Hanyuan”)	14,169	75,000,000
Generation Alpha	9,446	50,000,000

Equity Transfer in 2019

On November 26, 2019, the following equity transfers were initiated by our then Shareholders (the “2019 Transfer”). See “— Pre-[REDACTED] Investments” below.

<u>Transferor</u>	<u>Transferee</u>	<u>Registered capital transferred</u> (RMB)	<u>Consideration</u> (RMB)
Suzhou Huiyi	Shenzhen Jiangu Equity Investment Fund Enterprise (Limited Partnership) (深圳兼固股權投資基 金企業(有限合夥), “Shenzhen Jiangu”)	16,624	74,798,192
Suzhou Rongyi	Shenzhen Jiangu	16,624	74,798,192
Hehong Zhiyi	Shenzhen Jiangu	5,713	25,705,129
Yancheng Changqing	Shenzhen Jiangu	2,744	12,346,381
Shanghai Shangshi	Shenzhen Jiangu	9,521	42,838,883
Mr. Feng	Shenzhen Jiangu	6,692	31,880,000
Guangzhou Money Shopkeeper	Shenzhen Jiangu	3,803	18,120,000

On the even date, to reduce the dilution effect on the shareholding percentage of Guangzhou Money Shopkeeper in Guangzhou Qdama immediately before and after the completion of series D financing, Guangzhou Money Shopkeeper subscribed for the registered capital of Guangzhou Qdama of RMB12,595 at the consideration of RMB12,595 which was determined with reference to the registered capital subscribed for.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Upon completion of above capital increases and equity transfers, the shareholding structure of Guangzhou Qdama was as follows:

Name of Shareholder	Registered capital subscribed for (RMB)	Percentage of Shareholding
Mr. Feng	926,108	57.00%
Generation Alpha	211,596	13.02%
Guangzhou Money Shopkeeper	158,663	9.77%
Xizang Rongan	64,445	3.97%
Shenzhen Jiangu	61,721	3.80%
Ms. Feng	54,870	3.38%
Lingyu Co-stone	37,783	2.33%
Taikang Life Insurance	33,060	2.03%
Linghui Cornerstone	18,891	1.16%
Suzhou Huiyi	15,765	0.97%
Suzhou Rongyi	15,765	0.97%
Jiaxing Hanyuan	14,169	0.87%
Shanghai Shangshi	6,203	0.38%
Hehong Zhiyi	5,618	0.35%
Total	1,624,657	100%

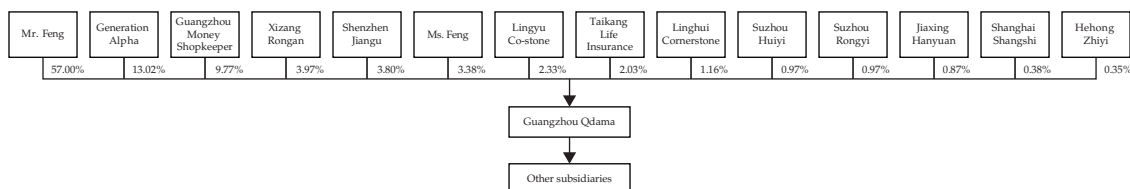
(b) Our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on May 12, 2021 with an authorized share capital of US\$50,000 divided into 500,000 Shares with a par value of US\$0.1 each. For subsequent major shareholding changes of our Company as part of the Reorganization and Pre-[REDACTED] Investments, see “— Reorganization and Series E Financing” and “— Pre-[REDACTED] Investments” below.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

REORGANIZATION AND SERIES E PRE-[REDACTED] INVESTMENT

Prior to the Reorganization, our Group’s business was mainly conducted through Guangzhou Qdama, the principal operating entity of our Group. The following chart sets forth the simplified corporate and shareholding structure of Guangzhou Qdama immediately prior to the commencement of the Reorganization.



In preparation for the [REDACTED], our Group underwent the following Reorganization steps:

Step 1: Incorporation of our Company and its offshore subsidiaries

On April 12, 2021, FJS Holding Ltd. was incorporated as a special purpose vehicle wholly owned by Mr. Feng. On April 28, 2021, JS Feng Ltd. was incorporated as a special purpose vehicle wholly owned by FJS Holding Ltd. On May 12, 2021, our Company was incorporated in the Cayman Islands as an exempted company with limited liability, with an authorized share capital of US\$50,000 divided into 500,000 Shares with a par value of US\$0.1 each. Upon incorporation, our Company issued and allotted one Ordinary Share to the initial subscriber, Mapcal Limited, an Independent Third Party, which was subsequently transferred to JS Feng Ltd., which was then indirectly wholly owned by Mr. Feng, at par value. On May 25, 2021, our Company further issued one Ordinary Share to WH Feng Ltd. at par value. On May 20, 2021, Qdama BVI was incorporated in the BVI with limited liability. Upon its incorporation, one share of Qdama BVI was issued and allotted to our Company and Qdama BVI became a wholly-owned subsidiary of our Company.

On June 9, 2021, Qdama HK was incorporated in Hong Kong with limited liability. Upon its incorporation, 10,000 shares of Qdama HK were issued and allotted to Qdama BVI and Qdama HK became an indirectly wholly-owned subsidiary of our Company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Step 2: Acquisition of Guangzhou Qdama by Qdama HK

On January 27, 2022, Qdama HK acquired approximately 97.97% equity interest in Guangzhou Qdama from Hehong Zhiyi, Jiaxing Hanyuan, Suzhou Rongyi, Shenzhen Jangu, Linghui Cornerstone, Lingyu Co-stone, Xizang Rongan, Guangzhou Money Shopkeeper, Suzhou Huiyi, Shanghai Shangshi, Generation Alpha, Ms. Feng and Mr. Feng (collectively, the “**Onshore Shareholders**”) at a total consideration of RMB1,592,475 (“**Repurchase Considerations**”). Such consideration was determined with reference to the registered capital of Guangzhou Qdama and was fully settled on May 24, 2022. Following such acquisition, Guangzhou Qdama was owned by Qdama HK and Taikang Life Insurance as to approximately 97.97% and 2.03%, respectively.

Step 3: Issuance of Shares and Series E Financing

In order to reflect the shareholding structure of Guangzhou Qdama immediately before the Reorganization, to issue and allot Shares according to the Pre-[REDACTED] Share Incentive Scheme and to conduct Series E Financing, on January 26, 2022, our Company entered into restructuring framework agreement as well as a Series E Preferred Share and warrant purchase agreement, and passed a Shareholders’ resolution, pursuant to which our Company (i) subdivided the Shares into 5,000,000,000 Shares with a par value of US\$0.00001 each; (ii) issued directly or upon full exercise of the warrants issued by our Company to the Onshore Shareholders and/or their respective designated offshore investment holding entities to purchase certain number of Ordinary Shares, Series Pre-A Preferred Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares in accordance with the respective equity interest held by the Onshore Shareholders in Guangzhou Qdama, a total of 980,978,000 Ordinary Shares, 10,495,000 Series Pre-A Preferred Shares, 64,778,000 Series A Preferred Shares, 125,186,670 Series B Preferred Shares, 39,321,330 Series B+ Preferred Shares, 131,886,000 Series C Preferred Shares, and 113,349,000 Series D Preferred Shares to Onshore Shareholders or their respective designated offshore investment holding entities at a consideration equivalent to the Repurchase Considerations; (iii) issued 191,819,000 Ordinary Shares to Qdama Talent, the shareholding incentive platform of our Company under the Pre-[REDACTED] Share Incentive Scheme. For details of the principal terms and conditions of the Pre-[REDACTED] Share Incentive Schemes, see “Statutory and General Information — Further Information about the Directors — The Pre-[REDACTED] Share Incentive Scheme” in Appendix IV to this document; and (iv) issued directly, or upon exercise of warrant issued by our Company, a total of 161,074,893 Series E Preferred Shares to Generation Alpha Omega Investment Ltd. (“**Generation Alpha Omega**”), STARSEA INTERNATIONAL LIMITED (“**STARSEA**”), MEGA VANTAGE DEVELOP LIMITED (“**MEGA VANTAGE**”), Immensus Capital China PE Fund II LP — SPV I (“**Immensus Capital**”), Shenzhen Hanyuan, Guangzhou Hezhi Fresh Enterprise Management Center (Limited Partnership) (廣州和智鮮生企業管理中心(有限合夥)), “**Guangzhou Hezhi Fresh**”) and Hezhi Fresh Food (Shenzhen) Enterprise Chain Management Partnership Enterprise (Limited Partnership) (和智鮮食(深圳)企業連鎖管理合夥企業(有限合夥)) (“**Hezhi Fresh Food (Shenzhen)**”) (collectively, the “**Series E Investors**”) as detailed below. See “— Pre-[REDACTED] Investments” below.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Subscriber	Number of Series E Preferred Shares/ Warrant of Series E Preferred Shares ¹	Consideration	Exercise price
Generation Alpha Omega	35,844,084 Shares 13,142,831 Warrant Shares	US\$30,000,000 N/A	N/A US\$11,000,000
STARSEA	39,428,492 Shares 14,337,634 Warrant Shares	US\$33,000,000 N/A	N/A US\$12,000,000
MEGA VANTAGE ²	8,961,021 Shares	US\$7,500,000	N/A
Immensus Capital	31,804,572 Shares 11,948,028 Warrant Shares	US\$26,619,097 N/A	N/A US\$10,000,000
Shenzhen Hanyuan	1,662,167 Warrant Shares	N/A	US\$ equivalent of RMB8,798,560
Guangzhou Hezhi Fresh	9,445,679 Warrant Shares	N/A	US\$ equivalent of RMB50,000,000
Hezhi Fresh Food (Shenzhen)	33,928,878 Warrant Shares	N/A	US\$ equivalent of RMB179,600,000

¹ As of August 22, 2024, except for the warrants granted to Generation Alpha Omega, STARSEA and Immensus Capital which have been lapsed, all the other warrants of Series E Preferred Shares have been exercised.

² In June 2024, MEGA VANTAGE transferred all of its Series E Preferred Shares to Yunrui Capital at a consideration of US\$9,995,530. Such consideration was determined with reference to the transferor’s investment cost together with a premium as negotiated and agreed by the parties and has been fully settled on June 28, 2024.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Step 4: Capital Reduction of Guangzhou Qdama by Taikang Life Insurance

On June 27, 2023, Taikang Life Insurance completed the reduction and withdrawal of its contribution in the registered capital of RMB33,060 representing approximately 2.03% equity interest in Guangzhou Qdama and the registered capital of Guangzhou Qdama was reduced from RMB1,624,657 to RMB1,591,597 (the “**Capital Reduction**”).

Upon completion of the Capital Reduction, Guangzhou Qdama was wholly-owned by Qdama HK and became an indirectly wholly-owned subsidiary of our Company.

SHARE REPURCHASE

In April 2023, our Company surrendered 5,276,935 Ordinary Shares held by Qdama Talent according to the Share Incentive Plan. In June 2024, our Company repurchased 39,899,441 Ordinary Shares held by JS Feng Ltd. at a consideration of RMB110,000,000 in light of Mr. Feng’s personal liquidity needs. Such Ordinary Shares were canceled subsequently.

INTERNAL FAMILY ARRANGEMENT

In December 2024, as part of the internal family arrangement, Mr. Feng transferred all of his equity interest in JS Feng Ltd. to FWH Holding Ltd. which is wholly owned by Ms. Feng, at nil consideration. Ms. Feng has been our Controlling Shareholder since then.

CAPITAL RESERVE CONVERTED INTO SHARE CAPITAL

On September 8, 2025, certain Pre-[REDACTED] Investors entered into a supplemental shareholders’ agreement with, among other, JS Feng Ltd., WH Feng Ltd., Qdama Talent and our Company, pursuant to which our Company issued and allotted to these investors a total number of 618,917,203 Ordinary Shares, at a par value of US\$0.00001 per Share, for a total consideration of US\$6,189.17203, which was settled through the conversion of the Company’s capital reserve into share capital. Upon completion of such issuance and allotment, the total issued capital of the Company was increased to US\$23,926.2872.

RE-CLASSIFICATION AND RE-DESIGNATION

On January 11, 2026, our Shareholders resolved, among other things, that subject to the [REDACTED] becoming unconditional, all the Preferred Shares be re-classified and re-designated as Ordinary Shares of a par value of US\$0.00001 per share each on a one-to-one basis.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRE-[REDACTED] INVESTMENTS

From June 2015 to July 2022, our Group completed a series of Pre-[REDACTED] Investments at the onshore level in Guangzhou Qdama and at the offshore level in our Company. The details of the Pre-[REDACTED] Investments are summarized as below.

Pre-[REDACTED] Investment	Date of the agreement	Date of settlement ⁽¹⁾	Amount of consideration (RMB)	Total number of Shares of our Company ⁽²⁾	Cost per Share (RMB)	[REDACTED] to the [REDACTED] ⁽³⁾
Series A	April 17, 2015	June 15, 2015	3,688,929	42,532,048	0.09	[REDACTED]%
Series B	April 13, 2017	August 28, 2017	47,457,147	158,066,740	0.30	[REDACTED]%
Series B+	November 8, 2017	February 27, 2018	25,000,000	57,285,444	0.44	[REDACTED]%
Series C	May 3, 2018	June 21, 2018	175,000,000	117,255,929	1.49	[REDACTED]%
2018 Transfer . .	May 3, 2018	July 25, 2018	152,223,435	101,994,859	1.49	[REDACTED]%
Series D	November 26, 2019	December 24, 2019	600,000,000	239,262,872	2.51	[REDACTED]%
2019 Transfer . .	November 26, 2019	December 23, 2019	321,160,990	128,069,835	2.51	[REDACTED]%
Series E	January 26, 2022	July 4, 2022	880,706,102	351,200,452	2.51	[REDACTED]%

Notes:

- (1) This refers to the timing of last payment made by the relevant Pre-[REDACTED] Investors in the relevant round of Pre-[REDACTED] Investment.
- (2) Taking into account our issuance of Shares to all existing shareholders of Guangzhou Qdama for Reorganisation in January 2022, as well as the conversion of capital reserve into share capital in September 2025.
- (3) The [REDACTED] to the [REDACTED] is calculated (i) based on the [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED]); and (ii) assuming the Preferred Shares are reclassified as Ordinary Shares on a one-to-one basis.

Principal Terms of the Pre-[REDACTED] Investments

The table below summarizes the principal terms of the Pre-[REDACTED] Investments:

Use of [REDACTED] from the Pre-[REDACTED] Investments:	Our Group will utilize the [REDACTED] from the Pre-[REDACTED] Investments for the principal business of our Group, including but not limited to growth and expansion of our Group’s business and the general working capital purposes. As of the Latest Practicable Date, the funds raised from the Pre-[REDACTED] Investments have been fully utilized.
Lock-up	The Pre-[REDACTED] Investors are not subject to lock-up according to the terms of the Shareholders’ agreement.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Strategic benefits from the
Pre-[REDACTED]
Investments

Our Company’s Directors are of the view that our Company would benefit from the additional capital provided by the Pre-[REDACTED] Investors’ investments in our Company, insights for industry, advice on business expansion, and planning on brand strategic direction that the Pre-[REDACTED] Investors may bring to our Company. Our Company’s Directors are also of the view that the Pre-[REDACTED] Investors’ investments in our Company demonstrated their confidence in Our Group’s operations and served as an endorsement of our Company’s performance, strengths and prospects.

Basis of determining the
consideration paid

The consideration for each of the Pre-[REDACTED] Investments was determined based on arm’s length negotiations between Our Group and each of the Pre-[REDACTED] Investors, after taking into consideration the timing of investment, and the then status of the business and operating entities.

Special Rights of the Pre-[REDACTED] Investors

Pre-[REDACTED] investors were granted customary special rights, including, among others, information rights, rights of first refusal, co-sale rights, pre-emptive rights, director nomination rights, anti-dilution rights, and redemption rights. Pursuant to the special rights termination agreement dated January 11, 2026 (the “**Special Rights Termination Agreement**”), (1) the redemption rights were terminated prior to the Company’s submission of the [REDACTED] application to the Stock Exchange, provided that such rights would automatically resume and be deemed to have never been terminated in the event that: (i) the Company failed to submit the [REDACTED] application within six months after the date of the Special Rights Termination Agreement; or (ii) the [REDACTED] application was terminated, rejected, or lapsed and the Company did not re-submit a [REDACTED] application within six months thereafter; and (2) all other special rights ceased to be effective upon the [REDACTED].

Joint Sponsors’ Confirmation

On the basis that (i) the consideration for the Pre-[REDACTED] Investments was irrevocably settled no less than 120 clear days before the [REDACTED], and (ii) all other special rights of the Pre-[REDACTED] Investors granted will be automatically terminated upon [REDACTED] (save for the redemption rights as described above), the Joint Sponsors confirm that the investments by the Pre-[REDACTED] Investors are in compliance with the Chapter 4.2 under the Guide for New Listing Applicants published by the Stock Exchange.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Information about the Pre-[REDACTED] Investors

The background information of our Company’s Pre-[REDACTED] Investors is set out below.

JG Queens

JG Queens is a limited partnership incorporated in BVI on May 6, 2021 and is principally engaged in equity investment. As of the Latest Practicable Date, JG Queens was wholly owned by Shenzhen Jiangu Equity Investment Fund Enterprise (Limited Partnership) (深圳兼固股權投資基金企業(有限合夥)), which in turn was ultimately controlled by Mr. Gui Zhaoyu (桂昭宇). To the best of our knowledge, each of them is an Independent Third Party of the Company.

HJRY Holding, HJHY Holding and HHZY Holding

HJRY Holding, HJHY Holding and HHZY Holding are each limited partnerships incorporated in BVI. As of the Latest Practicable Date, they were wholly owned by Suzhou Rongyi, Suzhou Huiyi and Hezhong Zhiyi, respectively, all of which are ultimately controlled by Mr. Yi Yangchun. To the best of our knowledge, each of them is an Independent Third Party of the Company.

Generation Alpha

Generation Alpha is an investment holding company incorporated under the laws of the BVI. As of the Latest Practicable Date, Generation Alpha was (i) managed by GenBridge Capital Fund I GP, Ltd. (“**Fund I GP**”); (ii) owned as to 94.70% by GenBridge Capital Fund I, L.P., which is also managed by Fund I GP. Fund I GP is ultimately controlled by Ms. Li Mao Chun. To the best of our knowledge, each of them is an Independent Third Party of the Company, except for its equity interest in the Company.

Generation Alpha Omega

Generation Alpha Omega is an investment holding company incorporated under the laws of the BVI. As of the Latest Practicable Date, Generation Alpha Omega was (i) managed by GenBridge Capital Fund II GP, Ltd. (“**Fund II GP**”); (ii) owned as to 97.3% by GenBridge Capital Fund II, L.P., which is also managed by Fund II GP. Fund II GP is ultimately controlled by Mr. Chang Bin. To the best of our knowledge, each of them is an Independent Third Party of the Company.

Gaorong QDM Holding

Gaorong QDM Holding is a limited company incorporated under the laws of BVI. As of the Latest Practicable Date, Gaorong QDM Holding was wholly owned by Shenzhen Rongxiang Consulting Partnership (Limited Partnership) (深圳榕祥諮詢合夥企業(有限合夥)), “**Shenzhen Rongxiang**”). As of the Latest Practicable Date, Shenzhen Rongxiang was owned as to (i) 1% by Xizang Rongkang Investment Management Co., Ltd. (西藏榕康投資管理有限公司, “**Xizang Rongkang**”), as its general partner, which is ultimately controlled

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

by Mr. Zhang Zhen, Mr. Gao Xiang and Mr. Yue Bin; and (ii) 99% by Xizang Rongan, as its limited partner, which is controlled by Xizang Rongkang. To the best of our knowledge, each of them is an Independent Third Party.

Super Fresh

As of the Latest Practicable Date, Super Fresh was wholly owned by Shanghai Shangshi, which in turn was ultimately controlled by Mr. Wen YINUO. To the best of our knowledge, each of them is an Independent Third Party of the Company.

Lingyu Co-stone and Linghui Cornerstone

Lingyu Co-stone is a limited liability partnership established under the laws of the PRC. As of the Latest Practicable Date, Lingyu Co-stone was owned as to (i) 1.08% by Shenzhen Lingxin Co-stone Equity Investment Fund Management Partnership (Limited Partnership) (深圳市領信基石投資股權投資基金管理合夥企業(有限合夥)) (“**Lingxin Co-stone**”) as its general partner and (ii) 98.02% by 19 limited partners, none of which hold one-third or more interest therein. Lingxin Co-stone was owned as to (i) 1% by Urumqi Kunlun Co-stone Venture Capital Co., Ltd. (烏魯木齊昆侖基石創業投資有限公司) (“**Urumqi Kunlun Co-stone**”) as its general partner and (ii) 99% by Urumqi Phoenix Co-stone Equity Investment Management Limited Partnership (烏魯木齊鳳凰基石股權投資管理有限合夥企業) (“**Urumqi Phoenix Co-stone**”) as its limited partner. Each of Urumqi Kunlun Co-stone and Urumqi Phoenix Co-stone was ultimately controlled by Mr. Zhang Wei. To the best of our knowledge, each of them is an Independent Third Party of the Company.

Linghui Cornerstone is a limited liability partnership established under the laws of the PRC. As of the Latest Practicable Date, Linghui Cornerstone was owned as to (i) 1% by Lingxin Co-stone as its general partner and (ii) 99% by 21 limited partners, none of which hold one-third or more interest therein. Lingxin Co-stone is ultimately controlled by Mr. Zhang Wei. To the best of our knowledge, each of them is an Independent Third Party of the Company.

Taikang Life Insurance

Taikang Life Insurance is a limited company established in the PRC. As of the Latest Practicable Date, it was wholly owned by Taikang Insurance Group Inc. (泰康保險集團股份有限公司) (“**Taikang Insurance Group**”). As of the Latest Practicable Date, Taikang Insurance Group was ultimately controlled by Mr. Chen Dongsheng. Taikang Insurance Group, established in 1996, is an insurance and financial services group focused on insurance, asset management, healthcare, and retirement. Taikang Insurance Group is a leading insurance provider in China, offering life insurance, health insurance, accident insurance, and other insurance products. To the best of our knowledge, each of them is an Independent Third Party of the Company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Lighthouse

Lighthouse is a limited liability company incorporated under the laws of BVI. As of the Latest Practicable Date, Lighthouse was wholly owned by Jiaxing Hanyuan, which was in turn ultimately controlled by Mr. Zheng Yuanle. To the best of our knowledge, each of them is an Independent Third Party of the Company.

STARSEA

STARSEA is a limited partnership incorporated under the laws of BVI. As of the Latest Practicable Date, STARSEA was wholly owned by Norstar Global Limited, which in turn was wholly owned by Mr. Huang Wenzai. To the best of our knowledge, each of them is an Independent Third Party.

Yunrui Capital

Yunrui Capital is a limited liability company incorporated under the laws of Cayman Island. As of the Latest Practicable Date, Yunrui Capital was wholly owned by Mr. Xu Xiaobo. To the best of our knowledge, each of them is an Independent Third Party of the Company.

Immensus Capital and Shenzhen Hanyuan

Immensus Capital is a limited liability partnership incorporated under the laws of Cayman Islands. As of the Latest Practicable Date, Immensus Capital was owned as to (i) 0.00% by Immensus Capital China PE Fund II GP (Cayman) LP (“**Fund GP**”) as its general partner, which is ultimately controlled by Mr. Yao Zhengye, (ii) 76.18% by Pacific Legend Group Limited (“**PCCW**”), which is ultimately controlled by PCCW Limited, a company listed on the Stock Exchange (stock code: 0008), and (iii) 23.82% by Immensus Capital China PE Fund II (Cayman) LP, with Fund GP as its general partner. To the best of our knowledge, each of them is an Independent Third Party of the Company.

Shenzhen Hanyuan is a limited liability partnership established under the laws of the PRC. As of the Latest Practicable Date, Shenzhen Hanyuan was owned as to (i) 0.86% by Shenzhen Suyuan Investment Center (Limited Partnership) (深圳溯源投資中心(有限合伙)) (“**Shenzhen Suyuan**”) as its general partner, which was wholly owned by Immensus Capital, (ii) 60.34% by Zhuhai Weidi Investment Co., Ltd. (珠海威迪投資有限公司) (“**Zhuhai Weidi**”) as its limited partner, which was wholly owned by Castle Glory Limited, and (iii) 38.79% by Anyi Global Investment Co., Ltd. (安義高寶投資有限公司) (“**Anyi Global**”) as its limited partner. Shenzhen Suyuan is ultimately controlled by Mr. Yao Zhengye. Zhuhai Weidi is ultimately controlled by Mr. Ho Hau Hei and Mr. Ho Hau Cheung and Anyi Global is ultimately controlled by Mr. Yang Zongyan. To the best of our knowledge, each of them is an Independent Third Party of the Company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Hezhi Fresh Food (Shenzhen)

Hezhi Fresh Food (Shenzhen) is a limited liability partnership established under the laws of the PRC. Hezhi Fresh Food (Shenzhen) is owned as to (i) 0.22% by Guangdong Hezhi Investment Management Co., Ltd. (廣東和智投資管理有限公司) as its general partner, which is ultimately owned by Mr. Chen Zhipeng, and (ii) 99.78% by Guangzhou Hezhi Equity Investment Center (Limited Partnership) (廣州和智股權投資中心(有限合夥)) ("**Hezhi Equity**") as its limited partner. Hezhi Equity is owned as to (i) 4.5% by Guangzhou Hezhi Investment Management Co., Ltd. (廣東和智投資管理有限公司) as its general partner, which is ultimately controlled by Mr. Chen Zhipeng, (ii) 0.5% by Beijing Housheng Investment Management Center (Limited Partnership) (北京厚生投資管理中心(有限合夥)) as its general partner, which is ultimately controlled by Mr. Wang Hang; (iii) 30% by Guangdong Province Agriculture Supply-side Structural Reform Fund Partnership (Limited Partnership) (廣東省農業供給側結構性改革基金合夥企業(有限合夥)) as its limited partner which is ultimately controlled by Guangzhou SASAC (廣州市國資委), (v) 20.00% by Guangzhou Emerging Industry Development Fund Management Co., Ltd. (廣州市新興產業發展基金管理有限公司), which is also ultimately controlled by the Guangzhou SASAC, and (vi) 45.0% by the other four limited partners and none of which hold one-third or more interest therein. To the best of our knowledge, each of them is an Independent Third Party of the Company.

Guangzhou Hezhi Fresh

Guangzhou Hezhi Fresh is a limited liability partnership established under the laws of the PRC. As of the Latest Practicable Date, Guangzhou Hezhi Fresh was owned as to (i) 0.02% by Ms. Song Liying as its general partner, and (ii) 99.98% by Ms. Li Hanying as its limited partner. To the best of our knowledge, each of them is an Independent Third Party of the Company.

MAJOR ACQUISITIONS, DISPOSALS, MERGERS AND MINORITY INVESTMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any major acquisitions, disposals or mergers that we consider to be material to us.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

[REDACTED]

The table below summarizes the [REDACTED] of our Company as of the Latest Practicable Date and immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

											Immediately upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
As of the Latest Practicable Date												
	Series											Ownership
	Pre-A	Series A	Series B	Series B+	Series C	Series D	Series E		Number of		Number of	
Shareholders	Ordinary	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred	Shares	Ownership	Shares	Percentage
	Shares	Shares	Shares	Shares	Shares	Shares	Shares	Shares				
JS Feng Ltd. . . .	886,208,559	-	-	-	-	-	-	-	886,208,559	37.04%	[REDACTED]	[REDACTED]%
WH Feng Ltd. . . .	74,016,285	-	-	-	-	-	-	-	74,016,285	3.09%	[REDACTED]	[REDACTED]%
Qdama Talent . . .	251,633,875	-	-	-	-	-	-	-	251,633,875	10.52%	[REDACTED]	[REDACTED]%
JG Queens	66,348,835	10,495,000	33,248,000	16,688,000	-	1,290,000	-	-	128,069,835	5.35%	[REDACTED]	[REDACTED]%
HJRY Holding . . .	5,501,024	-	15,765,000	-	-	-	-	-	21,266,024	0.89%	[REDACTED]	[REDACTED]%
HJHY Holding . . .	5,501,024	-	15,765,000	-	-	-	-	-	21,266,024	0.89%	[REDACTED]	[REDACTED]%
HHZY Holding . . .	2,566,607	-	-	5,618,000	-	-	-	-	8,184,607	0.34%	[REDACTED]	[REDACTED]%
Generation Alpha .	109,314,939	-	-	102,880,670	39,321,330	59,948,000	9,446,000	-	320,910,939	13.41%	[REDACTED]	[REDACTED]%
Gaorong QDM Holding	36,396,557	-	-	-	-	64,445,000	-	-	100,841,557	4.21%	[REDACTED]	[REDACTED]%
Super Fresh	3,503,264	-	-	-	-	6,203,000	-	-	9,706,264	0.41%	[REDACTED]	[REDACTED]%
Lingyu Co-stone . .	41,971,291	-	-	-	-	-	37,783,000	-	79,754,291	3.33%	[REDACTED]	[REDACTED]%
Linghui Cornerstone . . .	20,986,145	-	-	-	-	-	18,891,000	-	39,877,145	1.67%	[REDACTED]	[REDACTED]%
Taikang Life Insurance	36,725,004	-	-	-	-	-	33,060,000	-	69,785,004	2.92%	[REDACTED]	[REDACTED]%
Lighthouse	15,738,859	-	-	-	-	-	14,169,000	-	29,907,859	1.25%	[REDACTED]	[REDACTED]%
Generation Alpha Omega	40,416,171	-	-	-	-	-	35,844,084	76,260,255	3.19%	[REDACTED]	[REDACTED]%	
STARSEA	44,372,252	-	-	-	-	-	39,428,492	83,800,744	3.50%	[REDACTED]	[REDACTED]%	
Yunrui Capital . . .	19,445,920	-	-	-	-	-	8,961,021	28,406,941	1.19%	[REDACTED]	[REDACTED]%	
Immensus Capital .	35,861,399	-	-	-	-	-	31,804,572	67,665,971	2.83%	[REDACTED]	[REDACTED]%	
Shenzhen Hanyuan	1,846,448	-	-	-	-	-	1,662,167	3,508,615	0.15%	[REDACTED]	[REDACTED]%	
Guangzhou Hezhi Fresh	10,492,894	-	-	-	-	-	9,445,679	19,938,573	0.83%	[REDACTED]	[REDACTED]%	
Hezhi Fresh Food (Shenzhen). . . .	37,690,475	-	-	-	-	-	33,928,878	71,619,353	2.99%	[REDACTED]	[REDACTED]%	
Public Shareholders under the [REDACTED]	-	-	-	-	-	-	-	-	-	-	[REDACTED]	[REDACTED]%
Total	1,746,537,827	10,495,000	64,778,000	125,186,670	39,321,330	131,886,000	113,349,000	161,074,893	2,392,628,720	100%	[REDACTED]	[REDACTED]%

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PUBLIC FLOAT AND FREE FLOAT

Public Float

[REDACTED]

Upon completion of the [REDACTED], the Shares held by certain of our Shareholders namely, JS Feng Ltd., WH Feng Ltd., Qdama Talent and Generation Alpha, in which our core connected persons are interested in approximately [REDACTED]%, [REDACTED]%, [REDACTED]% and [REDACTED]%, respectively, representing an aggregate of approximately [REDACTED]% of our issued Shares (assuming the [REDACTED] is not exercised) will not count towards the public float.

To the best knowledge of our Directors, the remaining Shareholders, including the other Pre-[REDACTED] Investors, are not core connected persons of the Company and the Shares held by them will count towards the public float.

Taking into account the Shares to be issued to other Shareholders pursuant to the [REDACTED], upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), a total of [REDACTED] Shares, representing [REDACTED]% of our total issued Shares will be counted towards the public float, which is higher than the prescribed percentage of Shares required to be held in public hands under Rule 8.08.

Free Float

[REDACTED]

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), it is expected that at least [REDACTED] Shares, representing a market [REDACTED] of HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the low-end of the indicative [REDACTED] range set out in this document), and will be held by the public and will not be subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) or will not be held by ESOP Platform. Therefore, our Company is expected to satisfy the free float requirement under Rule 8.08A of the Listing Rules.

PRC LEGAL COMPLIANCE

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

M&A Rules

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (“**M&A Rules**”) jointly issued by MOFCOM, the SASAC, the STA, the CSRC, the SAIC (currently known as the SAMR) and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009 with immediate effect, require that a special purpose vehicle, formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals through acquisitions of shares of or equity interests in PRC domestic companies, 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.

Our PRC Legal Advisor is of the opinion that prior CSRC approval for this [REDACTED] is not required under the M&A Rules because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether [REDACTED] like ours under this document are subject to the M&A Rules; and (ii) Guangzhou Qdama was a Sino-foreign joint venture at the time of the acquisition of its equity interests by Qdama HK. However, the M&A Rules may be subject to further interpretation and implementation, our PRC Legal Advisor further advises that its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

SAFE REGISTRATION

Pursuant to the Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (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 the SAFE and which became effective on July 14, 2014 and replaced the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) ("SAFE Circular 75"), (i) a PRC resident must register with the local SAFE branch in connection with their contribution of offshore assets or domestic enterprises' equity interests in an overseas special purpose vehicle (the "Overseas SPV") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting overseas 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. In addition, the PRC subsidiaries of that Overseas SPV may be prohibited from distributing their profits and dividends to their offshore parent company or from carrying out other subsequent cross-border foreign exchange activities, and the Overseas SPV and its offshore subsidiary may be restricted in their ability to contribute additional capital to their PRC subsidiaries.

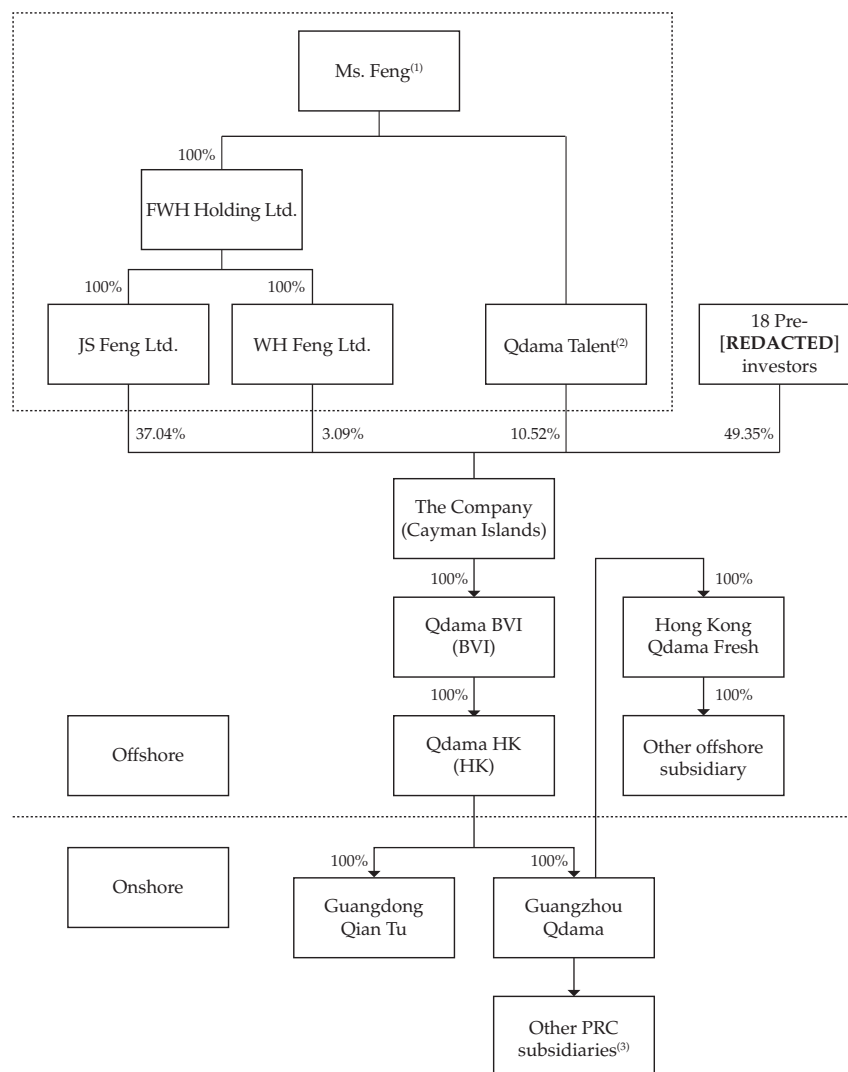
Pursuant to the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) ("SAFE Circular 13") promulgated by the SAFE and came into effect on June 1, 2015, the local banks would review and carry out foreign exchange registration under overseas direct investment directly, and SAFE and its local branches shall implement individual supervision over foreign exchange registration of overseas direct investment via the banks.

As advised by PRC Legal Advisor to our Company, each of Mr. Feng and Ms. Feng, who are PRC residents indirectly held Shares in our Company at the time of our Reorganization, have all completed their respective initial foreign exchange registration under the SAFE Circular 37 in 2021.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE AND SHAREHOLDING STRUCTURE

The following chart sets forth our simplified shareholding structure as of the Latest Practicable Date and immediately before completion of the [REDACTED]:



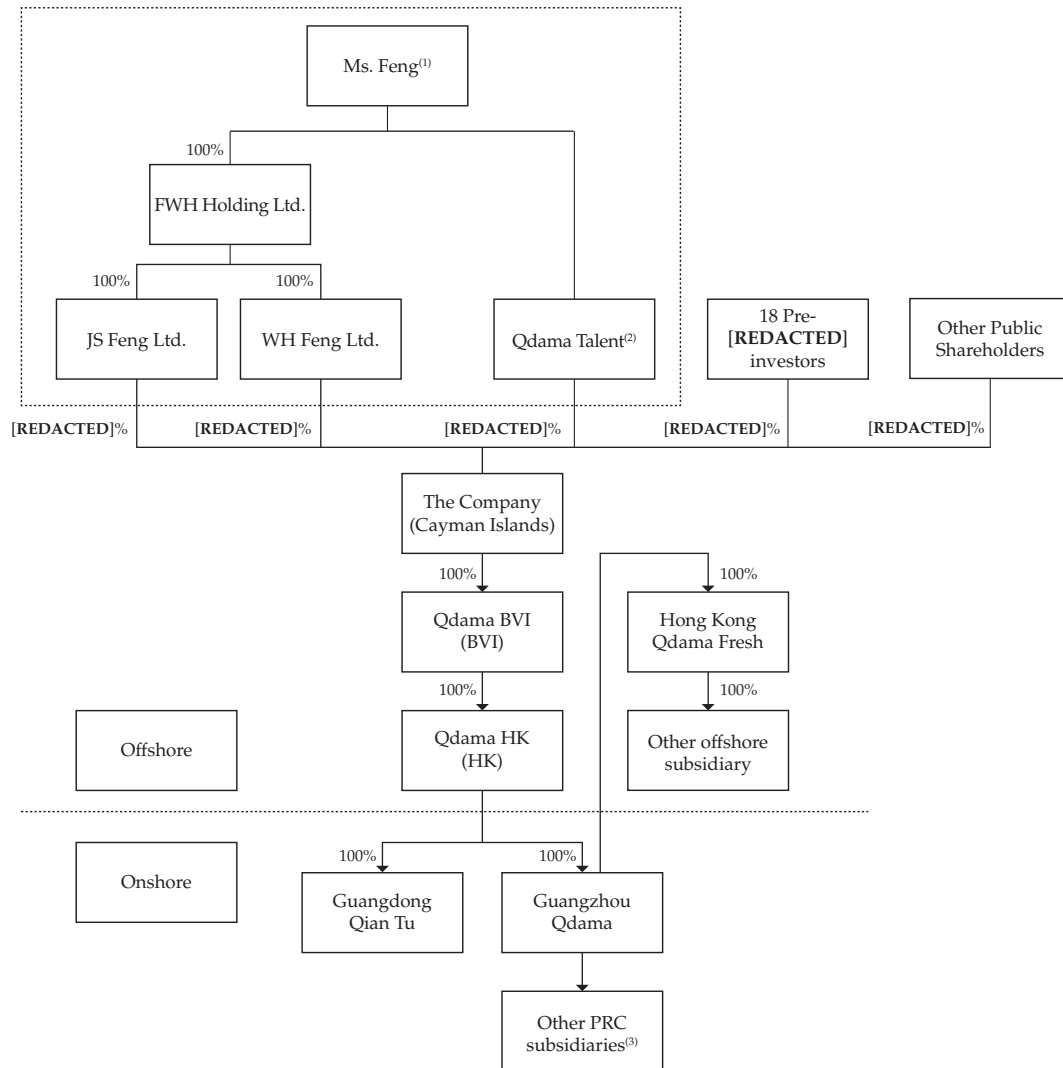
Notes:

- (1) Each of FWH Holding Ltd., JS Feng Ltd., WH Feng Ltd. and Qdama Talent is controlled by Ms. Feng. Therefore, Ms. Feng, JS Feng Ltd., WH Feng Ltd., FWH Holding and Qdama Talent constitute a group of our controlling shareholders. See “Relationship with Our Controlling shareholders” for further details.
- (2) Qdama Talent is a platform holding underlying Shares under the Pre-[REDACTED] Share Incentive Scheme, which is legally wholly owned by TMF Trust (HK) Limited (as trustee of the Qdama Employee Trust, which was established by the Company as the settlor for the purposes of the Pre-[REDACTED] Share Incentive Scheme), which in turn exercises the voting rights attached to the Shares as instructed by an advisory committee established by the Company, with Ms. Feng as the only advisory committee member.
- (3) We have a complex group structure due to our historical developments, strategic business developments and geographical coverage of our business operations. The corporate structure presented has been simplified, please refer to note 12 in “Appendix I — Accountant’s Report” to this document for further details on our subsidiaries.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Corporate structure immediately following completion of the [REDACTED]

The following chart sets forth our simplified shareholding structure immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Notes:

(1)-(3) Please refer to the notes under Corporate Structure Immediately Before Completion of the [REDACTED].

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OUR MISSION

Make every meal fresh.

OVERVIEW

We are the largest community-based fresh product chain company in China. We operate the household brand Qdama (“錢大媽”). In 2024, our total GMV reached RMB14.8 billion. According to CIC, we ranked first among community-based fresh product chains in China by GMV of fresh products for five consecutive years.

What We Offer

We are dedicated to offering consumers highly fresh, high value-for-money products and a convenient shopping experience focusing on the needs of “everyday meal”. We pioneered the “End of the Day Discount and Clearance” sales model (the “**D&C Model**”) in the industry. Accordingly, we have earned widespread consumer recognition by strictly implementing our “no overnight meat” (“不賣隔夜肉”) commitment, which is now applied across all fresh product offerings, establishing strong brand awareness around “freshness” among consumers.

We have established presence in Southern China region as our benchmark. According to CIC, measured by GMV of fresh products in 2024, we were the clear leader in the community-based fresh product retail market in Southern China, with GMV of approximately RMB9.8 billion, which was 2.8 times that of the second-largest market player. We strategically selected regional markets such as Eastern China, Central China and Southwestern China to replicate our proven business model. We are building a leading nationwide network of community-based fresh product stores. As of September 30, 2025, our store network comprised 2,938 community-based stores across 14 provinces, municipalities and special administrative regions in China with 1,754 franchisees. Through our proprietary platforms such as WeChat Mini Program, App and third-party food delivery platforms, we have also established online sales channels. Our product portfolio is comprehensive and covers diverse product types, including animal proteins (namely, (i) pork products, (ii) meat, poultry and eggs (excluding pork products) and (iii) seafood), fresh produce (namely, vegetables and fruits), as well as chilled and processed foods. The store-level assortment is designed to provide solutions for daily household meal preparation, offering a highly convenient shopping experience as a “fresh market at the doorstep” for consumers. Our value propositions are outlined below:

- **Highly fresh.** Our business is centered on retail sales of fresh products and guided by our mission to make every meal fresh. Accordingly, we pioneered the D&C Model and implemented commitment to everyday freshness, building strong brand equity in “freshness.” The vast majority of our fresh products have an integrated distribution center turnover time of no more than 12 hours and are sold in stores within the same day, which is significantly more efficient than the industry average of two to four days, according to CIC.
- **High value-for-money.** We offer consumers a wide range of quality products at affordable prices. For our fresh products, we adopt the D&C Model to ensure that all inventory of the same day is sold out, and we encourage our franchisees to conduct promotional activities throughout the day across different products based on store-level sales performance and local market conditions. Such approach allows us to establish the high value-for-money brand image in consumers’ minds. We focus on essential, high-frequency cooking ingredients to maximize store sales efficiency, and we established an integrated supply chain as part of our cost optimization efforts to achieve competitive pricing.

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- ***Highly convenient.*** We locate our stores primarily around medium- to large-sized residential communities, at locations within a 500-meter walking distance from our target consumer base, thus closer to consumers than traditional wet markets and supermarkets. Our strategic store location offers higher timeliness and responsiveness. At the same time, we are proactively developing instant delivery and next-day delivery services to meet broader consumption scenarios at home.
- ***High-quality experience.*** Fresh products are inherently non-standard in nature. Consumers prefer to browse and select products that meet their expectations in person, resulting in a high level of satisfaction and enabling our store staff to build stable and neighborly connections with local residents within the communities. We have consistently been recognized by consumers for our “warm service,” where our store staff interact with consumers and form neighborly ties. By forming such neighborly ties between our stores and surrounding residents, we further enhance consumer satisfaction and stickiness.

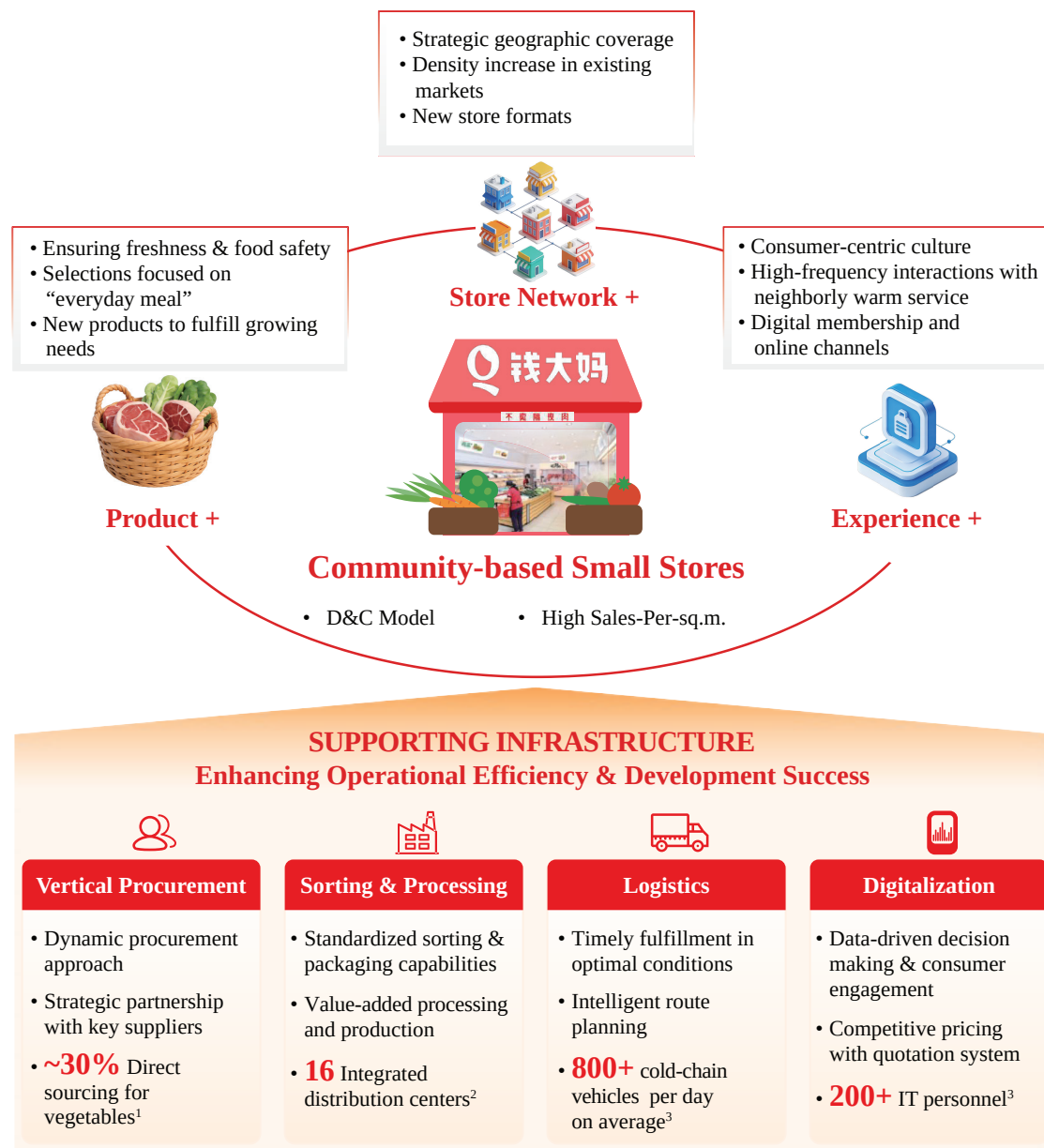
Why We Succeed

We pioneered the D&C Model, and have focused on building our product selection in fresh product categories and a network of community-based stores that are strategically small in size. Over time, we have built a strong supply chain infrastructure and capabilities in managing the challenges of distributing fresh products in light of the perishable and non-standard nature. We developed comprehensive processes and policies to manage all stages of our supply chain, from sourcing to sorting and processing and then logistics to stores, providing franchisees and consumers with fresh products in a cost-effective manner. Our supply chain infrastructure empowers us to develop a high-barrier, high-efficiency and scalable business model. We also lead the development of the fresh product retail industry and have become a prominent distribution channel for agricultural products and a key link in the agricultural value chain, improving efficiency across the industry. We endeavor to contribute to the modern development of agricultural industry in China.

With our distinctive D&C Model, we have established strong brand awareness around “freshness” and “value-for-money” among consumers, which enables improvement in single-store daily sales and enhance consumer loyalty. As a result, we have successfully built a community-based small-store format that is high-sales-per-square-meter, high-turnover and highly replicable. At the same time, the D&C Model also simplifies store operations and management, attracts more franchisees and enables large-scale expansion of our store network. Building on this foundation, we are steadily advancing our “Store-Network Plus”, “Product Plus” and “Experience Plus” strategies. As we continue to iterate and innovate our store format and product selection, and upgrade the standard of service to consumers, we will solidify our industry leadership and capture market opportunities.

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Centered around the characteristics of our store network and product selection, we have developed industry-leading supply chain and digitalization capabilities that underpin the success and replication of our business model. These capabilities reduce costs and improve efficiency across procurement, warehousing, processing and operations management, while the continuous expansion of our store network and sales volume further strengthens our economies of scale and drives ongoing optimization of our supply chain infrastructure and digital systems.



Notes: (1) In September 2025; (2) as of the Latest Practicable Date; (3) as of September 30, 2025.

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Our D&C Model

To fulfill our commitment to consumers on freshness, quality and value-for-money, we pioneered D&C Model. Our stores begin discounting of 10% off at 19:00 each day, and an additional discount of 10% is applied every 30 minutes until remaining products are given away free of charge at 23:30. Such a policy ensures that all fresh products in our stores are cleared on the same day of arrival.

The D&C Model underpins our business growth and serves as the core of our business model. It is well aligned with the characteristics of fresh products and brings benefits to us, our franchisees and consumers.

- For franchisees, the D&C Model reduces the complexity of store operations, which facilitates the expansion of our store network. The D&C Model ensures that the inventory of fresh products, which are inherently challenging to manage, are sold daily, making store operations and inventory management more standardized and transparent. Our franchisees can promptly adjust their product assortment and ordering quantities on a daily basis, quickly optimizing the product mix to best match the needs of nearby residents. Franchisees in turn have a clear view of store performance, enabling us to attract more franchisees and rapidly replicate our store network.
- For consumers, the D&C Model offers product freshness and value-for-money that is highly attractive, which expands our base of consumers. The implementation of the D&C Model allows us to provide consistently high-quality fresh products and enhance shopping experience, which in turn increases average spending per consumer and enhances consumer loyalty.

As our product portfolio continues to expand, we built flexibility in implementing promotional and discount activities across different products throughout the day, further reinforcing our high value-for-money brand positioning.

Our Established Network of Community-based Stores

The community-based living pattern of Chinese residents is high-density in nature, and makes community-based store format an attractive sales channel. According to CIC, approximately 60% of fresh product sales in China occurred in community scenarios in 2024, which represent the dominant sales channel for fresh products and provide significant growth opportunities for the community-based fresh product retail market in China.

We have built a store network that is highly convenient to residents primarily within locations near large and medium-sized communities, offering products that are consumed at high-frequency in daily meal preparation and capturing the “familiar-consumer” economy’s recurring demand within the community.

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In relation to our store network, we proactively developed our “Store-format Plus” strategy to address different consumption scenarios and introduce differentiated store formats. For example, we expanded into meal-preparation and dining scenarios by enriching product selection to include dedicated sections for 3R products that are designed for convenience and dietary preferences of younger consumers as well as baked goods. We may also adjust store sizes and formats in different regions according to local consumption potential.

We Are Category Experts with Over a Decade of Experience in Fresh Products

China has a large fresh product retail market with a market size of approximately RMB6,568.0 billion in 2024, according to CIC. Supply chain management capabilities, robust infrastructure, quality control and product diversity are key factors for the success of fresh product companies. Driven by factors such as economic cycles, increasing consumer demand for quality of life and healthy diets, the consolidation of fragmented distribution channels for agricultural goods, innovations of retail formats and continuous development of supply chain technologies, China’s fresh product retail market still has significant market opportunities for further growth.

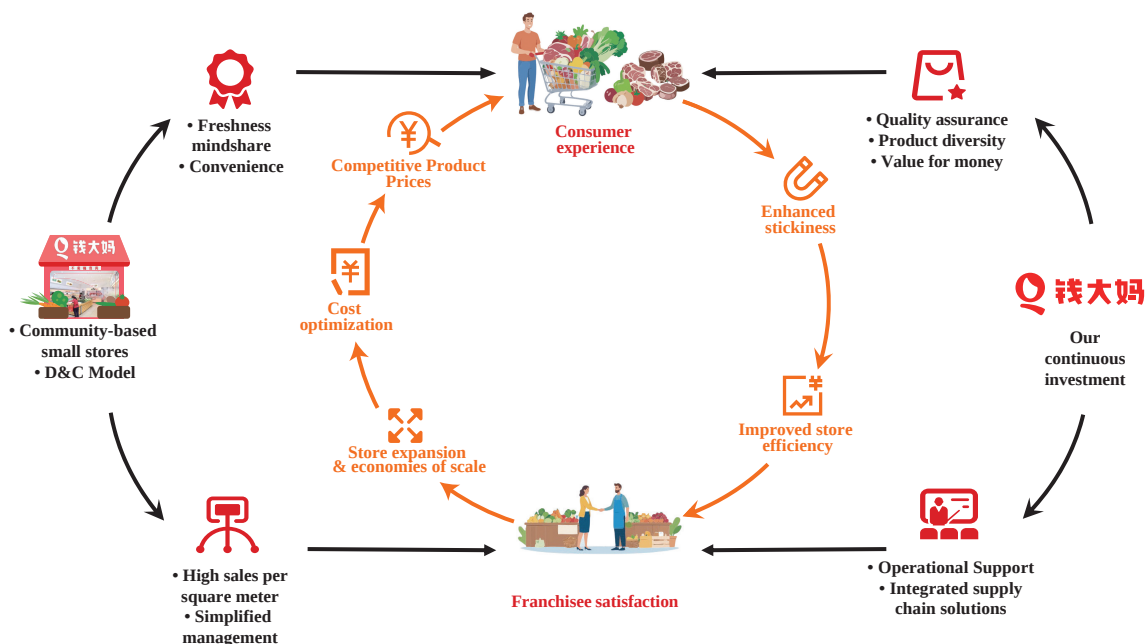
As the largest meat retailer in Southern China by GMV of meat products in 2024, according to CIC, our brand is deeply entrenched in the fresh product retail industry for more than ten years. We continuously optimize our business operations, so as to maximize the value of core products such as pork. For example, we leverage our insights into consumer needs to develop a comprehensive product portfolio around the whole hog carcass. We plan to allocate more popular cuts to stores for sales and convert slower-moving pork cuts into processed products such as buns and dumplings. This approach is expected to reduce wastage in stores and, by capturing market opportunities for processed products, enables us to further reduce the prices of fresh pork for both franchisees and consumers. See “— Production of Processed Food.”

The high frequency and essential nature of fresh products ensure stable and frequent store traffic. Leveraging this traffic advantage, we continuously introduce more product categories and higher-margin products in addition to our fresh product offerings to expand into new consumption scenarios. For example, we expanded into categories that are commonly purchased alongside fresh products, such as chilled dairy products, baked goods and 3R products.

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A Self-Reinforcing Growth Model

Building upon the D&C Model, we have developed a self-reinforcing growth flywheel.



Among consumers, the D&C Model has empowered us to foster strong brand awareness, attract more consumers to our stores and provide fresh, high-value-for-money products and a convenient shopping experience with warm service. Consumer stickiness has continued to enhance throughout the Track Record Period. For our franchisees, the D&C Model simplifies store management processes and lowers the threshold for joining. The abundance of available community locations for small store format encourages more hardworking and sincere individuals to join us and consider our franchise as a long-term business pursuit through which they can realize personal aspirations.

Our franchise model enables rapid, high-quality growth of our store network, reduces our capital burden and allows us to leverage franchisees’ local resources and execution capabilities. Selected through a strict screening process, our franchisees provide consumers with warm service and are able to effectively respond to evolving circumstances in stores. Over time, we have grown alongside our franchisees, continuously deepened our understanding of the industry and invested in enhancing core capabilities such as product development and quality improvement, supply chain optimization, store staff training and digitalization. These investments have empowered stores to expand which in turn attracted more consumers, creating a self-reinforcing virtuous cycle.

As our store network continues to expand, and as our D&C Model continues to improve operating efficiency, we benefit from economies of scale, increasing our bargaining power in upstream procurement. By lowering procurement costs, we continuously improve our product quality and value-for-money. As a result, our value

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proposition of providing quality products to consumers and business opportunities to franchisees has been further strengthened, and our broad base of consumers and franchisees has become a valuable asset to drive growth.

As our economies of scale and supply chain efficiency continue to reinforce each other, we are able to expand our product categories and consumption scenarios and further iterate our single-store model. On the one hand, building on high-frequency, essential fresh product categories, we are gradually expanding into higher-margin, short-shelf-life products such as baked goods and 3R products that are designed for convenience and dietary preferences of younger consumers. On the other hand, we are innovating store formats based on regional consumer preferences and continuing to deepen the integration and complementarity of our online sales channels, further expanding our consumer base and sales channels. As our product portfolio becomes more diversified and consumption scenarios continue to expand, we continuously enhance the consumer shopping experience and improve our overall profitability.

In a complex environment marked by economic cycles, we have remained committed to providing fresh products to consumers, relied on our distinctive business model and deep know-how along the value chain, focused on the fresh products and everyday cooking scenarios, responded quickly to market changes and consumer feedback, and continuously optimized our operations. As a result, we have demonstrated strong execution, resilience and growth potential. Our long-term financial performance has been solid, with continuous improvements in cost efficiency and profitability. Our overall gross margin increased from 9.8% in 2023 to 10.2% in 2024, and further from 10.3% in the nine months ended September 30, 2024 to 11.3% for the same period in 2025. We recorded net operating cash inflows for consecutive periods over the same time which amounted to RMB115.2 million, RMB133.1 million, RMB119.1 million and RMB275.1 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

OUR COMPETITIVE STRENGTHS

The Largest Community-Based Fresh Product Chain Company in China, Benefiting from Significant Industry Tailwinds

We are the largest community-based chain fresh product company in China and have established leading positions in GMV, store count, brand equity and products:

Our GMV and store count. In 2024, our GMV reached approximately RMB14.8 billion. As of September 30, 2025, we operated nearly 3,000 stores across 14 provinces, municipalities and special administrative regions in China. According to CIC, we ranked first in China’s community-based fresh product retail chain industry for five consecutive years, by GMV of fresh products. Southern China is our core region. According to CIC, measured by GMV of fresh products in 2024, we were the clear leader in the community-based fresh product retail market in Southern China, with GMV of approximately RMB9.8 billion, which was 2.8 times that of the second-largest market player. In selected cities in Central China such as Changsha and Wuhan, selected cities in Southwestern China such as Chongqing and Chengdu as well as Hong Kong and Macau, we also ranked first by market share in the community-based fresh product retail chain segment.

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Our Brand. In the fresh product retail segment, we have pioneered the D&C Model, and successfully transformed the inherent high-wastage challenge of fresh products into a sustainable operating advantage and brand asset. By displaying our “no overnight meat” commitment in our in-store visual identity, we have not only established strong brand recognition among consumers, but also systematically embedded the value proposition of freshness in consumers’ minds, making “Qdama” a household brand. By upholding our commitment to not selling fresh products overnight, we have built a strong association between “freshness” and our “Qdama” brand, strengthening brand visibility among consumers. Leveraging our D&C model, we precisely address the demand for both quality and competitive pricing, effectively expanding our consumer base and enhancing operational resilience through high inventory turnover.

Our Products. We specialize in fresh products and, through more than ten years of business experience, have built robust product capabilities, particularly in our core category of pork products where we enjoy market leadership. Leveraging our strong supply chain and deep market insights, we offer fresh pork in our stores and are among the few chain retailers capable of doing so at scale. According to CIC, we ranked first among meat retailers in Southern China in 2024, by GMV of meat products.

Benefiting from our accumulated know-how in the fresh product retail industry, we have strong operational resilience. As everyday essentials, fresh products are resilient to economic cycles and consumers’ demand for fresh products remains generally stable. Building on our long-term engagement in and deep understanding of the fresh product retail industry, we have strengthened capabilities in our store operations, product mix optimization, supply chain management, digitalization, addressing key challenges in the fresh product retail industry, such as freshness preservation, price volatility, inventory turnover and wastage. We have therefore built a solid competitive moat and navigate economic cycles while earning long-term consumer recognition.

Benefiting from our leading industry position, we are well positioned to capture the growth potential of our segment. We believe China’s community-based fresh product retail segment holds substantial potential and that this segment will ultimately give rise to large-scale retail chains. Globally, in mature markets, dominant retail formats have always been closely aligned with local residential structures. Against the backdrop of China’s high-density urbanization, modern and well-equipped residential communities have become the core of residents’ everyday lives, making “communities” the most strategically valuable consumption scenario in China’s retail sector. According to CIC, the size of the community-based fresh product retail market reached approximately RMB1,712.3 billion. However, the community-based fresh product retail segment still contains a large number of non-chain, traditional mom-and-pop shops. In 2024, the offline chain penetration rate in the community fresh product retail segment was only approximately 44.7%, and is expected to reach approximately 56.7% in 2029, with community fresh product retail chains expected to achieve a compound annual growth rate of approximately 15.5% over the next five years. We therefore operate in a large, high-growth segment, which provides significant market opportunities for our future development.

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Community-based Small-store Format, with a Stable Consumer Base of High Consumption Frequency, Resulting in High Sales per Square Meter

We select store locations that are close to residential communities. Community scenarios are close to consumers’ everyday lives, with convenient shopping experience and stable base of consumers. According to CIC, fresh products account for nearly 50% of total retail sales of goods in community scenarios. We therefore focus on the daily grocery of high consumption frequency and cooking needs of community residents and select store locations on high-traffic main streets serving large and medium-sized communities with more than 1,000 households, at locations within 500 meters’ walking distance. Compared with other sales channels for fresh products, our community-based fresh product store format closely matches the purchasing behavior of our target consumers: they prefer to visit stores in person to assess the freshness of products, flexibly select products based on household taste preferences and rely heavily on value-added services such as in-store cutting and pre-processing. This precise alignment not only ensures sustained store traffic and stable demand, but also enables us, based on clear and predictable consumption data, to continuously optimize store-level product assortment, achieving higher turnover efficiency and more reliable service.

Leveraging our proximity to residential communities and the high consumption frequency nature of fresh products, we have built a broad and stable user base. According to CIC, consumers’ average weekly purchase frequency for meat and vegetables is approximately twice that of fruits and four to five times that of freshly-made tea beverages or snacks. In addition, demand for fresh products is stable and resilient, and per capita consumption value of fresh products in China recorded a CAGR of 5.6% between 2019 and 2024. Our community-based stores enjoy organic offline traffic and each store serves a stable base of consumers; our D&C Model appeals to consumers that pursue quality or value for money, further enlarging our coverage of consumers. The high consumption frequency and essential nature of fresh products provide a solid foundation for frequent consumer interactions. On this basis, we are able to build continuous and stable connections with community consumers and naturally benefit from the compounding effect of the “familiar-customer” economy. Through continuous optimization of our product mix, our small-store format has achieved high single-store daily sales and sales per square meter that significantly exceed the industry average. According to CIC, among retail formats in China that mainly sell fresh products and daily groceries, our sales per square meter significantly outperformed peers. For instance, our sales per square meter of our self-operated stores in Guangzhou in 2024 were approximately six times the average of large-format supermarkets, approximately three times the average of community-based convenience stores and approximately twice the overall average of community-based fresh product retail chains.

Through our “warm service” culture, we continue to win consumers’ trust by encouraging proactive and thoughtful interactions between store staff and consumers, deepening neighborly ties between stores and surrounding residents, significantly improving consumer stickiness and satisfaction and creating an advantage in low customer acquisition cost. We also use our membership system and private-domain operations to further enhance loyalty. As of September 30, 2025, we had accumulated more than 28.0 million members. In the nine months ended September 30, 2025, our members

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made purchases more than five times per month on average, significantly higher than the industry average of three times. Our private-domain operations primarily include WeChat group engagement with consumers and corporate customers, which serve as key channels for sharing daily promotions, product updates and practical tips, while enabling services such as product reservations to reinforce our commitment to everyday freshness and foster trust, resulting in higher member retention and word-of-mouth advocacy. As a result of these factors, we have achieved low customer acquisition costs.

China’s high-density community-based housing environment brings substantial potential for further development. According to CIC, there are more than 80,000 residential communities with over 1,000 households in China, including more than 12,000 such communities in Southern China and more than 12,000 in 11 key Tier-2-and-above cities outside Southern China where we already operate stores. We are therefore well-positioned to capture significant market opportunities by the continued expansion of our store network.

Highly Efficient Franchise Model and Long-Term Partnership with Franchisees

Our win-win collaboration with franchisees is one of the foundations of our expansion and development. The franchise model is highly aligned with the operating characteristics of the community-based fresh retail format. By unleashing franchisees’ initiative, we improve quality of service and interaction with consumers at points of sales, effectively strengthen community penetration and consumer loyalty. By attracting franchisees with local market experience, we achieve the advantage of localized management with reduced costs as well as rapid and asset-light expansion. In addition, shifting day-to-day store operations to franchisees allows headquarters to focus more on building competitive moat in supply chain, operating systems and brand recognition, which reduced management costs and improved overall operational efficiency. Among various franchise formats, the Qdama brand is highly attractive to franchisees who value long-term and stable returns.

We are committed to building a systematic frontline operating talent pipeline and centrally managing the development of core store-level talent from headquarters. By establishing standardized store manager training, building continuous empowerment platforms and deploying recurring business competition mechanisms, we systematically enhance the professional capabilities and commercial mindset of frontline teams, providing solid talent support for business expansion and efficient operations. At the same time, benefiting from the essential, high consumption frequency nature of fresh products, our stores achieve higher sales per square meter than other franchise formats such as convenience stores, tea beverage shops and fruit stores. For instance, our average monthly sales per square meter of self-operated stores in Guangzhou in 2024 were approximately six times the average of large-format supermarkets, approximately three times those of convenience stores and tea beverage shops and approximately twice those of fruit specialty stores, according to CIC. The D&C Model also allows new franchisees to avoid inventory pressure at store opening and incur relatively low initial investment; the daily clearance mechanism helps franchisees quickly refine and curate the optimal product assortment, shortening the ramp-up period.

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After years of operations, we have established an efficient and rigorous franchisee management system. At the franchisee screening stage, we apply stringent review standards to identify potential partners who are focused on long-term development, share our brand philosophy and have entrepreneurial mindsets. We adopt a data-driven location selection process to assist with venue selection, provide comprehensive training and offer favorable terms during the initial store-opening period, and appoint experienced store managers from our existing workforce to help franchisees quickly familiarize themselves with store operations and navigate the ramp-up stage. In day-to-day operations, all stores implement our standardized D&C Model, enabling standardized inventory, product and pricing management. We have also established a fund clearing system connecting headquarters and stores to ensure that electronic payment funds collected from consumers are centrally settled, enabling us to obtain accurate records of consumer transaction information and strictly control fund flows with franchisees.

Based on the historical consumption information we collect, our intelligent ordering system provides purchase recommendations to stores staff, ensuring efficient implementation of the D&C Model. Our end-to-end business process is designed to reduce store operating difficulty and dependence on individual staff, and making stores easier to replicate. Under this model, franchisees’ own operating expenses are reduced and their profitability is enhanced. As of September 30, 2025, each franchisee operated an average of 1.7 stores, with many existing stores expanding into multiple locations, demonstrating our consistent delivery to achieve win-win results with franchisees.

Continued Efforts in Product Assortment Optimization, Online Channels Development and Store Network Expansion

Through optimized in-store product assortments, we have developed a small-store format with high sales per square meter that balances enriched product selection and operating efficiency. With insights into consumers’ shopping and cooking habits, we offer a comprehensive selection across six major categories — (i) pork products, (ii) meat, poultry and eggs (excluding pork products), (iii) seafood, (iv) vegetables, (v) fruits and (vi) chilled and processed foods. The Digital Operation Platform allows store staff select from 775 SPUs, providing franchisees a wide selection of products. Our D&C Model enables daily adjustments to each store’s product assortment without inventory burden. Within a short period, each store can refine its product assortment to optimally match local consumer needs, truly achieving customized assortment for each store. The high consumption frequency nature of fresh product purchases provides a sustainable traffic foundation for our stores. As a result, we can gradually broaden our product portfolio to include higher-margin, multi-category products. Pork and vegetables remain our core categories, total accounting for 49.0%, 49.7%, 49.6% and 49.2% of our sales in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. We continued to expand categories, such as fruits, which accounted for 13.3% of our revenue in the nine months ended September 30, 2025.

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We also leverage multiple online sales channels to complement consumption scenarios and provide more options to consumers. As our stores serve the fulfillment base for online orders, we offer instant delivery and next-day delivery options for online purchases. Through differentiated online product selection that complement the in-store product assortments, we have added categories such as grain and oil, beverages, snacks, condiments and convenience foods, thereby attracting new consumers and further unlocking the value of our existing base of consumers. In-store pick-up for online orders also stimulates further in-store purchases.

We follow a “densify within one city and radiate to surrounding areas” strategy for high-quality store network expansion, achieving success in Southern China and promoting our high-sales-per-square-meter small-store format to other regions. Southern China is our earliest and most developed region and has demonstrated the success of our small-store format and continuous improvement in operating efficiency. As of September 30, 2025, 2,014 of our stores were located in Southern China; our gross margin for sales in Southern China was 11.4%, 11.5% and 12.5% in 2023, 2024 and the nine months ended September 30, 2025, respectively, showing a steady upward trend. We believe that increasing store density within a region allows us to benefit from economies of scale. Supported by our high-density store network in Southern China, our gross margins for sales in Southern China are higher than the gross margins for sales in other regions in Chinese Mainland, providing cash flow and resources for our future development.

Leveraging our mature supply chain in Southern China, we have successfully expanded from core cities such as Guangzhou and Shenzhen to nearby cities such as Huizhou, Zhongshan and Dongguan and further into the Greater Bay Area. Stores in the Greater Bay Area have delivered strong performance under this expansion strategy. For example, as of September 30, 2025, we operated 72 stores in Hong Kong and Macau, all supported by our supply chain infrastructure in Southern China, and achieved a gross margin of 18.5% in Hong Kong and Macau for the nine months ended September 30, 2025.

We have also replicated our successful small-store format and high-quality store expansion in other regions. Through trial and practice, we have developed a city screening method based on population density, community scale, consumption power and supply chain maturity and prioritized a number of high-potential cities for franchise-led expansion. This strategy aims to first build scale and supply chain advantages in selected cities, form regional operating density and then gradually expand into surrounding cities, thereby achieving a dynamic optimal balance between economies of scale and growth speed. As of December 31, 2024, we had achieved critical scale in cities such as Shanghai, Changsha, Chengdu, Chongqing, Zhengzhou and Wuhan.

Building on our established store network, we are proactively advancing strategic iterations in store formats and product portfolio. Using Southern China as a pilot region, we have launched a new store format of longer scale that retain core fresh product categories while expanding store size and enriching product range, introducing ready-to-eat categories such as baked goods, roasted meats and braised products to better meet consumers’ diversified meal-preparation needs. In addition, we have successfully introduced high-margin products such as processed foods with short-shelf-life fresh products and other items under our private label. Chilled and processed foods accounted for approximately 17.9% of our total SPUs. Our Qdama Fresh Series has become a popular product series in stores.

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Highly Efficient Supply Chain of Fresh Products that was Refined Over a Decade of Experience, Ensuring Freshness and Cost Optimization

Over the years, our supply chain for fresh products has been continuously refined and has become one of our core moats. Franchisees source 100% of their fresh products from us, ensuring consistent quality, safety and cost advantages for products sold in stores under the Qdama brand. Traditional agricultural value chains are long and fragmented, leading to low overall supply efficiency. To address this, we have implemented systematic measures to optimize operational efficiency at the downstream points of sales, thereby driving coordinated optimization of upstream production and distribution links and improving efficiency across the entire value chain. As a result, we have become an important distribution channel for agricultural products and a key link in the agricultural value chain.

We have built a highly efficient, fully digitalized supply chain system. Through coordinated operations between our TMS and WMS systems, we can monitor real-time dynamics across all stages of the supply chain. We have also established a flexible price response mechanism to closely track market prices for procurement and retail, so as to achieve rapid and precise price adjustments. We continuously refine the operations for each segment of the supply chain. In warehousing, we have introduced intelligent scheduling systems, optimized labor structures and significantly improved productivity. In logistics, through vehicle capacity planning, route optimization and route planning, we continuously improve vehicle load factors and transportation efficiency. By improving efficiency across the supply chain, we have reduced unit operating costs and further strengthened our supply-chain-driven profitability and competitive advantage. During the Track Record Period, our operating efficiency remained high and continued to improve. Our overall gross margin increased from 9.8% in 2023 to 11.3% in the nine months ended September 30, 2025. In 2023, 2024 and the nine months ended September 30, 2025, our inventory turnover days were 1.4 days, 1.2 days and 1.3 days, respectively. The logistics expenses as a percentage of revenue decreased from 2.7% in 2023 to 2.5% in 2024 and remained relatively stable at 2.5% in the nine months ended September 30, 2024 and 2025.

Our supply chain management integrates procurement, sorting, processing and logistics. Our integrated distribution centers are equipped with sorting and processing capabilities to deliver highly fresh products to franchisees and consumers in a highly cost-efficient manner.

In procurement, our procurement team of more than 200 personnel conducts procurement activities, based on local conditions, and adopt a dynamic procurement approach comprising (i) sourcing from farming bases, (ii) supplier procurement, and (iii) order-based farming, which balances efficiency and flexibility. Such an approach allows us to capture single-product scale advantages and efficiently procure local specialty products. We have steadily increased the national procurement ratios for vegetables directly from farming bases, which reached approximately 30% in September 2025. Leveraging our digital systems, after stores place orders based on our recommendations that are based on data analytics and their own in-store experience, orders are instantly transmitted back to the procurement team, enabling sales-driven procurement. Our

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suppliers compete and obtain procurement orders from us based on their price quotations, which enable us to optimize procurement costs. We also continuously explore new strategic relationships with suppliers. For example, under our “order-based farming” procurement method, we work with partners to build standardized planting bases and develop product lines exclusively supplied to us, further enhancing product differentiation.

In **sorting and processing**, we operated 16 integrated distribution centers with a total building area of 125,348 square meters, as of the Latest Practicable Date. All of our integrated distribution centers are equipped with temperature-controlled sorting system. To reduce logistics costs and improve labor efficiency, we have consolidated category-specific warehouses into integrated distribution centers. We have become a company with leading capability to manage integrated distribution centers for fresh products in the industry. Each integrated distribution center is equipped with processing centers, where we carry out preliminary processing and packaging of vegetables, meat and other fresh products, achieving significant cost savings while enhancing quality. We also use intelligent weighing, labeling and sorting systems for different categories to convert fresh products into retail sales packaging, making it easier for stores to conduct efficient inventory management and shelf replenishment and reducing wastage. The vast majority of our fresh products have an integrated distribution center turnover time of no more than 12 hours and are sold in stores on the same day of arrival.

In **logistics**, we cooperated with over 120 logistics partners, arranging an average of over 800 cold-chain vehicles every day, as of September 30, 2025. We provide optimized routes and outsource the delivery service to the logistics partners, who are responsible for the arrangement of vehicles and drivers and the delivery services. All vehicles are connected to the TMS system, enabling real-time monitoring of vehicle location and compartment temperature and intelligent route optimization based on order requirements. All stores receive daily deliveries. To ensure product freshness, our logistics operations are highly time-sensitive, and the time from our integrated distribution centers to store delivery is generally less than four hours. Our independent supply chain and warehousing system empowers us to deliver pork products from slaughter houses to consumers’ tables in as short as six hours, maximizing freshness in each meal.

Highly Digitalized Systems Driving Efficiency Improvements

Since our establishment, we have regarded end-to-end digital operations as our core strategy. After years of investment, we have achieved enhanced integration between our digital systems and business processes, enabling standardized, refined, efficient, visualized and compliant operations. As of September 30, 2025, our IT team had more than 200 personnel, and some of our core digital systems were self-developed. We have built a sophisticated big data management platform and advanced digital systems that connect upstream procurement and downstream sales, enabling intelligent end-to-end management and significantly improving operating efficiency across product procurement, quality control, warehousing and logistics, store management and product sales.

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We have developed the Qianmeng system to empower franchisees and store staff to manage processes. Leveraging digital systems, we label and segment stores based on region, store age and competitive conditions around nearby communities, and provide tailored, full-lifecycle support and assistance. We closely track store performance and, based on such performance data, recommend optimal marketing strategies. The Qianmeng system also closely monitors store performance, collects real-time sales data and dynamically manages store inventory, enabling both headquarters and franchisees to visually review store operating results through the system. Digital systems are also a key tool for aligning operating capabilities across stores. We regularly disseminate best practice case studies and operating guidelines to franchisees through the Qian Academy (“錢學堂”), which is our proprietary online training platform. In addition, through system settings and incentive adjustments, our Digital Operation Platform is able to quickly disseminate best practices, continuously improving store operating efficiency. To enhance the efficiency of our marketing efforts, we use big data analytics to analyze consumers’ purchasing behaviors, and tailor marketing activities and private-domain operations, enhancing consumer loyalty.

On the supply chain, we have developed multiple systems for procurement, product selection, ordering, quality control and logistics that are highly integrated to achieve intelligent supply chain management. For example, in order placement, our Digital Operation Platform optimizes tailored product assortment based on store location, local dietary habits and local resources, ensures operational efficiency while implementing the D&C Model. In addition, our IT capabilities empower us to analyze historical sales data and provide franchisees with recommendations, which improve ordering accuracy and reduce wastage. In quality assurance, we trace products throughout the product lifecycle and build a safe and reliable supply chain.

In pricing strategy, we have established a rigorous dynamic market price monitoring mechanism, empowered by intelligent pricing systems that include ERP and SRM. Through coordination between our online price monitoring system and our offline procurement and market research teams, we determine procurement prices and store-level retail pricing strategies to ensure that our product prices remain competitive and attractive to consumers.

In marketing, we use digital tools to design online marketing campaigns and implement systematic private-domain traffic operations. Such tools continuously improve marketing efficiency and enhance consumer loyalty.

For internal management, we focus on improving system efficiency. For our administrative and support functions, we have introduced decision-making and process automation, significantly improving labor productivity and internal coordination and achieving efficient organizational operations. This digital infrastructure, which spans across every aspect of our operations, not only provides a solid foundation for our large-scale expansion, but also for maintaining leadership in the fresh retail industry.

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Professional, Progressive and Long-Term-Oriented Management Team

We are led by an experienced management team focused on long-term development. Our founder, chairperson and CEO, Ms. Feng, has over ten years of experience in the fresh product retail industry and corporate management with deep insights into the fresh product retail industry. Ms. Feng has a clear strategic vision for Qdama’s long-term development and has consistently upheld our commitment to high quality, freshness and high value-for-money. She oversees our overall operations and, in the face of intense industry volatility and competition in recent years, has led the team to continuously strengthen our operating systems and organizational capabilities, enabling us to demonstrate strong operational resilience and counter-cyclical characteristics in complex environments and laying a solid foundation for our sustained and stable development.

Our core management team also consists of experts with diverse backgrounds and strong track records. They have, on average, more than ten years of experience in the fresh product, retail, e-commerce and supply chain sectors and have previously worked at leading companies such as Walmart, Sam’s club, Freshippo, Yonghui, Alibaba, Meituan, JD.com and Blackstone. Leveraging the management team’s many years of accumulated expertise, we have incorporated industry best practices into each stage of our business and built a highly capable and execution-driven team.

Since our establishment, we have adhered to a corporate culture and business philosophy of “innovation, sharing and responsibility.” We place great emphasis on our talent pool and development, laying a solid foundation for our long-term sustainable development. We also place strong emphasis on incentivizing outstanding employees and have implemented an employee shareholding platform. See “History, Reorganization and Corporate Structure — Major Shareholding Changes of Our Group.”

OUR STRATEGIES

Enhance Store Network Coverage and Serve a Broader Consumer Base

With our established presence in Southern China, we developed robust product structures, operating systems and organizational capabilities, which is further replicated nationwide in recent years. We plan to continue densifying our store network and rolling out a high-density store network in key development regions. In selecting new regions for expansion, we will prioritize core cities with high population density, strong consumption power, mature commercial environments and well-developed infrastructure, as these cities have a large number of high-density residential communities and prime locations that are ideal for higher store density. In selected core cities, we will build supply chain facilities and introduce localized products and operating strategies. Once these strategies proved to succeed, we plan to use these cities as bases to radiate into surrounding areas, ensuring highly replicable success and stable growth of our store network.

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Target core regions and penetrate lower-tier markets. We will continue to solidify our presence in Southern China, increase store penetration, improve utilization of regional warehousing and distribution networks and maximize regional scale effects, while bringing stores physically closer to consumers and reinforcing our position as the household fresh product brand in the region. Leveraging our existing warehousing and distribution systems, we will expand our store network into nearby lower-tier cities and counties with growth potential, capturing the growth potential of lower-tier markets. In addition to standard community small store format, we will introduce larger store formats in surrounding areas with relatively lower residential density. Focusing on the needs of ‘one meal’ scenario, we aim to create shopping environments that meet consumers’ needs for immersive shopping experience and diversified product choices.

Strengthen strategic regions and expand network coverage. We will continue to increase store density in strategic regions through a combination of franchise-led expansion and selective acquisitions, aiming to build strong regional network effects and competitive barriers. In recent years, our store network has expanded from our Southern China to strategic regions such as Eastern China, Central China and Southwestern China, focusing on cities such as Changsha, Shanghai, Chengdu, Chongqing, Zhengzhou and Wuhan. We will continue to increase store density in these cities, converting physical proximity into deeper brand awareness and higher operating efficiency and replicating the high-density community-based store network in these key cities, while building strategic footholds for future expansion into surrounding areas.

In addition, we will continue to deepen our presence in Hong Kong and Macau, steadily expanding our coverage in these markets and laying a foundation for our long-term overseas expansion and market diversification strategy. Our operational experience in these markets will enable us to pivot into overseas markets, such as those in Asia.

Leverage Our Value-for-Money Advantage to Broaden Categories and Deepen Scenario-Based Assortment to Increase Single-Store Sales

In recent years, the average weekly hours in China have increased, driving rapid growth in consumption demand for “convenient dining.” Due to long supply chains and high wastage, the fresh product industry faces significant operational challenges. We have established substantial competitive advantages in the fresh products segment. Going forward, we plan to leverage our operational capabilities in the fresh products segment and our value-for-money brand positioning to attract more franchisees and consumers, broaden our product categories and develop private-label product range centered on “freshness” and “high value-for-money.” We will also enhance scenario-based operations, positioning our stores as efficient destinations for household kitchen and meal needs and continuing to deliver “warm service”, so as to further enhance consumer experience and strengthen neighborly ties with consumers.

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Continue to reinforce value-for-money in core categories. We will continue to refine operations in our core fresh product categories and systematically optimize and restructure the entire value chain from farm to table, continuously identifying and eliminating unnecessary costs at each stage. Through vertical supply chain integration and operating efficiency improvements, we aim to achieve "price advantages at the same quality" and "quality breakthroughs within the same price band," build corresponding consumer perceptions and enhance satisfaction. We will focus on optimizing the value for product categories with high consumption efficiency, such as pork products and vegetables, building product competitiveness. A high-value-for-money product assortment will attract a broader consumer base, expand our store coverage and increase single-store revenue.

Expand product categories around the "one meal" scenario. We are committed to continuously enriching and optimizing our product portfolio to build a robust product assortment focused on the "one meal" scenario. We will prioritize development of categories such as chilled and processed products, especially 3R products. These categories are well suited to consumption scenarios in community fresh stores, meet consumers' diverse meal preparation and dining needs and have both a stable consumption base and significant market size. We aim to build a private-label product range centered on "freshness" and "high value-for-money" and have established rigorous product development and selection processes.

In product development, we systematically analyze consumption habits and preferences to identify and address core pain points in daily cooking and dining, closely track regional taste preferences and global health trends and benchmark against comparable products in domestic and overseas markets to ensure competitiveness. In product selection, we conduct in-store pilot trials, observe sales data and consider feedback from franchisees and consumers to make selection decisions. We will deepen cooperation with high-quality suppliers and production bases that offer safe, traceable, curated, high-quality and highly value-for-money products to co-develop products exclusively supplied through our sales channels. In addition, in categories such as marinated foods and processed foods, we will further develop products under our Qdama Fresh Series to enhance consumer stickiness and further strengthen the Qdama brand.

Strengthen scenario-based operations to increase purchase frequency and spending per order. We will build upon highly relevant consumption scenarios around the core needs of community households and provide more comprehensive household kitchen and meal solutions to enhance consumer stickiness. We will focus on scenarios such as "everyday home-cooked meals" and "convenient meal preparation". By designing carefully curated scenario-based products (for example, cross-merchandising products together with condiments and processed products) to provide solutions for the needs of 'one meal', we aim to effectively increase average ticket size and purchase frequency, making our stores attractive destinations for household kitchen and meal needs. We will continue to deliver "warm service" by encouraging store staff to remember consumers' preferences and proactively provide personalized cooking suggestions and caring greetings, transforming standard transactions into warm neighborly interactions. This service, built on mutual familiarity and trust, creates emotional value beyond the products themselves, is a core advantage that online sales channels cannot replicate and represents a solid foundation for strengthening neighborly ties with regular consumers.

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Expand Online Channels and Build an Efficient Omnichannel Retail Network

Our dense, community-based offline store network has strong potential for expansion. We plan to further develop online channels characterized by differentiated assortments, and build an omnichannel retail network. We will continuously optimize our online and offline product assortments and promote omnichannel sales conversion.

Leverage high efficiency of third party logistics capacity, and use instant delivery to provide convenience and service. Our instant delivery services leverage traffic from third-party food delivery platforms to provide consumers with convenient shopping experience and responsive delivery service to meet their immediate “to-home” needs. We precisely capture the opportunities presented by the established instant delivery ecosystem and utilize efficient, high-quality logistics capacity, significantly improving our last-mile fulfillment capability and service responsiveness and further strengthening our service advantage in the community-based retail market. We plan to leverage integrated distribution centers with processing capabilities to improve product standardization before products reach stores, thereby reducing manual workload in stores, improving store-level fulfillment efficiency for instant delivery and enhancing consumer experience. We plan to expand the number of stores that participate in online channels by providing support to stores and offering incentives to franchisees and store staff. Through category expansion and promotional campaigns, we plan to further enhance the online shopping experience to capture consumer demand.

Overcome shelf limitation and use next-day delivery to broaden product offerings. Our next-day delivery service plays a strategic role in category and scenario expansion. Through next-day delivery, we can overcome the physical shelf constraints of traditional stores and significantly broaden our online product offerings, while focusing on a small number of carefully selected SPUs with first-tier quality in each category. This is our “broad categories, narrow SPUs” strategy and a hero-product logic around core essential items to attract consumers. We plan to rely on our logistics capabilities to directly fulfill online orders from integrated distribution centers, eliminating the need for in-store pick-up and providing a more convenient shopping experience. We also plan to integrate live-streaming e-commerce with this service and build a “farm-to-table” fresh product e-commerce channel. Through interactive live-streaming, we can present high-quality directly-sourced products in a more interactive way and, leveraging our next-day delivery capabilities, efficiently deliver seasonal products and origin-direct products that were previously difficult to display in stores due to logistics constraints, thereby creating new growth opportunities.

Continue to Strengthen Supply Chain Capabilities and Drive Gross Margin Expansion

Our highly efficient supply chain is tailored to the D&C Model, covering procurement, R&D, processing, warehousing and logistics. It is the foundation of our ability to provide highly fresh and value-for-money products. We plan to further enhance our end-to-end supply chain capabilities to further solidify the foundation for sustainable growth.

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Shorten procurement chains at farms and strengthen procurement and quality control. To control costs and quality at the source, we plan to continuously shorten procurement chains and promote end-to-end direct sourcing models. We will carefully select high-quality products and cover their core origins, increasing scale of centralized procurement rates to effectively reduce procurement costs in newly developed regions with smaller store scales and further expand scale efficiencies. Specifically, we will prioritize centralized procurement for major categories such as vegetables, fruits and seafood. In addition, we plan to cooperate with agricultural research institutions to develop proprietary products with a stronger focus on consumer health and food safety. We will further adopt the order-based farming as one of our strategic procurement methods to provide differentiated products. The enhanced participation in upstream supply chains not only reduces intermediate links and significantly lowers wastage, but also improves product quality at the source and strengthens our brand image.

Optimize supply chain infrastructure to achieve economies of scale and cost efficiency. We are committed to maximizing the use of our existing supply chain infrastructure to serve a broader store network and more geographical regions, thereby continuously reducing unit operating costs. As our store network expands, we plan to further develop multi-tier supply chain infrastructure. In newly developed regions, once store numbers reach a certain scale, we will build integrated distribution centers that integrate sorting and processing functions. These centers will support batch sorting of centrally procured products and consolidate processing of food products, improving labor productivity and space utilization. We also plan to enhance processing capabilities to standardize products before they reach stores, thereby improving logistics and shelf-stocking efficiency, further ensuring product quality and reducing overall warehousing and logistics expenses.

Continue to build core processing capabilities, extend the value chain and develop sales channels. As our business scale and product categories expand, we plan to further develop product processing capabilities around core categories such as meat products through joint ventures or acquisitions, thereby achieving economies of scale, quality control and value chain coverage. We have built in-house food processing centers and achieved significant cost reductions in meat cutting and related processes and plan to extend into production of processed food. For vegetables, we are gradually transitioning from loose packaging by upstream suppliers to centralized packaging at our processing centers, achieving economies of scale and better ensuring freshness. We also plan to establish a processed food R&D center and use big data analytics to rapidly develop and iterate products. For example, we plan to develop 3R products, maximizing value of a whole hog carcass and unleashing greater profitability. Leveraging our upstream raw materials and food processing capabilities, we plan to gradually expand into sales of high-quality products to corporate customers, such as retailers, food service providers and schools to open new revenue streams and enhance our overall bargaining power.

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Continue to Strengthen Our Digital and Intelligent Operating System to Improve Efficiency and Reduce Costs

We plan to further enhance our existing digital operating capabilities to empower each link in our business chain and achieve data-driven decision-making.

Digitalized stores operations. We will continue to optimize digital store management systems and provide intelligent solutions for franchisees in ordering, sales and management, building intelligent decision-making capabilities for store operations and increasing store operating efficiency. In ordering, we will deploy intelligent ordering engines that comprehensively factor in historical sales, weather and prices and generate accurate sales forecasts to optimize inventory at the source and reduce wastage. In sales, we will apply digital tools across the entire sales process, including marketing, sales analysis and after-sales service, and improve store-level sales performance through standardized control and intelligent empowerment. In management, we will use smart management tools to improve the efficiency of store inspections and staff scheduling, effectively controlling labor costs, and upgrade the Qianmeng system to visualize operating data and help store managers improve management efficiency and business capabilities.

Smart supply chain for agile coordination. We will leverage digital tools and big data platforms to establish nationwide procurement network, so as to obtain product information across China, which will allow us to develop more scientific procurement and inventory strategies. We will continue to strengthen digitalization in warehousing and logistics, standardize management processes of integrated distribution centers through digital workbenches, assist warehouse staff in managing integrated distribution centers in a refined manner around the clock and improve management efficiency. We will continue to optimize end-to-end tracking and management across “suppliers-integrated distribution centers-stores,” ensure transparency and traceability throughout the supply chain and use big data to strengthen quality standards and process standardization, thereby increasing product quality consistency. We will reduce logistics costs by introducing automated intelligent sorting equipment, implementing intelligent routing planning and promoting online reconciliation. We will improve operating efficiency and achieve more centralized cost management through intelligent manpower management systems that optimize scheduling of shift and manpower allocation.

Precision marketing to maximize user value. We plan to adopt a precision marketing strategy centered on data-driven decision-making and aimed at achieving intelligent marketing activities and maximizing return on advertising and promotion expenses. Leveraging our community-based operations, membership data platform and precision marketing systems, we will precisely reach target consumer segments. We will utilize the reach of the WeChat ecosystem to enhance consumer loyalty and attract new consumers. We will optimize the overall planning of promotional campaigns and build synergy between coupons and product assortments. By recommending products and promotions that consumers are more likely to be attracted to, we can improve conversion rates and ensure that advertising and promotion expenses directly serve specific sales objectives. In addition, we plan to further improve marketing efficiency, for example by using intelligent tools to generate store-level marketing content and by using system-based controls on product categories, quantities and discount rates for promotional items to effectively manage advertising and promotion expenses.

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OUR BRAND AND PRODUCT OFFERINGS

Our Qdama Brand

We are the largest community-based fresh product chain company in China, with a household brand Qdama (“錢大媽”  钱大妈). We are dedicated to offering franchisees and consumers high-quality and value-for-money, fresh products, complemented by a culture of warm service that fosters lasting relationships and a loyal community of consumers.

The cornerstone of our operations is our “End of the Day Discount and Clearance” model (the “**D&C Model**”) anchored by our brand commitment of “no overnight meat.” Our D&C Model employs a systematic discount and clearance mechanism by the end of the day that reinforces our guarantee of freshness while creating compelling value for consumers through progressively increasing discounts after 19:00.

We have built a comprehensive sales network that integrates both offline and online channels, all supported by efficient delivery services. Consumers can access our comprehensive product portfolio through online channels such as our proprietary Qdama WeChat Mini Program, App and third-party food delivery platforms.

Our deeply embedded community presence, characterized by service with a human touch and strong neighborly rapport between store staff and consumers, further strengthens brand loyalty and trust. This integrated approach effectively brings the convenience and assurance of a modern wet market directly to consumers’ doorsteps, positioning us as a preferred destination for household kitchen and meal needs.

Our Product Offerings

Product excellence lies at the heart of our business. We offer a carefully curated selection of high-quality, competitively priced products, which we strategically source from our panel of suppliers. Our product portfolio is comprehensive and covers diverse product types, including animal proteins (namely, (i) pork products, (ii) meat, poultry and eggs (excluding pork products) and (iii) seafood), fresh produce (namely, vegetables and fruits), as well as chilled and processed foods. In the nine months ended September 30, 2025, we offered an aggregate of 775 SPUs. We stay attuned to the market by closely monitoring trends and adapting to ever-evolving consumer demands. To enhance consumers’ shopping experience, we regularly refine our offerings by analyzing consumer preferences and consumption patterns on our Digital Operation Platform.

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The following sets forth a summary of our six major product categories by product type:

Animal proteins

- **Pork products.** As the core category upon which the “no overnight meat” commitment was built, we provide daily delivery of fresh pork products throughout our store network, which primarily include pork ribs, pork shoulder, pork belly and pork tenderloin. In the nine months ended September 30, 2025, we offered 36 SPUs of pork products.
- **Meat, poultry and eggs.** This category provides a comprehensive range of additional protein options to pork products, which include beef, lamb, poultry and packaged eggs. In the nine months ended September 30, 2025, we offered 99 SPUs of meat, poultry and egg products. This category is designed to serve varied dietary needs of consumers.
- **Seafood.** This category provides a comprehensive range of seafood products, which primarily include (i) fresh-water aquaculture products, (ii) deep-water fishing seafood products and (iii) quick-freezing seafood products. In the nine months ended September 30, 2025, we offered 132 SPUs of seafood products. This category is designed to serve varied culinary preferences of consumers.

Fresh Produce

- **Vegetables.** This category provides a comprehensive range of vegetables, which primarily include corns, chili peppers, tomatoes, Chinese cabbages, cucumbers, green beans and choy sum. In the nine months ended September 30, 2025, we offered 212 SPUs of vegetable products. Vegetables are essential in daily meals and serves as a driver of consumer traffics.
- **Fruits.** This category provides a comprehensive range of seasonal and premium fruits, which primarily include watermelons, apples, bananas, blueberries, grapes and citrus fruits. We focus on quality, taste and efficient turnover. In the nine months ended September 30, 2025, we offered 157 SPUs of fruit products.

Chilled and Processed Foods

- This category is our strategic initiative to capture consumer demand for convenient meals for consumers, which primarily include dairy products, processed dishes such as marinated meats, steamed buns and dim sum, baked goods and roasted products, and chilled ingredients such as soy products and noodles. In the nine months ended September 30, 2025, we offered 139 SPUs of chilled and processed foods.

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The following table sets forth a breakdown of our revenue from product sales by product type and product category in absolute amounts and as a percentage of our total revenue from product sales for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>								
(unaudited)								
Animal proteins								
Pork products	2,688,003	23.4	2,739,981	23.8	2,015,693	23.7	1,894,845	23.3
Meat, poultry and eggs ⁽¹⁾	1,899,403	16.6	1,853,358	16.1	1,321,617	15.5	1,241,551	15.3
Seafood	913,902	8.0	856,613	7.5	639,362	7.5	603,947	7.4
Sub-total	5,501,308	48.0	5,449,952	47.4	3,976,672	46.7	3,740,343	46.0
Fresh produce								
Vegetables	2,944,536	25.6	2,974,220	25.9	2,194,817	25.9	2,108,755	25.9
Fruits	1,394,216	12.2	1,411,899	12.3	1,114,765	13.1	1,077,693	13.3
Sub-total	4,338,752	37.8	4,386,119	38.2	3,309,582	39.0	3,186,448	39.2
Chilled and processed food . . .	1,475,018	12.9	1,524,945	13.3	1,125,353	13.2	1,132,499	13.9
Others⁽²⁾	144,974	1.3	129,641	1.1	95,279	1.1	72,867	0.9
Total	11,460,052	100.0	11,490,657	100.0	8,506,886	100.0	8,132,157	100.0

Notes:

- (1) The meat, poultry and egg product category excludes pork products.
- (2) Others primarily include (i) daily groceries on online sales channels, as well as (ii) packaging materials and consumables sold to franchisees for their store operations.

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Pork Products

Pork products are our core product category. Our pork products primarily include pork ribs, pork shoulder, pork belly and pork tenderloin. In the nine months ended September 30, 2025, we offered 36 SPUs of pork products. Everyday freshness, ensured by our “no overnight meat” commitment, has been instrumental in building a powerful brand image associated with superior quality and reliability of our supply chain. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from sales of pork products amounted to RMB2,688.0 million, RMB2,740.0 million, RMB2,015.7 million and RMB1,894.8 million, respectively, representing 23.4%, 23.8%, 23.7% and 23.3% of our total revenue of the same periods.

Our pork products are cut and processed from premium-grade hogs, including white pork and black pork varieties. Premium white pork is sourced from hogs that are produced through precision feeding. In the slaughtering process, they are trimmed to remove the head, and belly fat, resulting in a higher lean-meat yield and a cleaner, more refined cut. Premium black pork is sourced from hogs that are grain fed and raised in ample space for over ten months to ensure superior meat quality. The fresh premium black pork features firm meat texture and rich flavor.

Our stores are equipped with butchering stations where in-house butchers can prepare pork and meat products in store according to consumer requirements. During the butchering and cutting period in the morning, certain stores display freshly cut pork in glass-fronted cases, allowing consumers to choose their preferred cuts, which are then weighed and packaged accordingly. After the butchering and cutting period in the morning, the pork products are packaged and placed in a dedicated section of the chilled aisles or in refrigerated counters. Certain pre-packaged items such as fresh pork ribs, fresh pig brain, fresh pork intestines and fresh pork tripe strips are displayed on refrigerated shelves with labels indicating the cut, weight, price and other dietary information. Store staff may also implement product display strategies to promote pork products, such as placing them at eye level to increase visibility or using signage to highlight nutritional benefits or practical cooking recommendations.

Our robust supply chain ensures that we source high-quality pork products at competitive prices. We mainly procure carcasses and pork cuts from suppliers. We also directly source hogs from hog farms for slaughtering and sales. We proactively manage relationships with farming bases and suppliers to guarantee that the pork meets our stringent quality standards. Data analytics is employed to optimize operations, from farm management practices to processing and logistics, while quality control measures are adopted throughout the supply chain to ensure that the pork products adhere to safety and quality standards. Insights from data analytics can also contribute to pork product development, enabling us to tailor pork products to specific market needs or consumer preferences. By analyzing sales data, market trends and consumer preferences, we can predict demand for various pork products, facilitating better inventory management and reducing the risk of stockouts or excess inventory.

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The following table sets forth certain details of our representative pork products as of the Latest Practicable Date:

Product name	Product picture	Details	Average selling price ⁽¹⁾
Pork ribs		The pork ribs are evenly cut into neat bone-in portions, offering a rich pork-and-bone ratio for a meaty bite. They are well-suited for braised dishes to absorb sauces or simmering in soups to bring out their natural sweetness.	RMB76 per kg
Pork shoulder		The pork shoulder features distinct marbling and even fat distribution, which delivers tender and juicy texture with a rich flavor. They are well-suited for stir-frying, grilling and roasting.	RMB51 per kg
Pork belly		The pork belly features distinct layers of lean meat and fat with a well-balanced fat-to-lean ratio. They are sourced from grain-fed hogs and are known for rich flavor and tender texture.	RMB37 per kg

Note:

- (1) Based on selling prices set through offline sales channels in Chinese Mainland in the nine months ended September 30, 2025. For indicative purpose only, given that selling prices of food products may be subject to material seasonal fluctuation.

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Meat, poultry and eggs

The meat, poultry and egg product category excludes pork products. We have strategically expanded this category to complement our core pork products and to provide consumers with a comprehensive range of protein options. Our product portfolio includes a curated selection of poultry, beef, lamb and packaged eggs, all of which are subject to stringent quality control procedures. Leveraging direct relationships with reputable suppliers and our optimized cold-chain logistics infrastructure, we are able to maintain consistent freshness and quality standards across all protein categories. This category expansion underscores our commitment to serving as a preferred destination for household kitchen and meal needs, while enhancing our product diversification and supporting incremental sales growth. In the nine months ended September 30, 2025, we offered 99 SPUs of meat, poultry and egg products. The popularity of products in this category further demonstrates our ability to extend our operational capabilities beyond our core offerings without compromising on quality or freshness. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from sales of meat, poultry and eggs amounted to RMB1,899.4 million, RMB1,853.4 million, RMB1,321.6 million and RMB1,241.6 million, respectively, accounting for 16.6%, 16.1%, 15.5% and 15.3% of our total revenue for the same periods.

The following table sets forth certain details of our representative meat, poultry and egg products as of the Latest Practicable Date:

Product name	Product picture	Details	Average selling price ⁽¹⁾
Yellow cattle beef		The yellow cattle beef is sourced from Chinese yellow cattle raised under standardized farming practices and managed feeding protocols. The beef is pre-chilled in a temperature-controlled facility and transported via cold-chain logistics to maintain freshness and consistent quality.	RMB109 per kg
Chicken wings .		The chicken wings are sourced from grain-fed chicken and freshly slaughtered.	RMB78 per kg

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Product name	Product picture	Details	Average selling price ⁽¹⁾
Five-grain eggs		The five-grain eggs are sourced from the Guizhou Plateau, one of China’s major egg-producing regions. They are produced by grain-fed hens and have pronounced aroma and rich flavor.	RMB16 per kg

Note:

- (1) Based on selling prices set through offline sales channels in Chinese Mainland in the nine months ended September 30, 2025. For indicative purpose only, given that selling prices of food products may be subject to material seasonal fluctuation.

Seafood

Our selection of seafood products includes a dedicated selection of (i) fresh-water aquaculture products, (ii) deep-water fishing seafood products and (iii) quick-freezing seafood products, providing consumers with a convenient and reliable source for their daily protein needs.

- Our fresh-water aquaculture products primarily include crucian carp, perch, grass carp and Wuchang bream. Sourced live on a daily basis, these products are delivered to our integrated distribution center for sampling and inspection. They are then processed under temperature-controlled cold-chain conditions before being delivered to our stores. This approach ensures freshness and food safety, meets consumers’ demand for ready-to-cook fresh-water products, and enhances the overall in-store experience.
- Our deep-water fishing seafood products feature seafood with a relatively short shelf life and ideal for immediate purchase and cooking. They primarily comprise golden pomfret, yellow croaker and red snapper. These products are flash-frozen directly on board the fishing vessels to lock in freshness, followed by efficient cold-chain logistics from dock to store. This approach guarantees quality while diversifying our in-store selection of seafood.
- Our quick-freezing seafood products primarily include sea prawns, shrimp meat, basa filets and shellfish meat. Produced through processing, quick-freezing and packaging, these products have extended shelf life while preserving nutritional value. They offer consumers greater convenience in storage and meal preparation.

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We implement stringent quality control protocols and leverage our integrated cold-chain logistics system to ensure consistent freshness, safety, and reliable supply of these products, thereby delivering superior value to our consumers. The strategic development of our seafood category is integral to our initiative to broaden our product portfolio. This expansion is designed to enhance consumer loyalty, increase average spending per order, and strengthen our overall brand equity by positioning us as a preferred destination for household kitchen and meal needs. In the nine months ended September 30, 2025, we offered 132 SPUs of seafood products. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from sales of seafood amounted to RMB913.9 million, RMB856.6 million, RMB639.4 million and RMB603.9 million, respectively, accounting for 8.0%, 7.5%, 7.5% and 7.4% of our total revenue for the same periods.

The following table sets forth certain details of our representative seafood products as of the Latest Practicable Date:

Product name	Product picture	Details	Average selling price ⁽¹⁾
Sea prawns . . .		The sea prawns have a distinctive briny seafood flavor. The meat is firm and springy with a crisp bite.	RMB88 per kg
Golden pomfret.		The golden pomfret is sourced directly from our aquaculture base. It has a fine, smooth texture and firm yet tender flesh, with a relatively mild flavor.	RMB67 per kg
Perch		The perch is sourced from fresh-water aquaculture and is supplied live to maintain freshness. It has smooth flesh with a tender bite. It develops a savory aroma when cooked.	RMB21 per unit (approximately 300-400g)

Note:

(1) Based on selling prices set through offline sales channels in Chinese Mainland in the nine months ended September 30, 2025. For indicative purpose only, given that selling prices of food products may be subject to material seasonal fluctuation.

BUSINESS

Vegetables

Vegetables constitute one of our core product categories and serve as a key driver of high-frequency traffic to our stores. We primarily procure vegetables directly from farming bases. This vertically integrated procurement approach ensures freshness and quality and enables us to implement our D&C Model, thereby minimizing inventory shrinkage and mitigating the inventory holding risks typically associated with fresh produce. We also collaborate with our panel of qualified suppliers and wholesalers within specific regions to purchase vegetables. For procurement of certain selected vegetables, we also engage in customized and order-based production with selected upstream partners and farming bases. In the nine months ended September 30, 2025, we offered 212 SPUs of vegetable products. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from sales of vegetables amounted to RMB2,944.5 million, RMB2,974.2 million, RMB2,194.8 million and RMB2,108.8 million, respectively, accounting for 25.6%, 25.9%, 25.9% and 25.9% of our revenue for the same periods.

In curating our vegetable assortment, we aim to provide a comprehensive shopping solution that meets the daily cooking needs of households. Our selection of vegetables covers all major vegetable categories required for everyday meals, including leafy greens such as baby spinach, choy sum and Chinese cabbage, fruiting vegetables such as tomatoes and cucumbers, root vegetables such as baby pumpkin, carrots and potatoes, herbs and edible fungi. By applying stringent quality-control standards and leveraging efficient cold-chain logistics, we deliver vegetable products to franchisees and consumers in optimal conditions, reinforcing our positioning as the preferred “fresh market at the doorstep” for neighborhood families.

The following table sets forth certain details of our representative vegetables as of the Latest Practicable Date:

Product name	Product picture	Details	Average selling price ⁽¹⁾
Sweet corn		The sweet corn products are sourced directly from premium growing regions and selected for high-quality varieties. They can reach stores as quickly as 36 hours after harvest, offering full aroma and fresh, authentic corn flavor.	RMB11 per kg

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Product name	Product picture	Details	Average selling price ⁽¹⁾
Baby spinach . .		The baby spinach features a delicate texture and a naturally mild, sweet flavor. They are tender with minimal fibrousness and provide a crisp bite. They are well-suited for stir-frying, blanching and soup-making.	RMB18 per kg
Baby pumpkins .		The Baby pumpkins are a good source of dietary fiber. They feature smooth, dense texture with sweet, nutty flavor.	RMB8 per package (approximately 600-800g)

Note:

- (1) Based on selling prices set through offline sales channels in Chinese Mainland in the nine months ended September 30, 2025. For indicative purpose only, given that selling prices of food products may be subject to material seasonal fluctuation.

Fruits

Our fruit category serves as a complement to our core fresh product offerings and enhances our overall value proposition to consumers. Our fruit products primarily include watermelons, apples, bananas, blueberries, grapes and citrus fruits. We focus on seasonal fruits and high-quality products from key production regions, sourcing primarily through direct partnerships at the origin. Throughout the supply chain, we implement strict quality standards and maintain controlled cold-chain temperatures to ensure the freshness and quality of our fruit products. Our inventory management system enables rapid turnover aligned with our D&C model, ensuring optimal ripeness and minimizing waste. This category not only broadens basket diversification but also supports our positioning as a preferred destination for household kitchen and meal needs. Through curated assortment and quality assurance, we have successfully developed the fruit category into a meaningful contributor to our business while maintaining alignment with our core operational strengths.

In the nine months ended September 30, 2025, we offered 157 SPUs of fruit products. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from sales of fruits amounted to RMB1,394.2 million, RMB1,411.9 million, RMB1,114.8 million and RMB1,077.7 million, respectively, accounting for 12.2%, 12.3%, 13.1% and 13.3% of our total revenue for the same periods.

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The following table sets forth certain details of our representative fruit products as of the Latest Practicable Date:

Product name	Product picture	Details	Average selling price ⁽¹⁾
Bananas		The bananas are selected for a smooth, glossy and durable peel. They have a fine texture and a naturally sweet taste and aroma.	RMB14 per kg
Ponkan mandarin oranges		The ponkan mandarin oranges have thin peels and ample flesh. Harvested upon natural ripeness, they feature a naturally sweet flavor and a tender texture.	RMB19 per kg
Blueberries		The blueberries are plump with firmness. They have a clean, blue-purple appearance with a natural waxy bloom and a balanced sweet-tart flavor.	RMB11 per box (approximately 125g)

Note:

- (1) Based on selling prices set through offline sales channels in Chinese Mainland in the nine months ended September 30, 2025. For indicative purpose only, given that selling prices of food products may be subject to material seasonal fluctuation.

BUSINESS

Chilled and Processed Foods

We maintain a chilled and processed foods category that encompasses a curated selection of 3R products, such as marinated meats, as well as kitchen staples such as tofu products, chilled dairy, pastries and baked goods. We have strategically developed this category to complement our offerings of fresh products, mitigating the inherent constraints of a purely fresh-focused model by delivering enhanced convenience for consumers, extended product availability, and versatile meal solutions that align with evolving lifestyle demands.

- Our marinated meats products are within the 3R product range, and primarily include New Orleans-style marinated chicken cutlets and ribeye beef steaks. These products are freshly marinated and are designed for the dietary preferences of younger consumers. Leveraging our cold-chain logistics, we are able to deliver these products to our stores within the same day, so as to deliver convenience in meal preparation as well as freshness and flavor to consumers.
- Our tofu products primarily include soft tofu, firm tofu and braised tofu. These products are freshly prepared and delivered to stores from our integrated distribution centers through cold-chain logistics, which ensures optimal texture and freshness.

Expanding to convenient breakfast meal options, we developed the following products:

- Our chilled dairy products primarily include fresh milk, yogurt and probiotics beverages. These products are delivered from our integrated distribution centers to our stores through cold-chain logistics to ensure freshness and prompt availability.
- Our pastry products primarily include fresh wheat noodles, char siu buns and walnut buns. These products are typically produced by our suppliers typically in the early morning in accordance with our specifications, and delivered to our integrated distribution centers within the same day. Our pastry products generally have a short shelf-life of three days, which differentiates them from conventional long-shelf-life frozen buns and dried noodle products commonly found in the market.
- Our baked goods primarily include toast and Swiss rolls. These products are produced fresh on a daily basis and undergo quality inspections before being delivered to our stores.

In the nine months ended September 30, 2025, we offered 139 SPUs of chilled and processed food products. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from sales of chilled and processed food amounted to RMB1,475.0 million, RMB1,524.9 million, RMB1,125.4 million and RMB1,132.5 million, respectively, accounting for 12.9%, 13.3%, 13.2% and 13.9% of our revenue for the same periods.

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The following table sets forth certain details our representative chilled and processed food products as of the Latest Practicable Date:

Product name	Product picture	Details	Average selling price ⁽¹⁾
New Orleans-style marinated chicken cutlet		The New Orleans-style marinated chicken cutlet is made from fresh, skinless chicken thigh meat. They are marinated at low temperature to preserve juiciness and enhance flavor.	RMB61 per kg
Silken tofu		The silken tofu is made primarily from non-GMO soybeans and is characterized by a delicate, smooth texture.	RMB4 per box (approximately 440g)
Fresh wheat noodles		The wheat noodles are made from high-gluten core flour. They deliver a chewy, elastic texture, with a three-day short shelf life that ensures optimal freshness and flavor.	RMB5 per package (approximately 330g)

Note:

- (1) Based on selling prices set through offline sales channels in Chinese Mainland in the nine months ended September 30, 2025. For indicative purpose only, given that selling prices of food products may be subject to material seasonal fluctuation.

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Products Under our Private Label

We have established our product portfolio under the Qdama Fresh Series (錢大媽“鮮”系列), to further strengthen our competitive edge and brand recognition. Leveraging our commitment to everyday freshness and supply chain capabilities, the Qdama Fresh Series offers high-quality products at competitive prices. We have implemented a unified visual identity across all products under our private label, creating distinctive shelf presence and strengthening brand recognition.

The following table sets forth certain details of our representative products under the Qdama Fresh Series as of the Latest Practicable Date:

Product name	Product picture	Details	Average selling price ⁽¹⁾
Qdama Fresh chicken drumsticks . .		The Qdama Fresh chicken drumsticks are sourced from grain-fed chicken and are freshly slaughtered.	RMB31 per kg
Qdama Fresh chilled milk . .		The Qdama Fresh chilled milk uses 100% raw milk and exceeds EU quality standards. It is processed using freshness-preservation methods to help maintain freshness	RMB9 per bottle (approximately 950 ml)

Note:

- (1) Based on selling prices set through offline sales channels in Chinese Mainland in the nine months ended September 30, 2025. For indicative purpose only, given that selling prices of food products may be subject to material seasonal fluctuation.

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Going forward, we are proactively expanding our product offerings under our private label. As of the Latest Practicable Date, we finalized the development of products such as char siu buns, which are expected to be launched for sales.

Looking ahead, we intend to establish two distinct product lines, namely the Basic Series and the Gold Label Series, so as to cater to diverse consumer needs. The Basic Series centers on delivering quality products at affordable prices, while the Gold Label Series aims to capitalize on trends toward premium consumption by creating a distinctive mid-to-high-end assortment. Furthermore, we plan to broaden our private label offerings with products in other categories, including ready-to-eat foods, processed meats, and a range of grain-based products.

OUR SALES NETWORK

We operate a comprehensive sales network that integrates both offline and online channels. Our offline sales channels consist of franchise and self-operated stores, while online channels primarily include our proprietary WeChat Mini Program and third-party food delivery platforms. While offline sales through our stores provide consumers with the opportunity to browse and select products firsthand, allowing for informed decisions based on factors such as freshness, packaging integrity and overall quality, and offering immediate gratification, online sales channels offer enhanced convenience and product diversity, enabling consumers to browse and purchase products anywhere at any time. Our online channels allow us to offer a wider product selection and the ability to serve beyond geographical constraints. The interaction between these channels is crucial to our operations. Consumers may discover a product in-store but purchase it online for convenience or price benefits, or find a product online but buy it in-store to ensure freshness and quality. Such online sales are recorded as sales revenue of the stores which processed and delivered the orders.

The following table sets forth the breakdown of our revenue by channel, in both absolute amount and as a percentage of our total revenue, for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>								
<i>(unaudited)</i>								
Sales to franchisees ⁽¹⁾	11,091,579	94.5	11,140,421	94.5	8,236,055	94.4	7,954,733	95.1
Direct sales via								
self-operated stores	496,336	4.2	505,289	4.3	385,865	4.4	289,363	3.5
Others ⁽²⁾	156,174	1.3	142,086	1.2	107,597	1.2	114,791	1.4
Total	11,744,089	100.0	11,787,796	100.0	8,729,517	100.0	8,358,887	100.0

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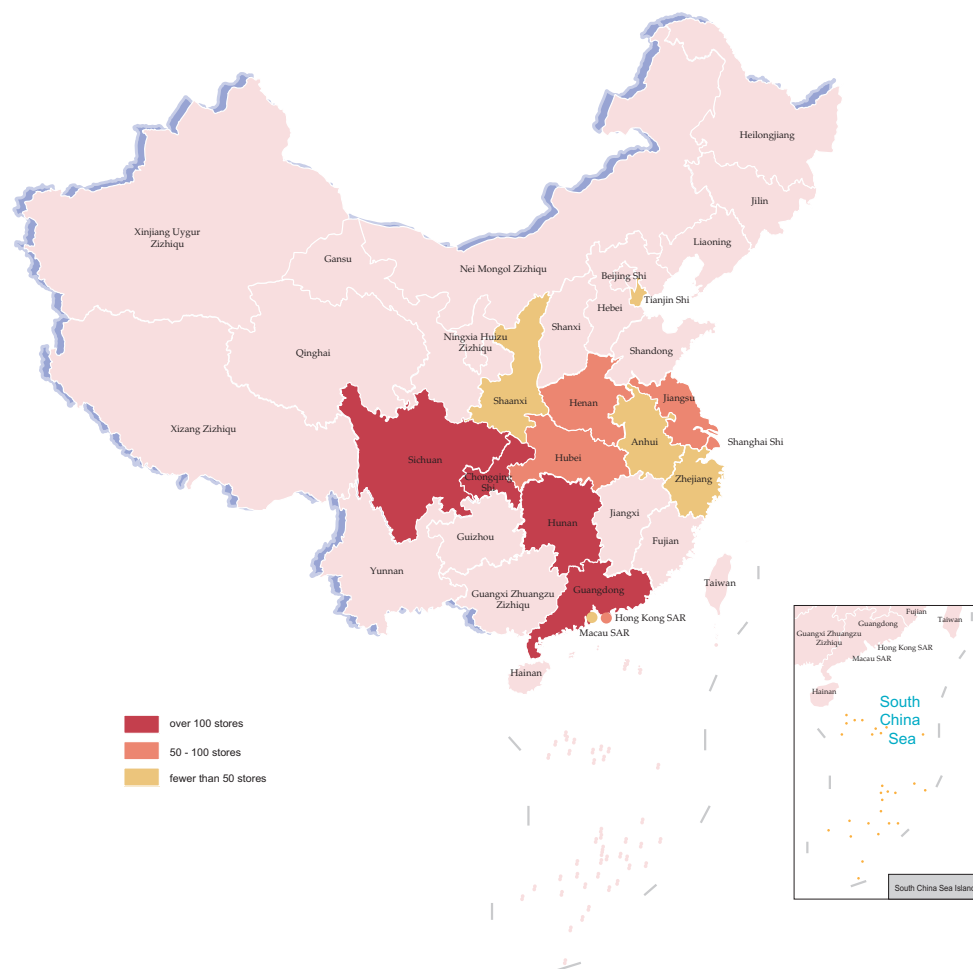
Notes:

- (1) Sales to franchisees mainly include (i) product sales, (ii) sales-based royalty fees, and (iii) franchise fees.
- (2) Others primarily include sales to certain non-franchisee customers.

Offline Sales Network

Since our inception in 2014, we have established an extensive store network spanning Chinese Mainland, Hong Kong and Macau, comprising franchise and self-operated stores. The product display in stores allows consumers to browse and select from the product assortment in person while enjoying a warm service that makes consumers feel cared for. The product assortment in store focuses on products of high consumption frequency. As of September 30, 2025, we had 2,898 franchise stores and 40 self-operated stores, all operated under the Qdama (錢大媽) brand. Our stores typically have a gross floor area of approximately 40 to 80 sq.m.

The following map illustrated our store network including both franchise and self-operated stores as of September 30, 2025:



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The following table sets forth the total number and movement of stores during the Track Record Period:

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
Number of stores at the beginning of the year/period	2,946	2,916	2,922
Number of new stores	335	354	219
Number of discontinued stores	365	348	203
Number of stores at the end of the year/period	2,916	2,922	2,938

Southern China refers to Guangdong province, which is our earliest and most developed region. Leveraging an established presence in Southern China as our benchmark, we strategically expanding coverage to regional markets such as Eastern China, Central China and Southwestern China to replicate our success. The following table sets forth the number of our stores by geographic region as of the dates indicated:

	As of December 31,				As of September 30,	
	2023		2024		2025	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Chinese Mainland						
Southern China	2,017	69.2	2,029	69.4	2,014	68.6
Other regions in Chinese Mainland	838	28.7	826	28.3	852	29.0
Subtotal	2,855	97.9	2,855	97.7	2,866	97.5
Hong Kong and Macau	61	2.1	67	2.3	72	2.5
Total	2,916	100.0	2,922	100.0	2,938	100.0

Looking ahead, we plan to continue to grow our presence by expanding our geographic coverage and deepening our market penetration in Southern China. We will also continue to penetrate into new geographic regions, gradually covering more county-level-and-above cities in China and open new stores outside Chinese Mainland such as Hong Kong, Macau.

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Store Location Selection and Anti-cannibalization

We believe that a good store location is highly visible and easily accessible to its target consumers. We select locations for our franchise and self-operated stores in highly populated residential areas or intersections with stable traffic through our intelligent location selection system based on geographic and industrial data to ensure an effective reach to consumers. As we increase the density of our store network, we place significant emphasis on preventing cannibalization among our existing and new stores. We manage and plan for new store openings, taking into account a number of factors including the population, economic conditions, market potential and existing store network of each city and region. We consider the distance between each store for location selection approval purposes to eliminate the risks of cannibalization in advance. Each of our franchisees is required to operate the franchise store in the designated approved location as specified under the relevant franchise agreement. Any store relocation shall be approved by us in advance. New store openings by existing franchisees and the location of the new franchise stores are also subject to our approval, based on the additional factors including the performance records of the franchisees and their store management capabilities, whether operating our franchise stores is their main business focus, as well as their enthusiasm, loyalty and commitment to our business philosophy and values.

To prevent cannibalization among our franchise stores, we implement a structured anti-cannibalization strategy. Our approach begins with rigorous market analysis and territory planning to ensure that each approved store location has sufficient demand and does not overlap with the trade area of existing stores. We maintain clear geographic boundaries and minimum distance requirements between outlets to protect franchisee profitability. Additionally, any new store application undergoes a thorough review of local demographics, sales potential, and the performance of nearby stores. We also monitor ongoing sales data and consumer traffic patterns to identify risks early and adjust expansion plans accordingly. These measures safeguard the integrity of our store network, promote healthy growth, and reinforce fairness and sustainability for all franchisees.

Store Format

Our stores typically have a gross floor area of approximately 40 to 80 sq.m. These stores are designed to serve as convenient neighborhood destinations to purchase fresh products for household kitchen and meal needs, offering a compact but efficient shopping experience. In addition, we are developing more diversified store formats to cater to varying consumer preferences, optimize space utilization, and expand our reach in different market segments.

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Store Features

Our offline stores generally adopt a uniform design to ensure a consistent shopping experience and bolster our brand image to consumers. Some of our stores may adopt more tailored decorations to suit their local surroundings. We believe that the physical space of the store should be sufficient to display our products effectively and accommodate the browsing by consumers comfortably. To emphasize our philosophy, each store prominently displays banners highlighting our “no overnight meat” commitment, using natural in-store visibility to reinforce our commitment to everyday freshness and strengthen brand identity.

The following image demonstrates our store front and interior displays:



Store front



Display of pork and meat products



Display of vegetable products



Display of chilled and processed food products, seafoods and poultries

Product display is a crucial aspect of our store design. An effective display captures consumers’ attention, making them more likely to enter the store and browse the product assortment. We believe that thoughtfully designed displays enhance the shopping experience, making it more enjoyable and convenient, thereby increasing consumer satisfaction and loyalty. In addition, by highlighting certain items, especially impulse buys or promotional products, displays can encourage purchases that consumers might not have otherwise considered. We encourage dynamic product displays which evolve based on sales data, consumer feedback and changing trends.

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In-store Payment Methods

Our stores typically accept cash payment and non-cash payment methods including WeChat Pay and Alipay. Payments made through these platforms are settled into our accounts under the fund clearing system, same as that for our Qdama WeChat Mini Program and App. Consumers in Hong Kong are also allowed to use Octopus cards for payment. As non-cash payments are becoming increasingly common, we have taken measures to keep risks related to cash management at a minimal level.

Our Self-Operated Stores

Our self-operated stores are established strategically to (i) promote our brand, and serve as operational benchmarks in newly established regions; (ii) function as experimental platforms for testing new business ventures, systems, and innovations in a controlled environment; and (iii) act as training hubs for store managers and staff, with successful trainees potentially transitioning to support franchise stores, enhancing their operational efficiency. As of December 31, 2023, 2024 and September 30, 2025, we had 81, 59 and 40 self-operated stores, respectively. In 2023, 2024 and the nine months ended September 30, 2025, our revenue from direct sales via self-operated stores amounted to RMB496.3 million, RMB505.3 million, and RMB289.4 million, respectively, representing 4.2%, 4.3%, and 3.5% of our total revenue for the same periods.

The following table sets forth the number and movements of self-operated stores during the Track Record Period:

	Year ended December 31,		Nine months ended
	2023	2024	September 30, 2025
Number of self-operated stores at the beginning of the year/period	74	81	59
Number of new self-operated stores	41	21	6
Number of self-operated stores converted to franchise stores	24	27	16
Number of discontinued self-operated stores	10	16	9
Number of self-operated stores at the end of the year/period	81	59	40

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During the Track Record Period, we continued to refine and optimize our store network to ensure operational efficiency. The number of our self-operated stores decreased from 81 as of December 31, 2023 to 59 as of December 31, 2024, and further to 40 as of September 30, 2025. In 2023, 2024 and the nine months ended September 30, 2025, the number of our self-operated stores that converted to franchise stores was 24, 27 and 16, respectively, which is part of our normal business practices. During the Track Record Period, we also discontinued certain self-operated store, primarily due to rental pressures, location adjustments and changes in local markets.

Our Franchisees and Franchise Stores

We operate our store network primarily through our franchisees. By leveraging their local resources and their understanding of the local communities in their respective regions, we aim to ensure that our products can better tailor the local consumers’ preferences. As of December 31, 2023, 2024 and September 30, 2025, we collaborated with 1,776, 1,717, and 1,754 franchisees, respectively. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from sales to franchisees amounted to RMB11,091.6 million, RMB11,140.4 million, RMB8,236.1 million and RMB7,954.7 million, respectively, accounting for 94.5%, 94.5%, 94.4%, 95.1% of our revenue for the same periods.

The following table sets forth the number and movements of franchisees during the Track Record Period:

	Year ended December 31,		Nine months ended
	2023	2024	September 30, 2025
Number of franchisees at the beginning of the year/period	1,966	1,776	1,717
Number of new franchisees	382	317	248
Number of discontinued franchisees	572	376	211
Number of franchisees at the end of the year/period	1,776	1,717	1,754

The number of franchisees decreased from 1,776 as of December 31, 2023 to 1,717 as of December 31, 2024, primarily due to the termination of certain underperforming franchisees. The number of franchisees subsequently increased from 1,717 as of December 31, 2024 to 1,754 as of September 30, 2025, primarily due to improved market sentiment and the launch of our targeted support programs in key regions in 2025, which attracted more quality franchisees.

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The following table sets forth the number and movements of franchise stores during the Track Record Period:

	Year ended December 31,		Nine months ended
	2023	2024	September 30, 2025
Number of franchise stores at the beginning of the year/period	2,872	2,835	2,863
Number of new franchise stores	294	333	213
Number of discontinued franchise stores	331	305	178
Number of franchise stores at the end of the year/period	2,835	2,863	2,898

We continuously expanded our franchise store network throughout the Track Record Period. The number of our franchise stores increased from 2,835 as of December 31, 2023 to 2,863 as of December 31, 2024, and further to 2,898 as of September 30, 2025, primarily driven by the continued execution of our franchise-led expansion strategy. Such expansion strategy is supported by enhanced product competitiveness, strengthened brand recognition and comprehensive operational support provided to franchisees. These initiatives improved store performance, which in turn attracted more quality franchisees and resulted in sustained network expansion. In 2023, 2024 and the nine months ended September 30, 2025, the number of discontinued franchise stores was 331, 305 and 178, respectively, primarily due to the termination of certain underperforming franchisees.

Franchisee Selection Process

We adopt a rigorous franchisee selection process, carefully evaluating prospective franchisees to identify capable applicants. Our selection criteria primarily include the franchisees’ industry experience, their understanding of the local market and their recognition of our brand values. Furthermore, in instances of store transfers, any prospective franchisee also undergo our comprehensive approval process to ensure continuity in quality standards and brand integrity.

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Our new franchisee onboarding process typically includes:

- *Initial inquiry/application.* Interested franchisee applicants can express their interest through our website or WeChat Mini Program to obtain more information about our franchise opportunities. We will then call them to discuss further details. Applicants can subsequently submit a formal application through our WeChat Mini Program, providing basic information, preferred store location, prior work experience (including store management and franchise experience), annual household income, and reasons for joining our franchise program. We also encourage applicants to contact us with any questions.
- *Preliminary screening.* Our dedicated franchisee management team conducts preliminary telephone interviews based on the information submitted by franchisee applicants, assessing factors such as past experience, fund and background. Successful candidates are placed into our pool of potential franchisee candidates and are typically invited for interviews shortly thereafter, allowing both parties to learn more about each other.
- *Location selection in preliminarily selected regions.* After the interview, we assist applicants in identifying suitable locations for their stores. We work closely with them, providing guidance and leveraging our proprietary database of potential locations.
- *Final review and entry into franchise agreement.* We conduct a further review based on the applicant's specific location selection. If the proposals are approved, we invite them to enter into a franchise agreement with us and formally become our franchisees.

Franchise Agreements

We enter into franchise agreements with our franchisees, which contain terms regarding the respective obligations of each party. Subject to our franchise agreements, our franchisees are only allowed to sell our products in the designated premises for franchise stores, and we are entitled to conduct periodical on-site inspections to ensure that they are in compliance with the requirements provided in the agreements. Franchisees must operate exclusively in locations specified by us and cannot relocate or open new stores without our consent. We determine inter-store distances based on market analysis and commercial considerations to avoid cannibalization. See "— Store Location Selection and Anti-cannibalization." In addition, franchisees are required to secure all necessary licenses and permits prior to store opening, and failure to commence operations within three months could lead to our unilateral termination of the agreement. We maintain system profiles for license verification and monitoring by our teams, while providing design plans and equipment lists to ensure brand uniformity, with associated costs borne by the franchisee.

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We provide comprehensive training and support in relation to store operations, including an operation manual, pre-opening sessions and consultations, and essential equipment. To ensure consistent management, we enforce strict standards requiring adherence to our operational model and manual, particularly our D&C Model and "no overnight meat" commitment for optimized food quality and safety, verified through regular inspections.

The salient terms of our franchise agreements are summarized as follows:

<i>Term</i>	Generally three to five years.
<i>Licensing</i>	We grant our franchisees the right to use certain of our intellectual properties such as our brand and trademarks during the term of franchising. Without our written consent, our franchisees are not allowed to use our trademarks outside their designated operating areas. The rights of our franchisees under the franchise agreement are not transferable and our franchisees are not allowed to authorize others to open sub-franchise stores.
<i>Scope of franchising</i>	Our franchisees are only allowed to sell our products within the designated geographic area. They are prohibited from displaying the selling products procured from other suppliers or outside their designated sales regions, unless they have obtained our prior consent.
<i>Franchise fees, royalty fees, deposits and other fees</i>	We typically charge a fixed one-time franchise fee when entering into the franchise agreements with our franchisees. We also charge royalty fees as a percentage of our franchisees' daily sales revenue from six months after store opening. We charge a deposit from our franchisees, which is refundable after the termination of the franchise agreement and subject to deduction arising from any breaches. In addition, we charge IT maintenance fees from our franchisees.
<i>Return or exchanges of products</i>	Our franchisees are responsible to inspect the products in a timely manner and report to us if they identify any defects or discrepancies in our products. Products are only allowed for product defects or discrepancies.

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Our franchisees are responsible for providing after-sales service to our consumers and shall bear the costs and expenses related thereto. We may indemnify our franchisees if product defects are attributable to us.

Sales targets and minimum purchase requirements

We generally do not set any sales target or minimum purchase amounts for our franchisees.

Pricing policies

The franchisee shall comply with our pricing guidance. Unreasonable pricing or any other actions that disrupt the market are strictly prohibited and shall be deemed a material breach of contract. In such circumstances, we reserve the right to terminate the agreement immediately.

Termination and renewal

The major termination events include expiration of contract without renewal, one party’s material breach of the franchise agreement and force majeure.

Franchisee Management

In order to manage our business expansion and ensure the consistency of the products and service quality, we implement comprehensive policies and procedures throughout the store network that primarily cover store operations, including ordering, management of food safety and quality control. Key areas include:

- *Routine inspections.* We oversee and manage the daily operations of the stores, including (i) the clearing of products, sourcing of products, pricing and funds, through video surveillance, and (ii) system verification of product wastage. We also conduct scheduled and ad hoc inspections. We ensure that the operations of all stores strictly uphold the D&C model.
- *Food safety and freshness management.* To ensure food safety and quality, franchisees must adhere to the standards outlined in our food safety handbook. This includes strict quality control of food, supplier evaluation, and thorough inspection of incoming products. We also conduct random on-site inspections of franchise stores to monitor compliance.
- *Pricing policy.* We provide recommended retail prices that stores must not exceed, which are set dynamically based on consumer transaction data to optimize sales efficiency and store-level profitability. While stores must follow our progressively increasing discounts after 19:00, they are permitted to conduct additional promotional activities and offer discounts as needed. See “— Pricing.”

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- *Performance evaluation.* We have implemented a comprehensive performance evaluation system for our stores, which takes into consideration, business performance and store operational standards. To support underperforming stores, we take measures to boost sales and are strategically enhancing our brand image through upgrades and renovations, particularly for stores that are underperforming or approaching lease expiration. Tailored assistance and strategies are developed to revitalize underperforming stores' operations.
- *Compliance monitoring.* Franchise stores are required to operate with valid business licenses and food permits, maintain rigorous hygiene, food safety and product quality standards, and uphold our brand image through standardized uniforms, store layouts and service protocols. They must strictly prohibit any fraudulent or non-compliant practices, including overnight sales, order brushing, and misrepresentation of products, and are required to fully comply with all operational and compliance requirements, such as confidentiality obligations and the "no overnight meat" commitment. Franchisees are expected to cooperate with our ongoing inspections, training and supervision to ensure consistent service quality and brand integrity across all stores.

Our Former Employees as Franchisees

As of September 30, 2025, to our best knowledge, none of our franchisees were our current employees, and certain of our franchisees were our former employees ("**Former Employee Franchisees**"), who were motivated to develop their personal business ventures by partnering with us through franchise arrangements. Such employees were not employed by us at the time they became our franchisees. We applied the same selection criteria and procedures when considering these Former Employee Franchisees. The franchise agreements that we entered into with these Former Employee Franchisees contained substantially the same terms and conditions that we offered to other third parties. According to CIC, it is not uncommon for franchise business models to have franchisees who were formerly employees of the Company. To our best knowledge, as of September 30, 2025, we had 86 Former Employee Franchisees, operating 134 stores, none of whom were connected persons of our Company ("**Connected Franchisees**"). The revenue contribution from our Former Employee Franchisees, individually or in aggregate, were immaterial, each accounting for less than 5% of our total revenue for each period during the Track Record Period.

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New Franchise Store Opening Process

It takes an average of approximately 40 days to open a new store after the signing of the franchise agreement. We place great importance on empowering our franchisees and the stores they operate. The process of opening a new franchise store mainly consists of the following key steps:

- *Location selection.* We use an intelligent location selection system based on geographic and industrial data to choose locations for the franchise stores in highly populated residential areas with stable traffic. We also determine the distance between new and existing stores based on market analysis and commercial considerations to avoid cannibalism.
- *Obtaining licenses and permits.* Franchisees are responsible for obtaining all the licenses and permits required for operating a franchise store.
- *Decoration.* We supervise the design and decoration of franchise stores to maintain a consistent style, including storefronts, interior decorations and in-store merchandise displays. We believe such standardization strengthens brand recognition, improves expansion efficiency and reduces the risk of unauthorized imitator stores. We conduct partial adjustments and upgrades to these stores annually or biannually, depending on their condition.
- *Training.* We value training for our franchisees and store staff, especially for newly opened stores. Our training aims to enhance service capabilities, industry understanding, working standards, and alignment with our values, particularly our commitment to everyday freshness and providing consumers with warm, heartfelt services. We emphasize delivering warm service, ensuring every interaction with consumers feels neighborly.
- *Financial support for new franchise stores.* At the initial stage of store opening, we offer franchisees operating new stores certain discounts for the first several months to reduce the time required to break even and help them achieve profitability more quickly, as our primary goals at that stage are market cultivation and rapid consumer acquisition.
- *Operation management and support.* We utilize our ERP system to enhance store management efficiency in daily operations. Franchisees place orders to the integrated distribution center via an automated ordering system, which directly forwards the orders to suppliers. This system streamlines store operations through procurement, processing, distribution, product classification, and quality control. It also effectively addresses inventory management issues commonly faced in the industry. Consequently, franchisees can concentrate on sales and maintaining positive relationships with consumers.

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Settlement with Franchisees in Chinese Mainland

With regards to settlement with franchisees, we receive payments from franchisees for both product sales and royalty and franchising service fees paid to us. Our settlement with franchisees primarily include (i) daily settlement system, and (ii) settlement arrangements with prepaid cards. Settlement between our franchisees and our Company are processed on a daily basis. In 2023, 2024 and the nine months ended September 30, 2025, approximately 99.6%, 100% and 100% of the franchise stores participated in the third-party fund clearing system for settlement on the next day after the payment. For the remaining payments were in cash, we settle with the franchise stores on the next day of the payment. Through the third-party fund clearing system, for each sale, the costs of inventories sold and other fees payable to us, including the royalty fees, are automatically allocated to us, with the remaining to the franchisees. As we adopt the D&C Model, we are able to monitor the daily sales revenue and perform daily fund clearing. This daily settlement system also allows franchisees to calculate daily profits, strengthens our management of franchisees, and reduces our administrative expenses.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material incident of cash misappropriation or embezzlement.

Settlement Arrangements for Membership System

When consumers top up credits in their membership accounts, such amount is deposited into a designated escrow account which we maintain for our franchisees. The amount is recognized as receipt on behalf of franchisees for use of credits in their membership accounts under other payables and accruals. See “Financial Information — Discussion of Key Items of Consolidated Statements of Financial Position — Accruals and Other Payables (Non-current).” When the credit amount is used to pay for purchases, our POS system will make real-time record for the purchase and payment amount.

We issue the membership and manage such prepaid amounts under the settlement arrangements with our franchisees. We are able to monitor such top-ups by members and transfers to the escrow accounts on a daily basis. For orders fulfilled by franchise stores, we currently arrange T+1 settlement of payables to the relevant franchisee according to the records in our POS system. Remaining value in member’s accounts represented the prepaid but not yet consumed amounts, which will never expire or be forfeited and is refundable upon application by consumers and our approval. We did not record any breakage revenue or forfeited income during the Track Record Period. We have completed the requisite filing procedure with respect to providing such prepaid account service with the relevant government authorities. See “Regulatory Overview — Regulations Relating to Single-purpose Commercial Prepaid Cards.”

Settlement with Franchisees in Hong Kong and Macau

We settle with franchisees in Hong Kong and Macau primarily by collecting payments for product sales, as well as fees payable under the franchise agreement. The transaction records are reconciled through our daily settlement system. Based on the daily account reconciliation results, franchisees then transfer any outstanding amounts to our

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designated bank account by bank transfer. We request franchisees in Hong Kong and Macau to provide a security deposit, typically from HKD120,000 to HKD200,000. If a franchisee’s outstanding balance exceeds our prescribed limit, or if payment is overdue for more than three days, we would lock the ordering system to mitigate credit risk and reduce the likelihood of bad debts.

Online Sales Channels

To capture opportunities presented by the rapidly growing e-commerce industry in China, meet consumer demand for more convenient shopping experience and expand into more product categories, complementing the existing product range in our offline stores, we have established online sales channels, which include (i) our Qdama WeChat Mini Program and App, and (ii) partnering with third-party food delivery platforms, such as Meituan (美團), Taobao Flash Shopping (淘寶閃購) and JD-Daojia (京東到家). Such online sales are recorded as sales revenue of the stores which processed and delivered the orders. Our online channels complement these stores by offering convenient ordering and pickup options to create a convenient shopping experience for consumers.

Our online channels offer a wider range of SPUs with the next-day delivery option, in addition to the products available in our offline stores. We promote our products online through WeChat Mini Program, private domain traffic ecosystem and television advertisements. For key events, we also employ targeted promotions via text messaging. We plan to continue upgrading our online sales channels to better complement our stores. By leveraging the broader shelf capacity of our online channels, we aim to further expand our product offerings and provide consumers with a wider selection.

Qdama WeChat Mini Program and App

We operate Qdama WeChat Mini Program and App and, providing consumers with flexible and convenient ways to browse products and place orders. These platforms automatically recommend the nearest store based on the consumer’s location. Consumers can choose to pick up orders in person or request instant or next-day delivery, which is handled by third-party logistics providers. Most orders are fulfilled by the designated franchise stores in the consumer’s selected location.

Consumers can browse and shop online via our Qdama WeChat Mini Program, App and third-party food delivery platforms. They generally receive products within an hour, depending on the specific distance. To offer a broader range of products, including items not typically available in our stores, we introduced next-day delivery. Consumers may also place orders for these products through our Qdama WeChat Mini Program and App with options for store pick-up.

Consumers are able to make online payments using various methods, including third-party online payment service providers such as WeChat Pay and Alipay. Payments through the third-party food delivery platforms are transferred to our bank account with the third-party fund clearing system and are cleared at the end of the day. Consumers can use prepaid cards or gift card on our Qdama WeChat Mini Program. See “— Branding and Marketing — Membership Program and WeChat Group Engagement.”

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We continue to develop and optimize these platforms to provide our consumers with differentiated and suitable products, catering for consumers’ buying habits, and increasing our stores’ consumer traffic and sales revenue.

Third-party Food Delivery Platforms

We collaborate with third-party food delivery platforms, such as Meituan (美團), Taobao Flash Shopping (淘寶閃購) and JD-Daojia (京東到家), where consumers place orders with one of our stores on such platforms, and their orders will be fulfilled by the store and delivered to the consumers by logistics arranged by the relevant platforms. Payments by consumers are also processed by the relevant third-party food delivery platform. When such orders are fulfilled by franchise stores, consumers’ payments through the third-party food delivery platforms are first settled between the third-party food delivery platforms and us. We then deposit the corresponding amounts into our bank account under the third-party fund clearing system and settle with the franchisees. Consumers may not pay by prepaid card or gift card on such platforms.

We communicate and manage the relationships with these third-party food delivery platforms on an ongoing basis. Orders placed by consumers on these platforms are recorded in our store-level POS system. We pay commission fees to third-party food delivery platforms, which typically include a fixed base fee and variable fees based on delivery distance and/or sales revenue. When an order is placed, the platform collects payment from the consumer and, after deducting the applicable commission fees, remits the proceeds to our designated bank account within one to five days after the products are delivered. We may advance funds to franchisees before receiving remittances from the platforms and subsequently reconcile against the platform settlement statements.

Anti-cannibalization Measures Between Online and Offline Channels

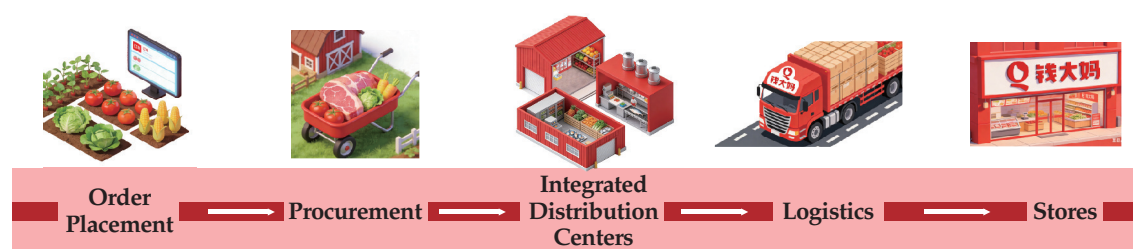
We place great importance on preventing cannibalization between our offline store network and online channels, and have adopted comprehensive measures to ensure that the two channels operate in a complementary manner. We differentiate our product offerings by differentiating items sold via online channels, such as packaged products and chilled products that are generally not available in our offline stores. For overlapping categories, our product assortments on online channels offer the products in larger packaging sizes to meet stock-up needs. We also provide premium or distinctive products online. For example, our online channel offers specialty products, such as Venus apples, while offline stores typically carry apples of standard varieties. We also separate our promotional mechanisms to reduce overlap between channels. Online coupons may only be redeemed through online platforms such as our Qdama WeChat Mini Program, whereas offline coupons are limited to in-store use. These measures help maintain clear positioning for each channel, minimize cross-channel substitution and support the sustained development of both online and offline sales.

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SUPPLY CHAIN INFRASTRUCTURE

During the Track Record Period, we primarily procured products in Chinese Mainland from farming bases and qualified suppliers, complemented by customized, order-based arrangements for selected agricultural and processed products. We developed comprehensive protocols and policies to manage all stages of our supply chain, from sourcing, to sorting and processing and then logistics to stores, providing franchisees and consumers with fresh products in a cost-effective manner.

The flowchart below demonstrates our supply chain management process, encompassing key stages from order placement by store staff through procurement, to integrated distribution centers, and delivery to stores.



Our Procurement

We have developed a comprehensive procurement strategy tailored to uphold our commitment to everyday freshness, product quality and price competitiveness, while navigating diverse regional markets and supply chain complexities. By integrating advanced sourcing methods with strategic upstream partnerships, we optimize operations for efficient product delivery, cost control and adaptability to consumer preferences, strengthening our competitive edge in the fresh product retail sector.

Procurement Approach

We implement a dynamic procurement approach comprising (i) sourcing from farming bases, (ii) supplier procurement, and (iii) order-based farming. This approach allows us to ensure quality consistency, operational efficiency, and cost competitiveness while catering to diversified consumer demand across different regions in Chinese Mainland, Hong Kong and Macau markets.

Procurement of Meat and Poultry Products

We mainly procure carcasses, pork cuts and other meat and poultry products from suppliers. We also directly source hogs from hog farms for slaughtering and sales. Based on consumers’ evolving trends and preferences, we further process carcasses into various cuts, including belly, ribs, tenderloin, collar meat, trotters and blade bone. In order to maximize the utilization of the whole carcass, we also process and sell pork by-products, which mainly include pig feet, chitterlings, pig hearts, pig kidneys, pig ears and pig tripe.

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Procurement of Vegetables, Fruits and Seafood

We primarily procure vegetables, fruits and seafood directly from farming bases. This strategy mainly targets such products of high consumption pattern and stable nationwide demand, which can be standardized for sales throughout our store network. This farm-based sourcing model reduces layers in the supply chain, stabilizes costs, and secures a steady supply of high-quality products, establishing a strong foundation for our commitment to everyday freshness.

We also collaborate with our panel of qualified suppliers and wholesalers within specific regions to purchase vegetables, fruits and seafood that (i) are unsuitable for nationwide direct sourcing due to their regional production characteristics, (ii) have low logistics cost efficiency if sourced directly from the farming bases, or (iii) are sold differently across regions because of local dietary preferences. We have established long-term partnerships with leading suppliers, to ensure favorable terms and ensure stable supply.

For procurement of certain selected vegetables, we also engage in customized and order-based production with selected upstream partners and farming bases. Under these arrangements, farming base operators produce according to our specifications, including product variety, quality standards and delivery requirements. For instance, we conducted order-based planting for corns during the Track Record Period.

Procurement of Other Products

For products under other product categories, we mainly procure from our panel of qualified suppliers.

From time to time, we collaborate with our suppliers to co-develop new products that are tailored to our sales strategies throughout our store network based on consumer insights and market demand. For example, we worked with our suppliers to develop the chopped chili fish head (“剁椒魚頭”) dish. Following market research, we selected reservoir-sourced silver carp, typically weighing 1.5–2.0 kg, as the primary ingredient. We also partnered with a professional seasoning supplier to develop the chopped-chili sauce. After multiple rounds of tastings, recipe adjustments and evaluations, we finalized the recipe and flavor profile with a tender texture and pronounced flavor. Our chopped chili fish head is offered in packaging that is designed for convenient meal preparation.

Procurement Process

Store staff are required to submit all orders by 19:00 each day (T day) on our Digital Operation Platform. The procurement team then procures the required products through (i) sourcing from farming bases, (ii) supplier procurement, and (iii) order-based farming according to the product category. Suppliers generally deliver the procured products to our integrated distribution centers by no later than 18:00 the following day (T+1 day). Commencing at 14:00 on T+1 day, our integrated distribution centers begin processing the deliveries, refining the items into directly sellable form in accordance with our product standards and removing any damaged parts, a process that continues until 23:00 on T+1

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day. After sorting, the products are generally loaded onto our cold-chain delivery vehicles to be delivered to our stores by 5:30 the next morning (T+2 day) in optimal condition. Our products are generally delivered to store and put on the shelves within 24 hours after we received them from our suppliers. Our key products, such as the pork products, are transported through an independent supply chain and reach our stores from the slaughterhouses in six to eight hours. Our inventory turnover days were 1.4 days, 1.2 days and 1.3 days in 2023, 2024 and in the nine months ended September 30, 2025, respectively.

Apart from procurement by store order, we utilize our data collected and analyzed through our digitalized system to forecast consumer demand, inventory requirements, and expenses. By analyzing future demand for specific products, we can place orders in advance with our suppliers, ensuring an adequate supply for our daily operations.

See “— Pricing — Procurement Pricing.”

Processing and Logistics Management

We have established a sophisticated network of integrated distribution centers and logistics operations designed to maintain an efficient flow of fresh products from suppliers to our stores, upholding our “no overnight meat” commitment while optimizing operational efficiency and cost-effectiveness. By focusing on efficient sorting, primary processing, and advanced digital monitoring, this infrastructure accelerates product movement through each step, preserves product quality, and supports timely deliveries across our store network, thereby enhancing operational resilience and consumer satisfaction in the competitive fresh product market.

Our Integrated Distribution Centers with Sorting and Processing Capabilities

As of the Latest Practicable Date, we operated 16 integrated distribution centers across China. Our integrated distribution centers primarily serve as hubs for sorting, processing and distribution. Except for centrally procured products and products we store on behalf of suppliers from time to time, products typically remain at our integrated distribution centers only for a short period before being distributed to our stores. The vast majority of our fresh products have an integrated distribution center turnover time of no more than 12 hours and are sold in stores with the same day, which is more efficient than the industry average of two to four days, according to CIC. We conduct sorting and processing activities at these facilities, including preliminary processing of certain vegetables, slaughtering and portioning of certain freshwater aquaculture seafood and poultry products, slicing of beef products, and packaging of our meat products. All products are sorted and consolidated within our facilities and then delivered to our stores through our efficient cold-chain logistics.

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We process the products in controlled environments, leveraging temperature and humidity-controlled facilities for brief handling periods. Our integrated distribution centers are equipped with essential lighting and ventilation and operated according to product-specific requirements. We have established stringent protocols for product unloading, recording, labeling and hygiene checks. Our staff monitor each shipment and conditions to ensure efficiency. To ensure timely delivery of our products to stores, we have been continuously refining the operational processes for our integrated distribution centers.

Our network of integrated distribution centers is strategically established in regions with dense operations, including Southern China. We plan the locations of our integrated distribution centers considering factors including the number and the location of our stores within a region. Our integrated distribution centers typically serve a radius of approximately 100 km to 200 km. For example, our integrated distribution center in Changsha serves as a regional hub supporting approximately 200 stores and also covers nearby cities such as Zhuzhou and Xiangtan.

The following map illustrates the service coverage of our integrated distribution center in Changsha:



Our digitization system allows our integrated distribution centers to cover 100% of the stores, ensuring the delivery time to be fulfilled generally within four to five hours. We categorize integrated distribution centers into different regions based on the location of stores. In selecting the ideal integrated distribution center within each radius, we consider factors such as delivery capabilities, labor and resource allocation to enhance delivery efficiency.

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Our Logistics

We are responsible for the logistics from integrated distribution centers to the stores. Products that have been processed, are delivered to stores through our efficient cold-chain logistics network. We developed and implemented stringent safety policies and requirements during the transportation of the products to ensure timely delivery to our stores, which is typically before 5:30 of each day, and keep the products fresh. As of September 30, 2025, we have achieved 100% cold-chain coverage from our integrated distribution centers to our stores. We provide optimized routes and outsource the delivery service to the logistics service suppliers, who are responsible for the arrangement of vehicles and drivers and the delivery services. As of September 30, 2025, we cooperated with over 120 logistics partners, arranging an average of over 800 cold-chain vehicles everyday for delivery of products to our stores.

We require such suppliers to manage the vehicles and drivers according to our requirements. We also provide our delivery partners with optimized route planning support and resources to ensure the quality of the delivery services. We impose strict requirements on the temperature and humidity during the delivery, and carefully package our products to ensure that our products are delivered under optimal environment for transmission. We meticulously oversee the performance of the logistics suppliers and utilize our digitalized system to ensure the timeliness of delivery to the stores.

We have implemented a digitized system for our warehousing and logistics management, offering tailored solutions to meet our fulfillment needs. Our inbound receiving process is coordinated through an online scheduling system that aligns suppliers' delivery plans with our real-time warehouse capacity, helping prevent congestion and ensuring smooth receiving operations. Inside the integrated distribution centers, key activities such as receiving, shelving, picking and cross-docking are captured through barcode scanning and then converted into real-time data, supported by digital dashboards that provide operational visibility. Product quality is strengthened through sensors that monitor temperature and humidity throughout sorting and handling, ensuring products are managed within the appropriate range. Our cold-chain transportation is also fully digitalized through our TMS system, allowing us to track vehicle temperatures and delivery routes in real time, enabling optimization of refrigeration settings and improved energy efficiency. Our TMS system integrates order volumes, inventory level and vehicle capacity to automatically generate efficient delivery routes, and can adjust dynamically for urgent orders or unexpected disruptions. These digital systems enhance logistics accuracy, reduce operational risks and support timely delivery to our stores.

The delivery of consumers' online orders is arranged and fulfilled by our stores, which independently engage third-party logistics providers to deliver products from the stores to consumers' addresses. For the next-day deliveries, we deliver the products to the stores for subsequent fulfillment of orders to the consumers.

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PRODUCTION OF PROCESSED FOOD

We possess our insights into consumers' needs, which empower us to develop a comprehensive product portfolio around the whole hog carcass. We are gradually establishing production capabilities of processed food as of the Latest Practicable Date. As a strategic shift towards maximizing value of a whole hog carcass, we plan to allocate more popular cuts to stores for sales and convert certain slower-moving pork cuts into minced meat for processed products such as buns and dumplings. This approach is expected to reduce wastage in stores and enhance the inventory turnover of slower-moving pork cuts. By capturing market opportunities for processed products, we can enhance the price competitiveness of fresh pork for franchisees and consumers.

OUR SUPPLIERS

We procure our food products from domestic and overseas suppliers. We maintain a panel of qualified suppliers of pork products, vegetables, meat, poultry and eggs, fruits, seafood as well as chilled and processed foods with coverage across regions. We believe that our stable relationship with suppliers builds a strong foundation for our robust supply chain and high-quality products. As of September 30, 2025, we partnered with more than 800 reputable suppliers. In addition, we have proactively established long term business relationships with reputable suppliers to stay resilient amid potential raw material price fluctuations and ensure the stability of our supply chain in procuring quality products across our product categories.

Supplier Selection and Management

Before engaging a new supplier, our procurement team pre-screens the supplier based on their certificates and qualifications, production capacity, quality control systems, sources of raw materials, production volume, existing customer profile, reliability and market reputation. We maintain a consistent evaluation of our suppliers through periodic inspections, assessments and on-site visits. If a supplier fails to meet our standards and unable to rectify, we discontinue our engagement with them. To ensure our food safety and quality, we inspect the products when we receive from our suppliers. We have established inspection procedures for incoming food products, which include checks on vehicle hygiene, inventory records, relevant product certifications, temperature, labeling, appearance, packaging, and other quality indicators. Any products that fail to meet our requirements are returned to the supplier.

We also continually evaluate our existing suppliers. If a supplier fails to meet our assessment standards or engages in disqualifying activities, including, among others, violation of national laws and regulations, involvement in food safety crises, fraudulent or dishonest practices, and corrupt practices such as bribing our employees, we will terminate our relationship with such supplier.

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The salient terms of our framework agreements with our suppliers are summarized as follows:

<i>Term</i>	Generally one year.
<i>Product specifications</i>	Our agreement typically sets forth the specific requirements that we have with respect to the products, including basic product information, licenses, expiration date, packaging and product labels, as well as product quality and safety. We require the products to satisfy all relevant national and industry standards laid out in the agreement. We typically reserve the right to conduct random quality inspections on the products.
<i>Pricing</i>	The supplier agrees that, in comparison to other channels or third parties, there shall be no price discrimination, quota restrictions or resale price control towards us. Otherwise, we reserve the right to demand a refund of the price difference and to seek compensation for the actual losses incurred.
<i>Delivery</i>	The supplier is responsible for the delivery of the products to our designated location.
<i>System requirement</i>	All transactions shall be completed in our SRM system.
<i>Settlement</i>	We typically have a fixed settlement cycle of 15-45 days with the supplier, which may vary depending on product type.
<i>Liabilities</i>	Should the supplier identify any risks associated with the products they provide, or should we discover such issues during the sales process that are not attributable to us, our employees, affiliates, customers or consumers, resulting in complaints, administrative investigations, or any third-party claims, the supplier shall be liable for all resulting compensation, losses, fines, expenses, visible damages, reputational harm and anticipated losses incurred.

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Major Suppliers

Our suppliers mainly include suppliers for food products and logistic services. Purchases from our five largest suppliers in each period during the Track Record Period amounted to RMB1,043.8 million, RMB1,139.4 million and RMB899.4 million, respectively, representing 14.4%, 11.1% and 8.8% of our total purchases for the same periods. Among our five largest suppliers, we procure pork products from Zhaozhao Fresh. See “Connected Transactions — Non-Exempt Continuing Connected Transactions — 2. Procurement of Pock Products.” In addition, purchases from our largest supplier in each period during the Track Record Period amounted to RMB256.9 million, RMB303.6 million and RMB246.3 million, respectively, representing 3.5%, 3.0% and 2.4% of our total purchases for the same periods.

To the knowledge of our Directors, save as disclosed, none of our Directors and their respective Associates or any Shareholders holding more than 5% of our issued share capital has any interests in any of our five largest suppliers as of Latest Practicable Date.

BRANDING AND MARKETING

During the Track Record Period, our products are sold primarily in Chinese Mainland, Hong Kong and Macau. We have established a sales team who formulates our marketing strategies and proactively explores market opportunities. As of September 30, 2025, our branding and marketing team consisted of 87 dedicated personnel.

Based on our extensive store network and offering of products that are fresh and value-for-money, we enjoy strong brand recognition in the regions where we already have a significant presence and can continually attract new consumers through organic word-of-mouth referrals and targeted marketing activities. We have initiated and will continue to initiate more marketing programs to retain and attract more consumers. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our advertising and promotion expenses amounted to RMB25.0 million, RMB20.7 million, RMB14.5 million and RMB10.4 million, respectively, representing 0.2%, 0.2%, 0.2% and 0.1% of our total revenue of the same periods.

We have developed a multifaceted marketing strategy aimed at expanding our brand visibility, attracting new consumers, and fostering loyalty among existing ones, thereby driving sustainable revenue growth and enhancing our competitive position in the fresh product retail sector. Our initiatives are categorized into general marketing activities for broad audience reach and member-targeted marketing activities to deepen consumer engagement and retention.

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General Marketing Activities

Our general marketing efforts are designed to maximize brand exposure and stimulate consumer demand through diverse channels and targeted campaigns. Our general marketing initiatives are set forth as follows:

Seasonal and Festive Campaigns

Our marketing activities are conceptualized based on seasonal and festive occasions to capitalize on shifting consumer preferences and cultural occasions. We offer curated product bundles and gift sets for major holidays, such as Chinese New Year and Mid-Autumn Festival, tailored to resonate with traditional gifting customs. We also conduct brand anniversary celebrations with promotions for franchisees.



Live Streaming

A cornerstone of this approach is our live streaming commerce, which delivers immersive, real-time shopping experiences showcasing product freshness and quality, often through live demonstrations of preparation. These sessions incorporate exclusive promotions, such as time-limited discounts and digital coupons, to encourage immediate purchases and boost conversion rates, ultimately driving incremental sales and enhancing interactions with consumers in a digital-first environment.

Strategic Cross-brand Collaborations

We also broaden our reach via strategic collaborations with prominent institutions, including leading banks and public transport operators, to leverage their established networks for mutual benefit. Partnerships with financial institutions provide card-linked benefits, such as instant discounts on payments, thereby increasing transaction volumes

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and integrating our brand into consumers’ everyday activities. Partnerships with metro operators enable targeted advertising in high-traffic areas, transforming commuter spaces into effective platforms for brand engagement and consumer acquisition, which efficiently converts passive exposure into active store visits.

Member-targeted Marketing Activities

Our member-targeted marketing focuses on building an engaged community through personalized interactions and exclusive programs, leveraging our extensive store network for localized impact.

Membership Program and WeChat Group Engagement

Central to our member-targeted marketing initiatives is our WeChat group engagement with consumers, where store staff maintain dedicated groups with the residents of the communities that they are based in. These groups are managed by store staff and supported by content that is produced by our store operations and franchisee management team in headquarters. These groups serve as key channels for sharing daily promotions, product updates, and practical tips, while enabling services such as product reservations to reinforce our commitment to everyday freshness and foster neighborly ties, resulting in higher member retention and word-of-mouth advocacy.

As of September 30, 2025, the cumulative number of our registered members reached over 28.0 million.

Offline Engagement Events

To cultivate deeper engagements with consumers, we organize regular offline events, including tours of the farms and our integrated distribution centers, allowing key members to observe our supply chain and build confidence in our quality standards, which reinforces transparency and brand credibility. New product tasting sessions gather valuable feedback for innovation, while children cooking competitions and family events boost brand affinity, increase foot traffic, and position us as a supporter of healthy home cooking, ultimately translating into enhanced brand loyalty and community-driven growth.

OUR CUSTOMERS

We sell our products primarily to franchisees and consumers in Chinese Mainland, Hong Kong and Macau. During the Track Record Period, our customers primarily comprised (i) franchisees and (ii) consumers who purchased products directly in our self-operated stores. Revenue generated from our five largest customers in each period during the Track Record Period amounted to RMB303.6 million, RMB352.1 million and RMB261.8 million, respectively, amounting to 2.7%, 3.1% and 3.2% of our total revenue for the same periods. Revenue generated from our largest customer in each period during the Track Record Period amounted to RMB115.0 million, RMB106.4 million and RMB60.2 million, respectively, amounting to 1.0%, 0.9% and 0.7% of our total revenue for the same periods.

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None of our Directors, their respective associates, or any of our shareholders (who, to the knowledge of our Directors, owned or have owned more than 5% of our issued share capital) had any interest in any of our five largest customers during each year/period of the Track Record Period.

OUR DIGITALIZATION

Digital transformation forms the backbone of our operations and supports the rapid expansion in business scale. Since establishing our information technology function in 2015, we have developed in-house digital capabilities that cover the entire business chain, from consumer engagement to supply-chain management and store operations, which significantly enhance our operational efficiency, data visibility and decision-making precision. As of September 30, 2025, our IT team consisted of 213 dedicated personnel. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development expenses amounted to RMB19.5 million, RMB16.4 million, RMB12.8 million and RMB8.7 million, respectively.

Digitalized Supply-Chain Management and Inventory Control

Our digitalized supply-chain system provides end-to-end coordination across procurement, production, warehousing, processing and logistics. With real-time monitoring of supply-and-demand dynamics from suppliers to stores, we ensure timely replenishment and inventory optimization while enhancing operational efficiency and reducing costs.

Our supply-chain technology infrastructure include supplier relationship management (SRM) system, which supports sourcing, contracting, order execution and supplier performance monitoring; (ii) a enterprise resource planning (ERP) system, which integrates procurement, operations, sales, finance and human resources data to facilitate cross-team coordination; (iii) warehousing management system (WMS), which supports digital operations in receiving, sorting, packaging and scheduling while providing real-time progress tracking and efficiency analysis; and (iv) transportation management system (TMS), which plans transportation routes, monitors temperature and logistics performance through temperature control sensors, and ensures on-time, cost-efficient delivery.

As of September 30, 2025, we operated 16 integrated distribution centers nationwide with an aggregate area of 125,348 square meters. These integrated distribution centers combine sorting, processing and distribution functions, supporting delivery to our stores across China. Real-time monitoring and digital scheduling capabilities enhance both operational efficiency and cost control throughout the distribution process.

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Digitalized Store Operations and Franchise Empowerment

Our Digital Operation Platform connects headquarters directly with all franchise stores, integrating ordering, sales, store-level inventory and pricing data. The platform provides daily forecasts and recommendations on order placement based on historical sales, consumer traffic and product attributes, with approximately 80% of store orders following system-generated suggestions. Through this digital infrastructure, we empower franchisees by streamlining order placement process and developing marketing strategies through data-driven insights while enabling headquarters to monitor real-time performance, ensure operational compliance, and continuously refine product selection and pricing strategies based on aggregated data insights.

Digitalized Consumer Engagement and Marketing Tools

We operate a multichannel digital marketing and sales network centering on our Qdama WeChat Mini Program, store-based community groups, and cooperation with third-party food delivery platforms, such as Meituan (美團), Taobao Flash Shopping (淘寶閃購) and JD-Daojia (京東到家). This network connects our offline stores with online channels, achieving integrated consumer engagement across multiple touchpoints and strengthening brand loyalty. Through our membership system and digital data analytics, we collect and analyze transaction data to understand purchasing behaviors and consumption patterns. These insights enable us to refine product selection, pricing and promotional strategies, thereby improving marketing effectiveness and enhancing overall consumer satisfaction.

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

THIRD-PARTY PAYMENT ARRANGEMENTS

Background and Implications of Third-Party Payment Arrangements

Historically, some of our franchisees (individually or collectively, the “**Relevant Customer(s)**”) settled their payments with us through accounts of third-party payors designated by these Relevant Customers at their requests in Chinese Mainland and Hong Kong (the “**Third-Party Payment Arrangement(s)**”). During the Track Record Period, third-party payors designated by the Relevant Customers primarily included their relatives, business partners and the store managers of the Relevant Customers. Since January 2024, we have ceased all the Third-Party Payment Arrangements. Our Directors have confirmed that none of the third-party payors designated by the Relevant Customers during the Track Record Period is a connected person of our Group and such designated third-party payors are independent from any of our Group’s Directors, senior management and Shareholders. For additional information, see also “Risk Factors — Risks Relating to Our Business and Industry — We are subject to certain risks relating to third-party settlements and payment processing-related risks.”

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Our Directors confirms that, during the Track Record Period and up to the Latest Practicable Date, (i) we did not proactively initiate Third-Party Payment Arrangement or participate in any other forms in any of such arrangements; (ii) we did not provide any discount, commission, rebate or other benefit to any of the Relevant Customers to facilitate or incentivize Third-Party Payment Arrangements; and (iii) the pricing and payment terms of the agreements between us and the Relevant Customers were in line with franchisees not involved in the Third-Party Payment Arrangements.

In 2023, 2024 and the nine months ended September 30, 2025, a total number of 336, nil and nil Relevant Customers adopted the Third-Party Payment Arrangements to settle payments with us, respectively. During the same periods, the aggregate amount of payments from their designated third-party payors was RMB33.7 million, nil and nil, respectively, representing approximately 0.3%, nil and nil of our total revenue of the same periods. Throughout the Track Record Period, no individual Relevant Customer made material contribution to our revenue.

To our Directors' best knowledge, the Relevant Customers requested to utilize the Third-Party Payment Arrangements to settle payments with us for convenience and flexibility. According to CIC, it is not uncommon for franchisees to use third-party payors to settle corporate transactions, including but not limited to their relatives, employees, business partners and friends, due to convenience and flexibility. We engaged in communication with the Relevant Customers and have been obtained confirmations from a majority of these Relevant Customers, affirming that, (i) all settlements with our Group were backed by genuine transactions; (ii) settlement amounts were consistent with the relevant transaction amounts; (iii) the funds used for the settlements originated from legitimate sources; (iv) there were no instances of commercial bribery, money laundering, tax evasion, or existing or potential disputes with our Group related to the Third-Party Payment Arrangements; (v) each of the Relevant Customers and their designated third-party payors has neither claimed nor will claim any interests regarding payments made to our Group through the Third-Party Payment Arrangements; and (vi) we are not bound by any agreement of rights and obligations relating to the Third-Party Payment Arrangements between the Relevant Customers and their designated third-party payors, and any associated risks are to be borne by the Relevant Customers and their designated third-party payors, not us.

As advised by our PRC Legal Advisor, in light of the above, (i) our Third-Party Payment Arrangements during the Track Record Period and as of the Latest Practicable Date in China were not in breach or contravention of mandatory requirements of applicable laws or regulations in China; (ii) as to the Relevant Customers and their designated third-party payors in China who provided duly executed confirmation letters, the risks were low for our Group to be found obligated to return funds to Relevant Customers or their designated third-party payors under the Third-Party Payment Arrangements.

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In addition, our Directors are of the view that, (i) settlements under the Third-Party Payment Arrangements were supported by genuine underlying transactions, and we had no intention or incentive to disguise or conceal the source or nature of the payments received, (ii) we have obtained confirmations from the Relevant Customers confirming, among other things, the legitimacy of the funds used for settlement and that no money laundering was involved, (iii) the financial institutions that processed settlements under the Third-Party Payment Arrangements are required to conduct anti-money laundering checks on their clients in accordance with the PRC Anti-Money Laundering Law (《中華人民共和國反洗錢法》), which significantly mitigates money-laundering-related risks, and (iv) during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any penalties, sanctions or investigations relating to money laundering in connection with the Third-Party Payment Arrangements. As such, our Directors are of the view, that the risk of the Third-Party Arrangements in China being deemed as constituting the crime of money laundering under Article 191 of the Criminal Law of the PRC (《中華人民共和國刑法》) for the purpose of covering up or concealing the source and nature of proceeds or gains is low.

Furthermore, as advised by our legal advisors as to Hong Kong laws, given that the Relevant Customers and the third-party payors in Hong Kong voluntarily entered into the Third-Party Payment Arrangements, such arrangements would be deemed valid and enforceable by Hong Kong courts under the relevant Hong Kong laws and regulations. As such, our Directors are of the view, and our legal advisors as to Hong Kong laws concur, that we are unlikely to receive any claims for repayment relating to the Third-Party Payment Arrangements from the third-party payors.

Cessation of Third-Party Payment Arrangements and Enhanced Internal Control Measures

We had ceased all Third-Party Payment Arrangements since January 2024. In addition, we have adopted enhanced internal control measures to mitigate associated risks and prevent the recurrence of such arrangements. Specifically, franchisees registered in our Qianmeng system are required to register in the system and bind a designated bank account when they open a store. Such account is the designated account for subsequent payment and settlement with us and is included on our whitelist of franchisee accounts. Where a franchisee needs to settle any shortfall in amounts payable for goods, payment must be made through the same franchisee account. Once an account is linked in the Qianmeng system, the franchisee is not permitted to make payments to us from any other account, thereby preventing third-party payments. For franchisees not covered by the Qianmeng system, we manually verify the payer's identity. If a payment is made by a payer that is not on our franchisee list, our finance team will not confirm receipt of the payment, will arrange for the funds to be returned, and will require the relevant franchisee to make payment from the franchisee's own account, as applicable. In addition, we provide regular training and conduct periodic inspections on our franchisees to raise their awareness on third-party payment. Our Directors are of the view that the foregoing internal control measures are effective and adequate in preventing Third-party Payment Arrangement and associated risks, and our Directors will oversee the effectiveness of our internal control measures on the Third-party Payment Arrangement in the future.

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FOOD SAFETY AND QUALITY CONTROL

Food safety and quality control are of paramount importance to our business. We are committed to bringing safe, high quality food products to consumers. We have established a comprehensive set of standards and specifications with respect to each aspect of our operations, including procurement and supplier management, logistics and store operation to ensure our product quality and operational safety.

Our management is responsible for the implementation of our comprehensive food safety management system. Our quality control team supports our management to interpret national food safety laws, oversee the food safety incident and report and maintain direct communication with relevant government authorities and our regional management teams. Under this management structure, we have dedicated regional supervisors who oversee food safety and conduct regular inspections and provide training to our franchisees and store staff on food safety issues. We also carry out random store inspections and impose penalties on franchisees for stores that fail to meet our food safety standards. Furthermore, our quality control team plays a pivotal role in the management of our supply chain. We drive enhancements through technological innovations, such as specialized preservation techniques for seafood products and a digital quality monitoring system. We are also leading industry standards as a key drafter of the national standard for “Agricultural Socialization Services — Community Fresh Store Service Specifications.” We also promote public education via initiatives like the “Little Apron Plan” to foster greater awareness and trust in food safety.

Our integrated distribution centers in China are fully compliant with national and international standards. For example, we have obtained and maintain quality and safety management system certifications including ISO22000 and HACCP.

Procurement and Supplier-related Quality Control

We carefully select our suppliers. Potential suppliers must pass comprehensive evaluations before being accepted as our qualified suppliers. See “— Our Suppliers — Supplier Selection and Management.”

In the event that either we or regulatory authorities identify potential food safety or quality issues that could be attributed to our suppliers, we typically mandate them to promptly furnish relevant product certification and source verification within a 24-hour notice period. They are also required to cooperate fully with any investigations conducted by regulatory authorities or us. If our suppliers are found liable, they will be subject to administrative penalties and required to compensate us for any related costs and damages. Conversely, if our suppliers identify any quality issues with their products supplied to us, they are obligated to notify us promptly and undertake remedial actions proposed by us, at their own expense. These remedial actions may encompass product recall, suspension of delivery, and product return. Furthermore, the suppliers will be held accountable for all losses in connection to any customer complaints or negative publicity arising from such issues, as well as the costs of any remedial actions undertaken by us.

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Furthermore, we implemented comprehensive standards for the selection of suppliers and the quality assurance measures for different categories of food ingredients, semi-processed food and other products to ensure their quality. To ensure product quality, we prefer to cooperate with large-scale suppliers. As we adopt a direct sourcing from farming bases and order-based production model, we implement stringent product standards. For instance, the sweetness levels of at least 10 degrees for Kirin watermelons and over 12 degrees for Ganmei watermelons, with fruit diameters between 75 and 90mm for oranges. We have also developed patented technologies, such as leek field production pesticide control, to manage quality from the source. In supplier management, we implement a full lifecycle system with entry audits, mandatory submission of quality reports and complete qualification certificates, and rigorous multi-dimensional sampling inspections. Upon batch arrival, we conduct sample tests; for high-value items such as durians and cherries, we establish pre-inspection stations at supplier warehouses with on-site personnel for sampling and verification to ensure adherence to our requirements. In addition, we operate 13 standardized rapid-testing laboratories conducting approximately 750 sampling tests daily, with transportation vehicles equipped for intelligent temperature control and digital monitoring to preserve freshness during transit.

Logistics and Storage-related Quality Control

While our suppliers are responsible for delivering food products and raw materials to our distribution centers, we are responsible for the delivery from integrated distribution centers to stores. We have formulated stringent requirements for the storage of food products and raw materials in our integrated distribution centers. See “— Supply Chain Infrastructure-Processing and Logistics Management.”

Our suppliers and integrated distribution centers are fully responsible for the quantity, quality and packing appearance of the products stored. Upon acceptance of the products, our employees at the integrated distribution centers are required to inspect for any defects. We may refuse to accept, if we discover defect with respect to our food products and raw materials. Our suppliers must compensate us for any damages and actual losses incurred.

Cold-chain vehicles with temperature controls are required during the transportation of our products from our suppliers to our integrated distribution centers by our suppliers and from our integrated distribution centers to our stores by third-party logistic service providers. We have adopted a real-time supervising system for our cold-chain vehicles which receives the real-time temperature and location of each cold-chain vehicle on route, to ensure our employees fulfill their obligations and adhere to our standards.

In terms of the delivery orders fulfilled by third-party food delivery platforms, we are responsible for ensuring safety and quality of our products to be delivered and liable for any issue thereof. Third-party food delivery platforms are responsible for ensuring that the delivery is punctual and our products free from contamination during the delivery. They are also liable for any damage to our products in delivery.

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We have a corresponding quality control system for internal traceability of products, especially pork products, and all incoming product data will be entered into the system; supplier information, warehousing arrival time, sorting time, and store arrival time, processing time and other data can be traced through the QR code. This system has been recognized by the government as an exemplar.

Store-related Quality Control

We formulated and implemented food safety and hygiene guidelines for our store operations. These guidelines, which our franchisees and their employees are mandated to adhere to, encompass a wide range of areas, including, among others, personal hygiene, the inspection and safe storage of food ingredients, temperature control, cleaning and sanitizing, and the packaging and labeling. All franchisees and store personnel are required to undergo mandatory training in relation to these standards.

Our store staff are required to inspect all products before they are displayed on shelves, including checking appearance, expiration dates and compliance with required storage and display temperatures for chilled, frozen and cooked products, and they take responsibility for any product quality issues resulting from their actions. They are also obligated to promptly address any consumer complaints and report them to us. Stores must adhere to all relevant food safety laws and regulations. In the event that franchisees violate food safety laws and regulations or our quality management standards and cause any food safety incidents that negatively impact our brand image, we reserve the right to seek recourse against the franchisee. In such cases, the franchisee would be required to compensate us for any losses incurred. We have ad hoc onsite inspections in our stores to check store operations and conduct examinations on product quality.

AFTER SALES SERVICE

We have a dedicated customer service team that is primarily responsible for tracking and addressing feedback, suggestions, and complaints from franchisees and consumers. We have established hotlines for franchisees and consumers to voice any concerns or complaints they may have. Our customer service team keeps records of inquiries, feedback and complaints, and the results of any investigations or resolution measures. In addressing these complaints, we undertake to communicate and liaise with franchisees and consumers in a timely manner and to commence quality investigation procedures if necessary. This team's primary goal is to ensure that our franchisees and consumers' voices are heard and their concerns are addressed promptly and effectively. Our robust after-sales service enables us to properly manage customer complaints. During the Track Record Period and up to the Latest Practicable Date, we had not received complaints from customers that may have material and adverse effects on our operation or business reputation.

Our franchisees are generally not allowed to return our food products after they have accepted delivery except for defective products, discrepancies between the products delivered and the franchisee's order, and returns initiated by consumers. The sales of the returned products will be directly deducted from our total revenue of the relevant year. Either we or our suppliers are responsible for the costs of returning or exchanging the

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returned products, depending on the reasons for product returns. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any product recalls or material product returns from our consumers. For each period during the Track Record Period, the amount of returned products accounted for approximately 1.0% of our total revenue from product sales. Given the quantities involved, we do not believe these returned products had a material adverse impact on our financial condition or results of operations. Accordingly, we did not record any provision for product warranty during the Track Record Period.

Returns and disputes involving consumers will be handled by the stores first. The stores will then report to us and we may further liaise with our suppliers, if needed. As to sales via online channels, our stores generally accept returns or exchanges for any defective products that were damaged during transportation and delivery, after examination by our store staff.

PRICING

We endeavor to offer high-quality products with competitive prices to enhance consumers' purchasing experience. We have devised a comprehensive pricing policy that takes into account factors, such as the procurement costs of products from our suppliers, product types, volume of products, promotions or discounts for our franchisees, and market prices across regions. We systematically connect the three aspects of our pricing divisions: (i) procurement pricing, (ii) wholesale pricing, and (iii) store retail pricing. In addition, we have established a rigorous dynamic market price monitoring mechanism. Through the coordination between our online price monitoring system and our offline procurement and market research team, we determine procurement prices and store-level retail pricing strategies to ensure that our product prices remain competitive and attractive to consumers.

Procurement Pricing

We implement a strategic approach to manage and control our procurement costs. This strategy involves the integration of multichannel supply resources from suppliers, which contributes to cost savings. Our large-scale procurement and strong brand image have significantly bolstered our bargaining power. Furthermore, we have entered into agreements with certain suppliers to ensure a steady supply at a predetermined price or price range. In general, the fluctuations of upstream cost are typically reflected in our dynamic pricing.

We use our Supplier Relationship Management (SRM) system to set prices for procurement, and to implement a daily quotation mechanism for suppliers to submit prices across all products. We have a dedicated inquiry team to conduct market research in advance to generate a market price, which will be entered into the SRM system. At the same time, the system will set the gross price of each category upon factoring in transportation costs and processing costs. Moreover, our suppliers need to offer a quotation through the system, and the system will automatically analyze all the quotations to choose the lowest price (in principle) for each product on that day.

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Wholesale Pricing

We determine the price of the day for the products to be sold to our franchisees based on the procurement price of different items and also on the regions where the products are sold to consumers. The wholesale pricing is executed by our ERP system, and this is carried out differently depending on the product categories, as well as a series of other mechanisms including adjustment for promotional activities. At the beginning of a year, we normally set a monthly gross profit rate guide for wholesale, and the offline procurement and market research team can adjust the prices following such guide.

Store Pricing Guidance

We provide guidance on the pricing of products in the stores using our own pricing model, which is based on, among other factors, costs, profit margin, regional differences and market demand. As a result, the retail price varies across different stores. These recommended prices establish the maximum allowable level for store pricing, and we allow franchisees make downwards adjustments in response to local market circumstances and conditions.

In addition, given our “no overnight meat” commitment and our aim to always provide fresh products to consumers, all of our franchise stores are required to comply with our D&C Model where all products would be on 10% discount at 19:00; and an additional discount of 10% is applied every 30 minutes. All the remaining items after 23:30 would be free of charge. Such a policy is an essential support to our D&C Model. It not only ensures that no food would be wasted, but it also serves as a repetitive highlight to consumers that we only provide fresh products. This progressive discount policy also encourages franchisees to sell the products in store before 19:00.

COMPETITION

We compete in China’s community-based fresh product chain industry. According to CIC, the market in which we operate is relatively fragmented, with the top five players accounting for a combined fresh products GMV market share of 7.3% in China in 2024. Meanwhile, it is highly competitive, with store network, supply chain management capabilities, product diversity and quality management abilities being the key entry barriers and success factors.

According to CIC, in terms of fresh products GMV from 2020 to 2024, we have been the largest community-based fresh product chain brand in China for five consecutive years. In 2024, our fresh products GMV in China reached RMB13.5 billion, accounting for a 2.2% market share of the community-based fresh product chain industry. In addition, we are an industry leader in operational efficiency. In 2024, our sales per square meter ranked highest among the top five community-based fresh product chain brands in China and exceeded the industry average over the same period.

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We believe we are well prepared to excel in industry competition. However, we operate in a highly competitive industry. Failure to compete effectively could adversely affect our market share, growth and profitability. See “Risk Factors — Risks Relating to Our business and Industry — We face intense competition in the markets in which we operate. Failure to compete effectively could materially and adversely affect our customer base, market share and profitability.”

DATA PRIVACY AND SECURITY

In the ordinary course of business, we from time to time collect and use certain personal information of consumers, such as mobile phone number, location, delivery address and order information which are primarily used for membership identification and provision of consumer services, including matching the stores near the consumers, processing orders placed by consumers, delivery of products, settlement of payment and issuing receipts, among others. We consider the protection of the data privacy of our consumers to be of paramount importance. We have in place policies, procedures, software and technology infrastructure to collect, use, store, and transmit our consumer data to support compliance with applicable data protection laws and regulations of the PRC, such as the Personal Information Protection Law of the PRC, the revised Cybersecurity Law of the PRC, and the Data Security Law of the PRC. See “Regulatory Overview — PRC Laws and Regulations — Regulations Relating to Data Security, Cybersecurity and Personal Information Protection.”

We have adopted data security and protection policies, which provide for data management responsibilities, data classification, data protection and confidentiality procedures. We have also established an internal security compliance group for personal information protection, cybersecurity and data security. The internal security compliance group assumes the overall responsibilities of formulating and implementing internal data security strategies and management regulations, overseeing the security measures during the collection, storage, use, and transmission of data, providing data security training and technical support to employees, handling data security incidents and emergencies, effectively managing and protecting our internal cybersecurity, data security and personal information protection, and ensuring compliance with applicable PRC laws and regulations, with respect to cybersecurity, data security and personal information protection.

In addition, we have currently implemented a number of specific measures with respect to personal information protection, data security and cybersecurity. For example, we have adopted necessary data backup and encryption measures to standardize the management of the use, transmission and storage of users’ personal information, ensuring that users’ personal information is encrypted during transmission using appropriate encryption and verification technologies. We have also managed access to databases with account passwords and provided training and educational outreach to employees on topics such as cybersecurity, data security, and the protection of personal information. As of the Latest Practicable Date, all consumers’ personal data collected during our daily business operations in the PRC are currently stored within the PRC.

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Apart from the abovementioned measures and mechanisms we have adopted, we have also in place internal policies to provide our employees with the guidelines for data transmission and processing. Furthermore, we have implemented an access control mechanism. Our franchisees only have access to the personal data of the consumers of orders that are fulfilled by them, so as to process relevant orders. In addition, we have put in place online agreements with our franchisees, requiring them to comply with relevant data security and personal information protection laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data breach incident, been subject to any material claims, investigations or legal proceedings settled, pending or threatened for any material non-compliance with or violations of applicable PRC laws and regulations with respect to data privacy and security. For risks related to data privacy protection, see "Risk Factors — Risks Relating to Our Business and Industry — Any failure or perceived failure to comply with cybersecurity, data privacy and security, and personal information protection laws and regulations could harm our reputation and adversely affect our business, results of operations and prospects."

INTELLECTUAL PROPERTY

Our intellectual property rights are key to our success and competitiveness. Our intellectual property rights primarily consist of trademarks, copyrights, patents and domain names. As of the Latest Practicable Date, we had 907 registered trademarks, 152 copyrights, 26 patents and 20 domain names. See "Statutory and General Information — Further Information about the Business — Intellectual Property" in Appendix IV to this document. We also protect our intellectual property rights through confidentiality agreements or provisions with all of our employees and franchisees.

We undertake a proactive approach to manage our intellectual properties. Our legal team is responsible for handling intellectual property-related issues, including monitoring the application status of intellectual property rights and performing routine checks on the public platform to ensure our intellectual properties are not infringed by third parties. We also engage intellectual property experts and legal consultants to assist our intellectual property rights protection.

We have implemented various measures to detect potential intellectual property infringements, including market visits by our sales and marketing team and hotlines to collect complaints and reports. After discovering potential incidents of infringements, we will conduct immediate investigation and require the infringers to stop related actions by delivering notices and report to regulatory authorities, if needed.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to the infringement of intellectual property rights that would have a material adverse effect on our business.

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PROPERTIES

Our headquarters are located in Guangdong, China. As of the Latest Practicable Date, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

As of the Latest Practicable Date, we did not own any property, and we leased 92 properties with a total GFA of 140,513.23 sq.m. in China, which are used as self-operated stores, employee dormitories, integrated distribution centers and office premises. The relevant lease agreements generally have a term between one and five years. See "Risk Factors — Failure to renew the current leases or locate desirable alternatives for our existing stores could materially and adversely affect our business."

As of the Latest Practicable Date, 82 of our leased properties were not registered with the competent authorities. Under the relevant PRC laws and regulations, parties to a lease agreement are required to register and file the executed lease agreement with the competent government authorities. As advised by our PRC Legal Advisor, the failure to register or file such agreements does not affect their validity or enforceability. However, under the applicable PRC regulations, we may be ordered by the competent authorities to complete the registration within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. As of the Latest Practicable Date, we had not received any order from the relevant authorities requiring the registration of these lease agreements, and no administrative penalty had been imposed on us for such non-registration. As such, our Directors are of the view that considering that the potential administrative penalties for the non-registration of these 82 lease agreements are immaterial, the non-registration of the lease agreements for these 82 properties will not have any material adverse effect on our business operations.

As of the Latest Practicable Date, the landlords or the lessors of 34 of our leased properties had not provided us with valid lease contracts or title certificates. These properties are primarily used as stores, office premises, integrated distribution centers and employee dormitories, with an aggregate area of 15,068.63 sq.m. As advised by our PRC Legal Advisor, without valid lease contracts or title certificates, our use of these leased properties may be affected by third parties' claims or challenges against the lease rights. In addition, we may be requested to vacate such leased properties and relocate if the landlords or the lessors do not have the requisite rights to lease the properties, or if the landlords require us to vacate the leased properties in the absence of valid lease contracts. Nevertheless, considering that there are alternative options available for the properties in question, our Directors are of the view that, if our lease agreements were deemed invalid or if we were required to vacate these properties, we would be able to relocate to alternative premises in a timely manner at relatively low relocation costs and enter into new lease agreements on comparable commercial terms, and such circumstances would not have any material adverse impact on our business operations.

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INSURANCE

As of the Latest Practicable Date, we believe that our insurance coverage is in line with the industry practice and adequate to cover our key assets, facilities and liabilities, including but not limited to property insurance, public liability insurance, food insurance, employer’s liability insurance, and group accident insurance for high-risk positions. We procured insurance policies by type and amount that we consider sufficient and evaluated such insurance policies from time to time based on our past experience, changes in production and industry developments. We are committed to minimizing the risks of product liability claims and warranty claims through stringent quality control. As of the Latest Practicable Date, we had not made nor been the subject of any material insurance claims. However, we may not be able to obtain or purchase adequate insurance for losses and liabilities arising from various operational risks. See “Risk Factors — Risk Relating to Our Business and Industry — We may not have sufficient insurance to cover our business risks.”

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a comprehensive internal control and risk management framework that operates across all major aspects of our business, including procurement, production, logistics, finance and compliance. Our dedicated Internal Control Center oversees key functions such as auditing, legal compliance, food safety, quality control, crisis management and risk monitoring. This Center collaborates closely with the Finance, Operations and Supply Chain Centers to ensure a clear segregation of duties, cross-functional supervision and accountability. Oversight of our internal control and risk management system rests with the Board of Directors, which regularly reviews its effectiveness to ensure alignment with our business operations and regulatory standards.

Risk Identification and Mitigation

We identify, assess and control risks throughout our value chain. Each supplier is subject to strict qualification and performance evaluations, including site audits and ongoing quality ratings. We have established stringent food safety protocols such as random pesticide residue inspections and full cold-chain temperature monitoring via our digital tracking system. We have also developed emergency response procedures for major product quality incidents, with trained teams responsible for investigation, corrective actions and communications. These processes enable us to manage potential risks proactively and maintain operational resilience.

Quality and Operational Controls

We have built an end-to-end quality assurance system that covers procurement, processing, warehousing, distribution and retail. We conduct regular inspections and internal audits of both franchise and self-operated stores to ensure compliance with hygiene, packaging and labeling standards. All production activities are governed by standardized operating procedures to uphold consistent product quality and strengthen traceability from source to store. See “ — Food Safety and Quality Control.”

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Financial Management

Our financial management system encompasses accounting, budgeting, financial reporting, and internal controls over cash and asset management. Clear segregation of duties within the finance team ensures accountability and operational efficiency. All financial activities undergo rigorous approval procedures, while regular financial analyzes and variance reviews uphold accuracy and transparency. Policies guide key activities such as budgeting, forecasting, investment and cash management. To maintain excellence and professionalism, we provide ongoing training and development for finance personnel, ensuring full compliance with relevant standards and regulations.

Audit and Oversight

We have established an internal audit team responsible for conducting regular reviews, evaluating the effectiveness of internal controls and identifying any weaknesses or irregularities. Our audit and compliance processes are supported by centralized digital platforms for contract and document management, requiring multi-level approvals and maintaining complete audit trails. We have also implemented a bank clearing system to monitor and reconcile all franchise-related transactions, strengthening fund traceability and eliminating unauthorized collections or disbursements. These oversight mechanisms enable us to maintain transparency, standardization and financial discipline across all levels of operation.

LICENSE, APPROVALS AND PERMITS

As advised by our PRC Legal Advisor and legal advisors as to Hong Kong laws, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material for our operations in the Chinese Mainland and Hong Kong; and such licenses, approvals and permits are valid and effective. Our Directors do not expect any impediment in the renewal of our material licenses.

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The following table sets out details of the material licenses, approvals and permits held by us as of the Latest Practicable Date:

Name of Licenses, Permits and Approvals	Number of Licensees	Issuing Authorities	Expiry Dates
Food Operation License	19	Administration for market regulation/other competent government authorities with relevant functions and powers at the place of registration	From March 31, 2027 to October 30, 2030
Filing for Prepackaged Food Sales Only.	6	Administration for market regulation/other competent government authorities with relevant functions and powers at the place of registration	Valid without an expiration date
Value-Added Telecommunications Business License	1	PRC Ministry of Industry and Information Technology	August 29, 2027
Single-Purpose Commercial Prepaid Cards Registration	1	Guangdong Department of Commerce	Valid without an expiration date
Permit for Discharge of Urban Sewage into Drainage Network	1	Baiyun District Water Affairs Bureau	February 1, 2026
Fresh Provision Shop License	10	Hong Kong Food and Environmental Hygiene Department	From February 25, 2026 to December 19, 2026

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ENVIRONMENTAL, SOCIAL RESPONSIBILITY AND GOVERNANCE

We are committed to fulfilling our social responsibilities and advancing the sustainable development of our business, with Environmental, Social, and Governance (ESG) principles at the core of our development philosophy. We proactively respond to stakeholder feedback and expectations, serve our franchisees and consumers with dedication, protect our employees, give back to the community, and create sustainable value for our shareholders.

ESG Governance

We recognize that ESG factors present both risks and opportunities for our business. Accordingly, we are integrating sustainable development principles into our corporate governance and strategy. Our Company has established a three-tier ESG governance structure, with the Board of Directors as the highest decision-making body. ESG (including climate-related) risks and opportunities are incorporated into our overall risk management system, enabling us to proactively identify and manage these factors, enhance business resilience, and promote long-term value creation.

- ***Decision-Making Level (Board of Directors):*** Supervises ESG matters, reviews ESG goals, management policies, and strategies, and oversees progress and disclosure through board meetings.
- ***Management Level (Senior Executives):*** Organizes and advances ESG initiatives, identifies and assesses ESG-related risks and opportunities, formulates management plans, evaluates effectiveness, and regularly reports to the Board.
- ***Operational Level (Functional Departments):*** Implements ESG measures and risk responses, integrates them into daily operations, and reports progress and effectiveness to management.

Materiality, Risks and Opportunities of ESG Issues

We systematically identify and assess material ESG issues. Guided by the ESG Reporting Guide and considering industry trends, business realities, and capital market concerns, we gather input from stakeholders through benchmarking, expert assessments, and surveys. We evaluate issues based on their importance to company development and stakeholder interests, integrating the results into our strategy and planning. Key material issues include:

Food safety and quality control: Inadequate controls can harm brand reputation and create legal risks, while robust systems reinforce our image as a “trustworthy food basket,” building competitive barriers and consumer loyalty.

Responsible Supply Chain: Upstream, we face environmental and labor compliance risks; downstream, inconsistent franchisee standards can harm brand consistency. Sustainable procurement and franchisee management enhance transparency, resilience, and reputation.

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Emissions Management: Waste and greenhouse gas emissions face regulatory and public scrutiny. Green packaging and food loss management ensure compliance, mitigate risks, and support a low-carbon brand image.

Resource Management: High energy consumption drives costs. Optimizing cold-chain technology, warehousing, and forecasting reduces energy use, boosts profitability, and improves efficiency.

Food Safety and Quality Control

We have established a comprehensive food safety management system, with clear policies, including the "Food Safety Management Policy" and the "Food Safety Risk Prevention and Management Policy". These policies assign departmental responsibilities and assess risks across the entire food supply chain. We implement targeted risk management measures and action plans to eliminate hazards and prevent incidents. Our requirements for procurement, processing, transportation, storage and sales ensure food safety at every stage. Meanwhile, we have formulated the "Store Food Safety Audit Policy" and the "Store Food Safety Self-Inspection Policy," established store audit standards, and strengthened store food safety management. We also conduct regular store inspections, following clear standards and providing guidance to prevent issues and continuously improve quality management.

To ensure the quality and safety of the products we sell, we have adopted a series of strict quality inspection measures. These include establishing a professional food safety testing center, collaborating with authoritative testing institutions, and launching a brand-new quality traceability system. Our rapid-testing laboratories are equipped with advanced technical equipment and a professional testing team to conduct daily sampling tests on products in our integrated distribution centers, thereby ensuring that products on the shelves comply with national food safety standards. At the same time, we proactively seek cooperation with well-known domestic and international testing institutions and have formulated comprehensive quantitative random inspection plans to ensure food safety. We have also established a comprehensive quality traceability system. This system allows for comprehensive monitoring of all stages of a product's life cycle, including production, processing and transportation. By simply scanning the QR code or barcode on the product, consumers can easily trace its origin and production process, thereby enhancing their trust and satisfaction with the product.

We have established a full-chain quality control management system covering the entire process from farm to table. This system includes proactive quality management, laboratory testing, inspection at integrated distribution centers, standardized store operation management, cold-chain transportation and distribution management, and supplier classification and grading management. Through these measures, we address food safety issues at the source and have achieved proactive control. Furthermore, we are pursuing international quality system certifications. As of the Latest Practicable Date, some of our integrated distribution centers obtained ISO 22000 Food Safety Management System and HACCP System certifications, further enhancing our quality and safety control capabilities.

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To standardize our product recall process and ensure prompt, effective action when product quality issues arise, we have specifically developed the "Product Recall Management Process". By adopting this process, we aim to improve product recall efficiency and ensure that consumer rights and interests are effectively protected, covering specified responsibilities, preliminary measures, recall procedures, and products to be recalled. During the Track Record Period, we did not encounter any material product recalls due to food safety or health concerns.

Responsible Supply Chain

In terms of supplier management, we have established comprehensive supplier management policies and procedures, including a procurement center supplier management policy and a procurement center supplier rating management policy. We implement strict standards and processes in key aspects such as supplier selection and admission, graded management, and performance evaluation, continuously optimizing the system structure to enhance supply chain resilience while ensuring the standardization, transparency, and sustainability of the supply chain. We regularly assess the performance of our suppliers and classify them into different grades based on factors such as product quality. For suppliers who fail to meet our standards and show no improvement, we provide guidance for improvement. If necessary, we may also hold disciplinary discussions, engage third-party audit agencies for factory audits and inspections, and implement supplier capacity building guidelines. If a supplier has repeated quality issues or serious misconduct, we will terminate our business relationship with them.

In terms of franchisee management, we have formulated a franchisee conduct code, which stipulates five major operating principles for franchisees, namely (i) integrity in business, (ii) compliant operations, (iii) brand-oriented operations, (iv) standardized operations, and (v) information confidentiality. In addition, we have established management rules and regulations such as the franchisee credit and rights policy and a new franchisee admission process and mechanism. By establishing a credit evaluation system, we oversee the business conduct of franchisees, protect their legitimate rights and interests, and ensure that they can meet brand standards.

To further strengthen the implementation and supervision of management regulations, we regularly provide training and guidance to franchisees to ensure they understand and comply with relevant management systems. Through regular on-site inspections, we assess the operational status of franchisees, provide professional support and services, and help them improve operational efficiency and service quality. Through these measures, we work with our franchisees to jointly maintain our brand reputation, achieve mutual benefits, and promote the sustainable development of the brand.

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Emissions Management

We strictly comply with applicable laws and regulations, including the Environmental Protection Law of the PRC, the Environmental Impact Assessment Law of the PRC, the Law of the PRC on the Prevention and Control of Atmospheric Pollution, and the Law of the PRC on the Prevention and Control of Water Pollution. These laws guide our management of environmental emissions such as solid waste and wastewater, ensuring proper and compliant disposal. Our operations do not generate atmospheric pollutants. Our main environmental emissions are domestic waste and hazardous waste such as waste lamps and waste dry batteries, all of which are properly handled. Hazardous waste is sorted and placed in toxic and hazardous waste bins in the office area, which are cleaned weekly by cleaning staff who also keep records. The waste is subsequently handled by the property management. To continuously reduce the environmental impact of emissions, we systematically promote source reduction by using environmentally friendly agents, encouraging green office practices among all employees, phased replacement of long-life energy-saving lamps, and purchasing long-life brand batteries to promote green operations.

In terms of food loss management, centered on the “no overnight meat” commitment, we have built an efficient supply chain system from farms to stores, so as to systematically reduce food loss while ensuring food safety and product quality. We determine production based on sales through contract farming to reduce the risk of oversupply at the source; rely on digital forecasting and the D&C model to achieve precise ordering and zero inventory for the next day; and maximize product sales through mechanisms such as progressive discounts. For the small amount of unsold products, we also carry out compliant donations or resource utilization, forming a closed-loop waste reduction process from prevention to responsible disposal, effectively saving resources and improving environmental benefits.

The table below sets out the amount of waste emissions of our Company during the Track Record Period:

Metrics		Unit	2023	2024	Nine months ended September 30, 2025
Hazardous waste	Amount of hazardous waste emissions	Tons	0.96	0.77	0.84
	Hazardous waste emission density	kg/million RMB revenue	0.08	0.07	0.10
Non-hazardous waste	Amount of non-hazardous waste emissions	Tons	13	13	10
	Non-hazardous waste emission density	kg/million RMB revenue	1.11	1.10	1.17

Note: 1) The statistical scope of hazardous waste includes waste lamps and waste dry batteries; 2) The statistical scope of non-hazardous waste covers domestic waste, including office paper, food waste, waste packaging materials, etc.

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Resource Management

In our daily operations, the main resources consumed are electricity and municipal water supply. We are aware of the importance of efficient resource utilization for sustainable development. Therefore, we are committed to implementing energy-saving and water-saving measures throughout our business operations and proactively promoting a green office culture. Our headquarters, office premises, and self-operated stores have all implemented targeted electricity and water control measures based on their own operational characteristics.

In terms of electricity resource management, we systematically advance energy-saving efforts by combining intelligent control with dedicated personnel management. The headquarters have implemented intelligent timed control for air conditioning and lighting, while regional offices have implemented a dedicated personnel management system. In addition, we have established unified air conditioning usage standards, reasonably set temperature ranges, controlled the number of units in operation, and proactively encouraged employees to turn off non-essential electrical equipment when leaving work to cultivate energy-saving habits.

In terms of water resource management, we have strengthened inspections of water-using equipment, promptly arranged for repairs of any leaks, and posted water-saving signs at key points such as restrooms, washbasins, and water dispensers to continuously raise water-saving awareness among all employees and prevent taps from being left running.

To systematically advance energy-saving and water-saving efforts, we have set a clear quantitative target to achieve a 5% decrease in electricity and water usage by 2026, compared to the 2024 levels. We will continue to optimize management practices to effectively reduce the environmental impact of our operations.

In 2025, our main resource consumption decreased significantly, primarily due to a decrease in the number of self-operated stores. At the same time, benefiting from our energy-saving and water-saving efforts, electricity consumption density and water consumption density also further decreased. The table below sets out the amount of resource consumption of our Company during the Track Record Period:

Metrics	Unit	2023	2024	Nine months ended September 30, 2025
Electricity consumption	kWh	26,434,986	24,941,981	13,959,197
Electricity consumption density . . .	kWh/million in revenue	2,250.92	2,115.92	1,669.98
Water consumption	Cubic meter	312,412	296,653	150,652
Water consumption density	Cubic meter/million in revenue	26.60	25.17	18.02

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Responding to Climate Change

In response to the national “dual carbon” strategy, we have incorporated climate change as a key consideration in our sustainable development and financial planning. By systematically assessing policies and business realities, we identify climate-related risks and opportunities, and formulate corresponding strategies to manage risks while promoting green transformation and seizing new development opportunities.

Category	Timeframe	Risk Description and Impact	Response Measures
Physical Risks	Short- to mid-term	Natural disasters such as typhoons, torrential rains, floods, and droughts may damage the production volume of our upstream suppliers and affect supply. In addition, extreme weather can also affect store operations and logistics distribution.	We have formulated emergency plans for extreme weather conditions and adjust our store operations and logistics distribution strategies in advance based on weather warnings to mitigate the impact of climate-related issues.
Transition Risks	Mid- to long-term	Global low-carbon transition policies and changes in market preferences, such as stricter regulatory restrictions on plastic materials, the promotion and support of new energy vehicles, as well as the growing attention from the market towards green logistics and packaging, may bring additional regulatory compliance costs, technology transition investment pressures, and challenges in green supply chain management for us.	In terms of green logistics, we have achieved intelligent scheduling and route optimization through a big data platform to improve vehicle utilization and reduce energy consumption. At the same time, we have encouraged our partners to increase the proportion of new energy vehicles, achieving large-scale application of new energy vehicles; in terms of green packaging, while ensuring food safety, we prioritize the use of degradable and recyclable packaging materials, such as PBAT+PLA materials, reduce the use of PU carrier bags, and continuously promote packaging reduction and recycling to comply with regulatory requirements and consumer expectations.

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The table below sets out the amount of greenhouse gas emissions of our Company during the Track Record Period:

Metrics	Unit	2023	2024	Nine months ended September 30, 2025
Scope 2 greenhouse gas emissions	Tons of CO ₂ equivalent	14,185.01	13,383.87	7,490.51
Scope 2 greenhouse gas emission density	Tons of CO ₂ equivalent/ million in revenue	1.21	1.14	0.90
Scope 3 greenhouse gas emissions (franchisees)	Tons of CO ₂ equivalent	80,867.43	94,327.65	60,064.64
Scope 3 greenhouse gas emission density (franchisees)	Tons of CO ₂ equivalent/ store	28.34	33.11	20.85

Note:

- (1) Our carbon emissions during operations mainly come from electricity consumption. Electricity consumption in integrated distribution centers, self-operated stores, and office buildings constitutes Scope 2 greenhouse gas emissions; electricity consumption of franchise stores is included in Scope 3 greenhouse gas emissions (franchise category). The calculation method for greenhouse gas emissions refers to the Greenhouse Gas Protocol (GHG Protocol) and the Announcement on the Release of 2022 Power Grid Carbon Dioxide Emission Factors issued by the Ministry of Ecology and Environment. The Scope 3 greenhouse gas emission density (franchisees) data is derived by dividing the Scope 3 greenhouse gas emissions (franchisees) by the average number of franchise stores, where the average number of franchise stores is the average of the number of franchise stores at the beginning and end of the period.

Rural Revitalization and Public Welfare and Charity

We are deeply committed to our corporate social responsibility and proactively explore effective ways to promote rural revitalization through the branding of agricultural products. In 2024, by collaborating with suppliers and providing employment opportunities for migrant workers, we helped 4,402 farming households increase their income, with an average annual income increase of RMB56,300 per household. We adhere to brand building as the core, driven by the dual growth engines of marketing campaigns to drive traffic and quality improvement, to create distinctive agricultural products with market competitiveness. Relying on our sales channels and market demand, we drive the overall upgrading of the supporting industrial chain in production, packaging, warehousing, logistics, and other links, promote the large-scale development of farming bases, and gradually build a sustainable farmer assistance model of “products driving industry, and industry driving assistance”.

In terms of public welfare and charity, we systematically promote initiatives in areas such as educational assistance, disaster relief, and community building. Our efforts include donations to primary and secondary schools in regions such as Guizhou and Sichuan to improve educational conditions; responding quickly to disasters such as extreme weather in Hong Kong and the earthquake in Gansu to support relief and

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livelihood security; and giving back to the communities where we operate by donating to the Jianggao Community Safety Construction Fund and organizing free health clinics and one-on-one assistance to help build safe and welcoming communities. We have established an External Donation System to regulate donation activities, integrated the spirit of public welfare into our corporate culture, and encouraged employees to participate in volunteer services.

Our efforts in fulfilling social responsibilities have been widely recognized. During the Track Record Period, we received honors such as the “Aonuo Award - 2023 Outstanding Responsible Enterprise Award” and the “Rural Revitalization Outstanding Contribution Award at the First Shenzhen-Baise Mango Festival in 2023”. In addition, we have also been recognized as a “Guangzhou City Active Participant in Consumption-based Poverty Alleviation” and for “Guangdong Commercial Social Responsibility Excellent Case” for consecutive years.

Protection of Employee Rights and Interests

We strictly adhere to relevant laws and regulations such as the Labor Law of the PRC and the Labor Contract Law of the PRC, and have formulated a regional HR operation manual and attendance system to prohibit child labor and any form of forced labor. We ensure that all our employees meet the legal employment age. We are committed to taking necessary measures to protect the legitimate rights and interests of our employees. During the Track Record Period, we did not identify any incidents of child labor or forced labor.

We proactively advocate and practice a diversification strategy, creating a fair and non-discriminatory work environment. We are committed to ensuring equal employment opportunities for persons with disabilities, promoting the employment of veterans and women, supporting all employees in achieving their personal career development, and ensuring that all applicants receive equal employment opportunities. We also resolutely prohibit discrimination, harassment, and malicious competition arising from factors such as an employee’s gender, age, ethnicity, disability, pregnancy, religious belief, or marital status. Through these measures, we aim to build a diverse and inclusive work environment where every employee can fully realize their potential, jointly promoting the sustainable growth of our Company and the harmonious development of society. As of December 31, 2023, 2024 and September 30, 2025, our total number of employees was 3,133, 2,861 and 2,283, respectively, with the proportion of female employees remaining stable at approximately 40%.

We always place employee care at the core of our corporate development, regarding our employees as our most valuable asset. We proactively organize employee activities to enrich their spare time and foster a sense of belonging. We regularly organize team-building activities, hold employee birthday parties quarterly, and offer monthly interest-based dance classes, allowing employees to relieve stress and strengthen relationships with colleagues in a relaxed and pleasant atmosphere. In addition, we proactively build an open communication platform, encouraging employees to express their opinions and suggestions, and promoting management decisions tailored to employee needs. We are committed to creating a culture of “happy work, healthy life”,

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continuously improving employee job satisfaction and work efficiency, and laying a solid foundation for the joint development of employees and the Company. While ensuring compliance with all statutory labor benefits, we have implemented a series of convenient and flexible employee welfare measures covering guaranteed benefits, allowances and subsidies, rest and leave, year-end benefits, and cultural activities to protect the rights, interests, and welfare of our employees.

Employee Health and Safety

Occupational health and safety are essential for us to fulfill our social responsibilities, protect employee rights and interests, and achieve sustainable development. They are also an important part of our management. We attach great importance to the occupational health and safety of our employees, strictly comply with the relevant provisions of the Law of the PRC on the Prevention and Control of Occupational Diseases, and are committed to providing a safe and healthy working environment for our employees. Our Company has taken a series of measures to ensure the physical health and work safety of its employees, including the following aspects:

- *Personnel health requirements:* To ensure that employees' health conditions meet job requirements, employees are required to provide a pre-employment medical examination report upon joining. For employees who have direct contact with food, a health certificate is also required to ensure food safety and hygiene.
- *Annual medical examinations:* We provide employees with an annual medical examination to monitor their health status and to detect and prevent potential health problems in a timely manner.
- *Annual health certificate examination:* For employees who have direct contact with food, our Company requires them to undergo a health certificate examination annually to ensure their health status meets food hygiene requirements.
- *Employee psychological counseling:* We value the mental health of our employees and have assigned an HRBP (Human Resources Business Partner) to each function to support business development and personnel training. When employees encounter problems, the HRBP will provide counseling and communication, resolve their issues, and provide psychological guidance to maintain their mental health and work enthusiasm.

We aim to build a healthy and safe working environment, prevent workplace accidents and occupational health problems, protect the well-being of our employees, and continuously improve our management system. We consistently carry out various work safety tasks, including regular safety training and safety inspections, to ensure that employees are equipped with necessary safety knowledge and skills. In addition, we take measures to protect employee safety, such as maintaining the fire protection system, promoting fire safety knowledge through banners, and posting fire evacuation diagrams. During the Track Record Period, we had no work-related fatalities.

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Employee Development and Training

We have developed a scientific and comprehensive talent management system, formulate clear talent development paths, and continuously enhance the professional qualities and capabilities of our employees, providing them with a good growth environment and a broad development platform. We regularly improve internal management regulations such as the performance management policy, performance management implementation measures, and remuneration management policy” to objectively and fairly evaluate employees’ contributions to our development and operations. We have formulated the “External Training Management Measures” to provide rewards for employees who enhance their professional skills and obtain professional certificates related to their job positions, encouraging them to continuously pursue continued professional growth. We continuously improve the multi-channel career progression pathways for management and professional development, and optimize training paths from different dimensions, covering three different series of training channels for grassroots employees, middle-level managers and senior managers, to help employees identify their career development direction.

Anti-corruption and Anti-bribery

We strictly comply with laws and regulations such as the Company Law of the People’s Republic of China, the Anti-Money Laundering Law of the People’s Republic of China, and the Anti-Unfair Competition Law of the People’s Republic of China. We have formulated internal policies and systems such as the “Anti-corruption Regulations”, established an online integrity management platform with modules for reporting gifts and banquets and declaring personal interests, and prevent corruption and bribery through measures such as supervision and training.

We have established a dedicated customer service team to comprehensively collect information on various corrupt practices and serious violations of regulations and discipline in all areas. Whistleblowers can file reports and complaints through telephone, mobile phone, email, letter, and WeChat channels. We have formulated rigorous procedures and measures to keep the identity information and content of reports of whistleblowers highly confidential, and prohibit any retaliation against them.

To foster a culture of integrity, we provide specialized integrity training for new employees, staff across our centers and regions, and business partners. We also offer online learning courses and internal consultation channels focused on the culture of integrity. Our training covers topics such as our Anti-Corruption Regulations and includes case studies. It is available to all internal employees, outsourced personnel, suppliers, logistics service providers, franchisees and store staff, ensuring that integrity is embedded throughout our operations. On their first day, new employees receive an email with our Integrity Tips Booklet from the integrity management platform, making it easy for them to understand our internal integrity ecosystem. We have launched the “September Sunshine” integrity promotion campaign and co-produced the integrity micro-film series “Anti-Corruption Storm” with the Economic Investigation Detachment of the Haizhu Branch of the Guangzhou Municipal Public Security Bureau. We proactively share our integrity governance practices, serve as a member of the Sunshine Integrity

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Alliance and as vice chairman of the Anti-Corruption Alliance, and promote integrity across the industry. In all our integrated distribution centers, we display the “Sunshine Bulletin Board” to publicize integrity knowledge and anti-corruption information, along with reporting channels for employees and partners. During the Track Record Period, we conducted three anti-corruption training sessions for Directors and 93 for employees.

EMPLOYEES

As of September 30, 2025, we had a total of 2,283 full-time employees, of which 2,097 were located in Chinese Mainland and 186 were located in Hong Kong and Macau. The following table sets forth the number of employees by business function as of September 30, 2025:

Function	Number	Percentage
Supply chain	836	36.6
Store operations and franchisee management	763	33.4
Branding and Marketing	87	3.8
Information technology	213	9.3
Administrative and management	384	16.8
Total	2,283	100.0

We place great emphasis on attracting, retaining, training and developing qualified employees. We recruited our employees primarily through employment agencies and posting advertisements on recruitment websites during the Track Record Period.

As part of our retention strategy, we offer competitive remuneration packages to our employees, including salary and allowances and performance-based bonuses. We have developed a performance evaluation system to assess the performance of our employees annually, which forms the basis for determining the salary levels, bonuses and promotions an employee may receive. Our sales and marketing personnel may also receive bonuses based on the sales targets they accomplish, by taking into account the overall sales performance of the stores in the same regional market in the relevant period.

We place strong emphasis on providing training for our employees to enhance their understanding of our industry and workplace safety standards, their professional skills and comprehensive performance. We design and offer different training programs for employees. We mandate that all new franchisees and their employees undertake and successfully complete a pre-opening training course before they commence operations. We also provide continued support by deploying our highly skilled store managers to assist the ramp-up operation. In addition, we tailor our monthly regional store manager training program, designed and implemented to the continuous learning and development, empowering our store managers with the skills necessary to excel in their roles. We also conduct on-site customer service training by specialized service standard trainers to ensure that our employees are equipped with the practical skills to deliver a warm service to our consumers.

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We enter into standard labor contracts with our employees and standard confidentiality and non-compete agreements with key personnel in certain positions.

As of the Latest Practicable Date, our employees were not represented by any labor union. We believe that we generally maintain a good working relationship with our employees, and we did not experience any significant labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period.

During the Track Record Period, we did not make full contribution to social insurance and housing provident funds for certain employees, primarily due to our large labor force and relatively high mobility, and the preference of many of our employees not to contribute to such funds. As advised by our PRC Legal Advisor, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions. With respect to a failure to pay the full amount of housing provident fund as required, the housing provident fund management center in China may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. As a result, in 2023, 2024 and the nine months ended September 30, 2025, we made provisions of RMB6.1 million, RMB3.9 million and RMB3.4 million, respectively in respect of the estimated shortfall in social insurance plans and housing provident fund contributions.

Our Directors believe that the aforementioned issue would not have a material and adverse effect on our business and results of operations, considering that (i) as of the Latest Practicable Date, we had not received any administrative penalty, rectification order imposed by competent authorities in PRC, or any material complaint from our employees concerning their payment of social insurance and housing provident funds; and (ii) proper provisions have been made in light of the circumstances. Based on the foresaid (i) and (ii), and assuming that (a) there is no material change to current PRC laws and regulations and the practice in policy implementation and inspection of local governments in connection with the aforementioned issue, and (b) if we make contributions to social insurance and housing provident funds upon the requests from competent authorities in a timely manner, our PRC Legal Advisor is of the view that, the likelihood that we will be subject to a material administrative penalty by the relevant competent social insurance and housing provident fund authorities is remote.

We have taken the following internal control rectification measures to prevent future occurrences of such non-compliance:

- We have enhanced our human resources policies, which explicitly require social insurance and housing provident fund contributions to be made in full in accordance with applicable local requirements;

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- we have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a regular basis in order to ensure that we have made these payments for our employees in compliance with the applicable laws and regulations or in a manner as required by the relevant government authorities. The designated human resources personnel shall prepare the written records of the relevant payments on a monthly basis and submit the same to the heads of our human resources and finance departments for review;
- we will keep abreast of latest developments in PRC laws and regulations in relation to social insurance and housing provident funds; and
- we will strengthen legal compliance training to our employees to increase their awareness of the relevant PRC laws and regulations and encourage their cooperation in making payments for social insurance and housing provident funds.
- we will consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions we operate in during the Track Record Period and up to the Latest Practicable Date.

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AWARDS AND RECOGNITIONS

We have received various honors and awards. The following table sets out our major awards during the Track Record Period:

Year	Award/recognition	Awarding body
2025	Top 500 Service Industry Enterprises in China (中國服務業企業500強)	China Enterprise Confederation, China Enterprise Directors Association (中國企業聯合會、中國企業家協會)
2025	Key Leading Agricultural Enterprise of Guangdong Province (廣東省重點農業龍頭企業)	Guangdong Provincial Department of Agriculture and Rural Affairs (廣東省農業農村廳)
2025	Top 100 Private Enterprises in Guangdong Province (廣東省民營企業100強)	Guangdong Federation of Industry and Commerce (廣東省工商業聯合會)
2025	Top 50 Private Service Industry Enterprises in Guangdong Province (廣東省服務業民營企業50強)	Guangdong Federation of Industry and Commerce (廣東省工商業聯合會)
2024	Grain Emergency Support Enterprises of Guangdong Province (廣東省糧食應急保障企業)	Shenzhen Development and Reform Commission (深圳市發展改革委員會)
2024	Top 100 Chinese Supermarkets (中國超市Top 100)	China Chain Store & Franchise Association (中國連鎖經營協會)
2024	Model Case of Developing Business with Integrity in Guangdong Province in 2024 (2024年廣東省誠信興商典型案例)	Guangdong Provincial Department of Commerce (廣東省商務廳).
2023	Leading Enterprise in Agricultural Industry in Guangdong Province (廣東省重點農業龍頭企業)	Guangdong Provincial Department of Agriculture and Rural Affairs (廣東省農業農村廳)
2023	Model Case of Developing Business with Integrity in Guangdong Province in 2023 (2023年廣東省誠信興商典型案例)	Guangdong Provincial Department of Commerce (廣東省商務廳)
2023	Top 500 Global Unicorn Companies in 2022 (2022全球獨角獸企業500強)	Global Unicorn 500 Evaluation Committee (全球獨角獸企業500強 評價委員會)
2023	Key Production Enterprises for Ensuring Stable Production and Supply of Local Agricultural Products in Guangzhou (廣州市本地農產品穩產保供重點生產企業)	Guangzhou Agriculture and Rural Affairs Bureau (廣州市農業農村局)
2023	2023 Responsible Enterprise Award (2023年度責任優秀企業獎)	The Sixth Social Responsibility Conference (第六屆社會責任大會)

CONNECTED TRANSACTIONS

OVERVIEW

Upon [REDACTED], transactions between members of our Group and our connected persons will constitute connected transactions or continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

The table below sets forth parties who will become our connected persons upon [REDACTED] and the nature of their relationship with our Group. We have entered into certain transactions with the following connected persons, which will constitute our connected transactions upon [REDACTED]:

Name	Connected Relationship
Yangjiang Chuan Popo Food Co., Ltd. (陽江市船婆婆食品有限公司) (“Chuan Popo Food”)	A company owned by Ms. Feng’s two brothers as to 50% and 50%, respectively, and therefore an associate of our Controlling Shareholders
Zhongshan Zhaozhao Fresh Food Co., Ltd. (中山市朝朝新鮮食品有限公司) (“Zhaozhao Fresh”)	A company owned by Ms. Feng’s brother as to 99%, and therefore an associate of our Controlling Shareholders

OUR CONNECTED TRANSACTIONS

Nature of transactions	Applicable Listing Rules	Waiver sought	Proposed annual caps for the year ending December 31,		
			2026	2027	2028
			(RMB in millions)		
Non-exempt continuing connected transactions					
Procurement of Chilled Processed Products	14A.35, 14A.36 and 14A.105	Announcement and independent Shareholders’ approval requirements	75.3	95.5	121.1
Procurement of Pork Products	14A.35, 14A.36 and 14A.105	Announcement and independent Shareholders’ approval requirements	219.9	276.9	348.7

CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Procurement of Chilled Processed Products

Parties: Chuan Popo Food and our Company

Principal terms

On [●], we have entered into a procurement framework agreement with Chuan Popo Food pursuant to which our Group agreed to procure chilled processed products, such as meatballs (the “**Chilled Processed Products Procurement Framework Agreement**”), from Chuan Popo Food and/or its subsidiaries for a term commencing on the [REDACTED] and ending on December 31, 2028, subject to renewal by mutual consent. Subject to the terms of the Chilled Processed Products Procurement Framework Agreement, the Group will enter into specific agreements or place purchase orders with Chuan Popo Food to set out specific terms and conditions. The consideration payable by the Group under the Chilled Processed Products Procurement Framework Agreement will be paid at the time and according to the method to be agreed in specific agreements or purchase orders. The terms are to be no less favorable to our Group than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons and benefits for the transactions

Chuan Popo Food is a stable and reliable supplier of our Group. We established business relationship with Chuan Popo Food since 2020. Through the historical cooperation, Chuan Popo Food is also familiar with our quality standard, and chilled processed products provided by Chuan Popo Food are proven to be a reliable, timely and efficient supply in support of the Group’s daily business operations.

Pricing basis

The prices of transactions contemplated under the Chilled Processed Products Procurement Framework Agreement shall be determined on an arm’s length basis with reference to the prevailing market price, but in any event shall not be higher than the prices of products that can be procured from Independent Third Parties by the Group. The Directors consider that the above procedures can ensure that the transactions under the Chilled Processed Products Purchasing Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders.

CONNECTED TRANSACTIONS

Historical figures, annual caps and basis of caps

The historical connected transaction amounts that we purchased chilled processed products from Chuan Popo Food were RMB36.9 million, RMB41.2 million and RMB41.0 million for the years ended December 31, 2023, 2024 and the nine months ended September 30, 2025. Our proposed annual caps of the transactions contemplated under the Chilled Processed Products Procurement Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are RMB75.3 million, RMB95.5 million and RMB121.1 million, respectively.

In arriving at the above annual caps, the Directors have considered, among other things, the following factors:

- i. historical transaction amounts during the Track Record Period for the procurement of chilled processed products from Chuan Popo Food by the Group;
- ii. the expected increase in our demand due to the potential growth of number and product sales of our stores; and
- iii. other factors including but not limited to the expected market price of the chilled processed products and its future fluctuations, taking into account the costs and expenses relating to raw materials, labor and market trends.

Listing Rules implications

In respect of the transactions under the Chilled Processed Products Procurement Framework Agreement, as the highest applicable percentage ratio for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5%, such transactions will, upon [REDACTED], constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

CONNECTED TRANSACTIONS

2. Procurement of Pork Products

Parties: Zhaozhao Fresh and our Company

Principal terms

On [●], we have entered into a procurement framework agreement with Zhaozhao Fresh pursuant to which our Group agreed to procure pork products (the “**Pork Products Procurement Framework Agreement**”), from Zhaozhao Fresh and/or its subsidiaries for a term commencing on the [REDACTED] and ending on December 31, 2028, subject to renewal by mutual consent. Subject to the terms of the Pork Products Procurement Framework Agreement, the Group will enter into specific agreements or place purchase orders with Zhaozhao Fresh to set out specific terms and conditions. The consideration payable by the Group under the Pork Products Procurement Framework Agreement will be paid at the time and according to the method to be agreed in specific agreements or purchase orders. The terms are to be no less favorable to our Group than those for transactions between our Group and Independent Third Parties under the same conditions.

Reasons and benefits for the transactions

Zhaozhao Fresh is a stable and reliable supplier of our Group. We established business relationship with Zhaozhao Fresh since 2022. Through the historical cooperation, Zhaozhao Fresh is also familiar with our quality standard, and pork products provided by Zhaozhao Fresh are proven to be a reliable, timely and efficient supply in support of the Group’s daily business operations.

Pricing basis

The prices of transactions contemplated under the Pork Products Procurement Framework Agreement shall be determined on an arm’s length basis with reference to the prevailing market price, but in any event shall not be higher than the prices of products that can be procured from Independent Third Parties by the Group. The Directors consider that the above procedures can ensure that the transactions under the Pork Products Purchasing Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders.

CONNECTED TRANSACTIONS

Historical figures, annual caps and basis of caps

The historical connected transaction amounts that we purchased pork products from Zhaozhao Fresh were RMB110.2 million, RMB112.7 million and RMB[137.5] million for the years ended December 31, 2023, 2024 and the nine months ended September 30, 2025. Our proposed annual caps of the transactions contemplated under the Pork Products Procurement Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are RMB219.9 million, RMB276.9 million and RMB348.7 million, respectively.

In arriving at the above annual caps, the Directors have considered, among other things, the following factors:

- i. historical transaction amounts during the Track Record Period for the procurement of pork products from Zhaozhao Fresh by the Group;
- ii. the expected increase in our demand due to the potential growth in the number of our stores and product sales; and
- iii. other factors including but not limited to the expected market price of the pork products and its future fluctuations, taking into account the costs and expenses relating to raw materials, labor and market trends.

Listing Rules implications

In respect of the transactions under the Pork Products Procurement Framework Agreement, as the highest applicable percentage ratio for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5%, such transactions will, upon [REDACTED], constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the non-exempt continuing connected transactions set out above are expected to continue on a recurring and continuing basis, the Directors consider that compliance with the above announcement and independent shareholders' approval requirements will be impractical, will incur unnecessary administrative costs for us, and will be unduly burdensome to the Group. Accordingly, the Group has applied to the Stock Exchange for, and the Stock Exchange [has granted] a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement

CONNECTED TRANSACTIONS

and independent shareholders' approval requirements in respect of Chilled Processed Products Procurement Framework Agreement, the Pork Products Procurement Framework Agreement and the transactions contemplated thereunder.

CONFIRMATION FROM OUR DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that (i) the continuing connected transactions as set out above have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (ii) the annual caps for those transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

CONFIRMATION BY THE JOINT SPONSORS

Based on the review of the documentation and data provided by the Company, the obtaining of necessary representations and confirmations from the Company and the participation in the due diligence and discussion with the Company, the Joint Sponsors are of the view that (i) the non-exempt continuing connected transactions as set out above have been entered into in the ordinary and usual course of business of the Company, on normal commercial terms or better which are fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and (ii) the annual caps for the non-exempt continuing connected transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- Our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules;
- Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the

CONNECTED TRANSACTIONS

interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap; and

- When considering any renewal or revisions to the agreements after [REDACTED], the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings or shareholders' general meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals cannot be obtained, we will not continue the transactions under the framework agreements to the extent that they constitute non-exempt continuing connected transactions under rule 14A.35 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon [REDACTED], our Board will consist of five Directors, comprising two executive Directors and three independent non-executive Directors.

The Board is responsible for, and has the general authority of, the management and operation of the Company. The powers and duties of the Board include convening general meetings and reporting the Board’s work at the general meetings of the Company, determining the Group’s business and investment plans, preparing the annual financial budgets and final reports of the Company, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles of Association.

DIRECTORS

The following table sets forth the information about the Directors:

Name	Age	Position	Time of joining the Group	Date of appointment as a Director	Roles and responsibilities
Ms. Feng Weihua (馮衛華女士)	[54]	Chairperson of the Board, executive Director and chief executive officer	June 2014	June 2014	Responsible for strategy, overall operational management and development of our Group
Mr. Zhou Lin (周林先生)	[43]	Executive Director, senior vice president, head of science and technology center and new retail business department	June 2015	January 2026	Responsible for information technology management and development of online business of our Group
Mr. Lee Wai Kong Albert (李維剛先生)	[52]	Independent non-executive Director	January 2026 (effective from the date of this Document)	January 2026	Supervising and providing independent opinion and judgment to the Board
Mr. Shi Kangping (施康平先生)	[49]	Independent non-executive Director	January 2026 (effective from the date of this Document)	January 2026	Supervising and providing independent opinion and judgment to the Board
Mr. Chung Chong Sun (鍾創新先生)	[50]	Independent non-executive Director	January 2026 (effective from the date of this Document)	January 2026	Supervising and providing independent opinion and judgment to the Board

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Ms. Feng Weihua (馮衛華女士) (former name: Feng Reai (馮熱愛)), aged [54], the founder, is chairperson of the Board, executive Director and chief executive officer of our Group. She is primarily responsible for strategy, overall operational management and the development of our Group.

Ms. Feng has over 15 years of comprehensive management experience in the fresh products retail sector. From December 1997 to March 2005, Ms. Feng served in Shunde District Water Power Construction Engineering Co., Ltd. (佛山市順德水電建設工程有限公司). From April 2005 to December 2007, she served in Foshan Shunji Water Conservancy and Hydropower Engineering Survey Co., Ltd. (佛山市順基水利水電工程勘測有限公司). From December 2009 to June 2011, Ms. Feng served as a director in Foshan Bajie Pork Food Co., Ltd. (佛山市八戒豬肉食品有限公司). Since June 2014, Ms. Feng, as the general manager of Guangzhou Qdama, has been taking full responsibility for the Group’s operations, leading the team to achieve key milestones such as regional expansion, digital transformation, and supply chain optimization.

Ms. Feng received a junior college diploma in industrial and civil construction engineering from South China University of Technology (華南理工大學) in the PRC in July 1992, and a Master of Business Administration degree from China Europe International Business School (中歐國際工商學院) in the PRC in October 2021.

Ms. Feng was awarded as a Leader in Promoting High-quality Industry Development During the Ten Years of Guangdong Franchising (2011-2020) (廣東特許經營十年(2011-2020)推動產業高品質發展領軍人物) by Guangdong Chain Operation Association (廣東省連鎖經營協會) in December 2020. Ms. Feng was awarded as Top Bay Award: Ten Leading Business Figures in Shenzhen (灣頂獎深圳十大商業人物) by Shenzhen Retail Commerce Industry Association (深圳市零售商業行業協會) in July 2023. Ms. Feng was awarded as the Advanced Food Safety Manager (食品安全先進管理者) by the 21st China Food Safety Conference in September 2023. Ms. Feng was also named as Breakthrough Innovation Tasting Officer (突破創新品鑒官) by Mulan Yuexianghui (木蘭悅享薈) in December 2023. Ms. Feng was awarded as one of the “Top Ten Golden Reputation Figures” at the Second Shenzhen Golden Reputation Awards (深圳第二屆十大「金口碑人物」) in 2024, an honor presented by Shenzhen Evening News (深圳晚報社) and the Shenzhen Integrity Business Promotion Association (深圳市誠信營商促進會).

Mr. Zhou Lin (周林先生), aged [43], is an executive Director, senior vice president and head of science and technology center and new retail business department of our Group. Mr. Zhou is primarily responsible for information technology management and development of online business of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhou joined our Group in June 2015 and since then served as the deputy general manager until June 2019. Since June 2019, Mr. Zhou has been responsible for our science and technology center.

Mr. Zhou graduated from Wuhan University (武漢大學), majoring in administrative management in the PRC in June 2010. In April 2015, he obtained an Advanced Diploma in information strategy and business transformation from the University of Hong Kong. From May 2018 to March 2019, he attended the Advanced Management Program at China Europe International Business School (中歐國際工商學院). He is currently pursuing a Doctorate in Business Administration at Grenoble École de Management in France.

Independent Non-Executive Directors

Mr. Lee Wai Kong Albert (李維剛先生), aged [52], has been appointed as an independent non-executive Director on January 11, 2026 with effect from the date of this Document. He is responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Lee has extensive experience in capital markets, assurance, and risk management. From 1995 to 2003, Mr. Lee worked at a reputable accounting firm in Hong Kong. From May 2004 to December 2021, Mr. Lee worked in Protiviti Hong Kong Co. Limited with his last position as a managing director. From January 2022 to September 2024, Mr. Lee served as a partner in assurance service line of Ernst & Young Hong Kong Practice. Since July 2025, Mr. Lee has been serving as an independent director of TenNor Pharmaceutical (Suzhou) Co., Ltd. (丹諾醫藥(蘇州)股份有限公司).

Mr. Lee obtained his bachelor’s degree in business administration from the Chinese University of Hong Kong in December 1995, and his master’s degree in business administration from the Hong Kong University of Science and Technology and Northwestern University in December 2012.

Mr. Lee has been an associate member of the Hong Kong Institute of Certified Public Accountants (HKICPA) since October 1998 and holds a practising certificate from HKICPA since January 2008. He has been a member of the American Institute of Certified Public Accountants (AICPA) since February 1997 and a certified public accountant of the State of Illinois since August 1996. He is also a member of the Institute of Internal Auditors since August 2004 and a fellow member of CPA Australia since January 2014.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Shi Kangping (施康平先生), aged [49], has been appointed as an independent non-executive Director on January 11, 2026 with effect from the date of this Document. He is responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Shi has extensive experience in financial management, capital markets, and corporate governance across leading multinational and listed companies. From January 2002 to July 2005, he worked in PricewaterhouseCoopers, with his last position as manager of the consulting department. From July 2007 to September 2011, Mr. Shi served as a global finance manager in Microsoft Corporation, a company listed on NASDAQ (stock code: MSFT). From September 2011 to December 2016, he worked in Baidu, Inc. (百度公司), a company listed on Stock Exchange (stock code: 9888.HK) and NASDAQ (stock code: BIDU), with his last position as the director of its financial planning and analysis department. From December 2016 to December 2017, Mr. Shi served as chief financial officer of health internet in Ping An Healthcare and Technology Company Limited (平安健康醫療科技有限公司), also known as “Ping An Good Doctor”, a company listed on the Stock Exchange (stock code: 1833). From February 2018 to November 2020, Mr. Shi served as chief financial officer of Maoyan Entertainment Limited (貓眼娛樂有限公司), a company listed on the Stock Exchange (stock code: 1896). From November 2020 to June 2022, he served as chief financial officer of Waterdrop Inc. (水滴公司), a company listed on the New York Stock Exchange (stock code: WDH). From June 2022 to August 2024, Mr. Shi served as chief financial officer of Terminus Technologies Group (特斯聯科技集團). From September 2024 to August 2025, he served as chief financial officer of MDL Wholesale Limited (麥德龍供應鏈有限公司). Since August 2025, Mr. Shi has been serving as chief financial officer of AgiBot Innovation (Shanghai) Technology Co., Ltd. (智元創新(上海)科技股份有限公司). From December 2018 to July 2023, Mr. Shi served as independent non-executive director of Life Concepts Holdings Limited (生活概念控股有限公司), a company listed on the Stock Exchange (stock code: 8056). Since March 2023, he has been serving as independent non-executive director of Guoquan Food (Shanghai) Co., Ltd. (鍋圈食品(上海)股份有限公司), a company listed on the Stock Exchange (stock code: 2517).

Mr. Shi obtained his bachelor’s degree in accounting from the School of Economics and Management, Tsinghua University (清華大學) in the PRC in June 1998, with a minor in law, and his master’s degree in business administration from the Stephen M. Ross School of Business, University of Michigan in the United States in April 2007.

Mr. Shi has been a member of the Chartered Professional Accountants of Canada (加拿大註冊會計師協會) since August 2000. Mr. Shi has been recognized for outstanding achievements across several years. In 2022, he was named among the *Top 100 Elite CFOs of Chinese Companies Listed in Hong Kong and the United States* (港美上市中國公司CFO精英100) by *Barron’s* (《巴倫周刊》). In 2023, he was honored as part of the *2023 Top 100 Elite CFOs of Chinese Companies Listed in Hong Kong and the United States* (2023年港美上市中國公司CFO精英100) by *Barron’s*. In 2024, he was featured in the *2024 Overseas Listed Companies TOP100 CFO* (2024年度海外上市公司TOP100 CFO) ranking at the Overseas Listed Companies Chief Financial Officer Summit and CFO Top 100 Awards (2024海外上市公司首席財務官峰會暨CFO百強榜).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chung Chong Sun (鍾創新先生), aged [50], has been appointed as an independent non-executive Director on January 11, 2026 with effect from the date of this Document. He is primarily responsible for providing independent judgment and oversight to the Board.

Mr. Chung has extensive experience in investment banking, corporate finance, capital markets, and financial advisory. From July 1997 to May 2000, Mr. Chung served as associate in the investment banking division of Standard Chartered Bank (Hong Kong) Limited, a company listed on the Stock Exchange (stock code: 2888). From May 2000 to July 2001, Mr. Chung served as a senior associate in Deloitte & Touche Corporate Finance Limited, responsible for corporate IPO financing and financial advisory work. From August 2001 to August 2003, he served as associate director in the mergers and acquisitions department of Rabobank Hong Kong Branch, where he was mainly responsible for mergers and acquisitions and capital operations. From August 2003 to December 2005, Mr. Chung worked in InvestHK, the Government of the Hong Kong Special Administrative Region, with his last position as manager of Mainland promotion. From December 2005 to September 2018, Mr. Chung served as senior vice president in the issuer services and market development division of Hong Kong Exchanges and Clearing Limited, a company listed on the Stock Exchange (stock code: 0388). From September 2018 to July 2019, Mr. Chung served as chief financial officer of Xiaoi Robot Technology (Hong Kong) Ltd. Since September 2018, Mr. Chung has been the founder and director of Resourceful Minds Limited (滙路有限公司). Since October 2020, he has been serving as an independent non-executive director of Radiance Holdings (Group) Company Limited (金輝控股(集團)有限公司), a company listed on the Stock Exchange (stock code: 9993). Since December 2020, he has been serving as an independent non-executive director of Strawbear Entertainment Group (稻草熊娛樂集團), a company listed on the Stock Exchange (stock code: 2125). Since December 2021, he has been serving as an independent non-executive director of ZhongAn Smart Life Services Limited (眾安智慧生活服務有限公司), a company listed on the Stock Exchange (stock code: 2271). Since February 2025, Mr. Chung has also been the founder and director of Creative Synergy Limited. Since April 2025, he has been serving as independent non-executive director of Auntea Jenny (Shanghai) Industrial Co., Ltd. (滬上阿姨(上海)實業股份有限公司), a company listed on the Stock Exchange (stock code: 2589).

Mr. Chung obtained his bachelor's degree in business administration from the Chinese University of Hong Kong in May 1997.

Mr. Chung has been a Certified Public Accountant (CPA) licensed by the Board of Accountancy of Washington State (華盛頓州會計師公會) in the United States since July 2003. He has also been a Chartered Financial Analyst (CFA) charterholder awarded by the CFA Institute (特許金融分析師組織) since September 2004.

DIRECTORS AND SENIOR MANAGEMENT

None of the Directors and senior management of the Company is related to the other Directors or senior management of the Company. Save as disclosed above, (i) none of the Directors held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document; (ii) save as set out above, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to the Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

SENIOR MANAGEMENT

The Group’s senior management team is responsible for the day-to-day management and operation of its business. The executive Directors are also members of the Group’s senior management. For their biographies, see “— Directors — Executive Directors” above.

Name	Age	Position	Time of joining the Group	Date of appointment as a member of senior management	Roles and responsibilities
Ms. Feng Weihua (馮衛華女士)	[54]	Chairperson of the Board, executive Director and chief executive officer	June 2014	June 2014	Responsible for strategy, overall operational management and development of our Group
Mr. Zhou Lin (周林先生)	[43]	Executive Director, senior vice president, head of technology center and new retail business department	June 2015	June 2017	Responsible for information technology management and development of online business of our Group
Mr. Wang Yinxiao (王銓瀾先生)	[39]	Chief financial officer and head of financial center and strategical development	June 2021	June 2021	Responsible for financial management, strategic planning, business analytics and capital management of our Group
Mr. Li Jianchao (李建超先生)	[52]	Chief human resources officer and head of human resources center	October 2022	October 2022	Responsible for human resources management of our Group
Ms. Zheng Hongmei (鄭紅梅女士)	[49]	Chief merchandising officer and head of product center	January 2024	January 2024	Responsible for procurement management and product development of our Group
Mr. Sun Xichao (孫熙超先生)	[52]	Senior vice president and head of the operation center	January 2024	January 2024	Responsible for store operations, store development and franchisee management of our Group

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Time of joining the Group	Date of appointment as a member of senior management	Roles and responsibilities
Mr. Cheng Tanggen (程堂根先生)	[52]	Senior vice president and head of internal control center	November 2020	November 2023	Responsible for internal control, legal and product quality control of our Group
Mr. Yang Xiaoguang (楊曉光先生)	[48]	Vice president and head of logistics center	January 2023	March 2023	Responsible for warehousing and logistics management of our Group

For details of the biographies of Ms. Feng and Mr. Zhou Lin, see “— Board of Directors.”

Mr. Wang Yinxiao (王峯瀟先生), aged [39], is the chief financial officer and head of financial center and strategical development of our Group. Mr. Wang was appointed as the chief financial officer when he joined our Group in June 2021. He is primarily responsible for the strategic planning, financial management, capital management and business analytics of the our Group.

Mr. Wang possesses extensive experience in capital markets and corporate management. Prior to joining our Company, Mr. Wang served as an analyst in the investment banking division of China International Capital Corporation Limited (中國國際金融股份有限公司), a company listed on the Stock Exchange (stock code: 3908) and Shanghai Stock Exchange (stock code: 601995.SH), from July 2008 to June 2010. From June 2010 to January 2020, Mr. Wang worked at Morgan Stanley Asia Limited with his last position as a vice president in the private credit & equity division in Hong Kong. From February 2020 to June 2021, Mr. Wang served as a principal in the private equity business group in the Blackstone Group (HK) Limited.

Mr. Wang received a bachelor’s degree in civil engineering and construction management from Tsinghua University (清華大學) in the PRC in July 2008 and a dual bachelor’s degree in economics from Peking University (北京大學) in the PRC in July 2009. He also obtained a master’s degree of business administration from Harvard University in the United States in May 2019.

Mr. Li Jianchao (李建超先生), aged [52], is the chief human resources officer and head of human resources center of our Group. Mr. Li was appointed as the chief human resources officer when he joined our Group in October 2022. Mr. Li is primarily responsible for human resources management of our Group.

DIRECTORS AND SENIOR MANAGEMENT

From December 2005 to June 2016, Mr. Li served as the chief consultant in United People International Consulting Limited. From February 2017 to August 2018, Mr. Li served as the co-founder and chief human resources officer in Beijing Ueater Technology Co., Ltd. (北京優集客科技有限公司). From August 2018 to October 2022, Mr. Li worked in JD.com, Inc. (京東集團股份有限公司), a company listed on the NASDAQ (stock code: JD) and the Hong Kong Stock Exchange (stock code: 9618), where he successively worked as deputy general manager of Southern China in 7FRESH, a fresh food supermarket under JD.com and head of the 3C consumer products HRBP department of JD.com.

Mr. Li obtained a bachelor’s degree in business administration from Capital University of Economics and Business (首都經濟貿易大學) in the PRC in July 1996.

Ms. Zheng Hongmei (鄭紅梅女士), aged [49], is the chief merchandising officer and head of product center of our Group. She is mainly responsible for procurement management and product development of our Group.

Ms. Zheng has extensive experience in retail operations, procurement, and merchandising management. From August 1999 to April 2014, she worked in Walmart Dalian Co., Ltd. (大連沃爾瑪百貨有限公司), where her last position was senior director and regional merchandise general manager, responsible for procurement and merchandising management. From May 2014 to September 2017, Ms. Zheng served as senior director of the fast-moving consumer goods division in Amazon.com, Inc., a company listed on NASDAQ (stock code: AMZN), responsible for the overall management of the FMCG business. From October 2017 to January 2024, she held several senior roles in Alibaba Group Holding Limited (阿里巴巴集團控股有限公司), a company listed on the Stock Exchange (stock code: 9988) and the New York Stock Exchange (stock code: BABA), including general manager of the fresh products industry for Taobao Grocery, general manager of digital agriculture of Alibaba, and general manager of fresh products for Tmall Supermarket, responsible for business development and operations in the fresh products and Alibaba digital agriculture sectors. Since January 2024, Ms. Zheng has been serving as chief merchandising officer of our Group.

Ms. Zheng obtained her associate degree in computer applications and finance, respectively, from Dalian Radio and TV University (大連廣播電視大學), currently known as Dalian Open (大連開放大學), in the PRC in July 1997, and her master’s degree in business administration from Dongbei University of Finance and Economics (東北財經大學) in the PRC in January 2015.

Mr. Sun Xichao (孫熙超先生), aged [52], is the senior vice president and head of the operation center of our Group. He is mainly responsible for store operations, store development and franchisee management of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Sun has extensive experience in retail management, business operations, and corporate leadership. From October 1995 to November 2018, Mr. Sun served as executive president in Harbin Zhongyanghong Group Co., Ltd. (哈爾濱中央紅集團股份有限公司). From March 2019 to May 2022, Mr. Sun worked in JD.com, Inc. (京東集團股份有限公司), a company listed on the NASDAQ (stock code: JD) and the Stock Exchange (stock code: 9618). Since January 2024, Mr. Sun has been serving as senior vice president of our Group.

Mr. Sun obtained his bachelor’s degree in accounting from China Central Radio and Television University (中央廣播電視大學) and completed coursework at Beijing Technology and Business University (北京工商大學) in the PRC in April 2005. He also received his master’s degree in business administration from Harbin University of Commerce (哈爾濱商業大學) in the PRC in March 2012.

Mr. Sun was awarded the title of Intermediate Accountant (中級會計師) in 1998 and was recognized as a National Model Worker in the Commercial Circulation Service Industry (全國商貿流通服務業勞動模範) in September 2015.

Mr. Cheng Tanggen (程堂根先生), aged [52], is a senior vice president and head of internal control center of our Group. He is mainly responsible for internal control, legal and product quality control of our Group.

Mr. Cheng has extensive experience in compliance and internal control. From May 2004 to October 2011, Mr. Cheng served as a senior director of the asset protection department in Walmart Shenzhen International Trust Department Store Co., Ltd., Xiamen world trade branch. (沃爾瑪深國投百貨有限公司廈門世貿分店). From August 2014 to July 2015, Mr. Cheng served as an administrative director at Alibaba Group Holding Limited (a company listed on the Stock Exchange (stock code: 9988)). From August 2016 to February 2019, Mr. Cheng served as a director of the department of internal control and compliance at Shenzhen S.F. Express Commercial Co., Ltd. (深圳順豐商業有限公司). From March 2019 to December 2019, Mr. Cheng served as a vice president at Suzhou Neighbor Group E-commerce Co., Ltd. (蘇州鄰鄰團電子商務有限公司). From January 2020 to October 2020, Mr. Cheng served as a vice president at Shenzhen Fenlai Electronic Commerce Co., Ltd. (深圳紛來電子商務有限公司).

Mr. Cheng served in Guangzhou Qdama from November 2020 to December 2021 with his last position as the head of the internal control center. He joined Shenzhen Qdama Agricultural Products in January 2022, where he successively served as manager of the internal control to December 2022; as the same position under the general manager’s office from January 2023 to October 2023; and has been serving as senior vice president (concurrently head of the internal control center) under the general manager’s office since November 2023.

Mr. Cheng received a junior college diploma in business administration from Southwest University of Science and Technology (西南科技大學) in the PRC in July 2009.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheng was awarded as 2009 CCFA Industry Loss Prevention Star (2009年度中國連鎖經營協會行業防損之星) by China Chain Operation Association in March 2009. Mr. Cheng was awarded Retail Industry Loss Prevention Development Individual Contribution Award (零售業防損發展個人貢獻獎) by Shenzhen Retail Commerce Industry Association (深圳市零售商業行業協會) and Shenzhen Chain Store & Franchise Association (深圳市連鎖經營協會) in March 2013. Mr. Cheng was named as the Honorary President of Guangdong Food Distribution Association (廣東省食品流通協會名譽會長) in January 2024. In June 2025, Mr. Cheng was appointed as an advisor to the Risk Control Professional Committee of the Guangdong Chain Operation Association (廣東省連鎖經營協會風控專業委員會顧問). Mr. Cheng was appointed as a Corporate Integrity and Compliance Practice Expert (企業廉潔合規實務專家) of the Sunshine Integrity Alliance (陽光誠信聯盟) in December 2025.

Mr. Yang Xiaoguang (楊曉光先生), aged [48], is the vice president and head of logistics center of our Group. He is primarily responsible for warehousing and logistics management of our Group.

Mr. Yang has extensive experience in food and logistics industry. From April 2004 to January 2009, Mr. Yang served in Beijing KFC Co., Ltd. (北京肯德基有限公司). From September 2008 to June 2012, Mr. Yang served as the head of logistics management and quality control center in China Dongxiang (Group) Co., Ltd. (中國動向(集團)有限公司), a company listed on the Stock Exchange (stock code: 3818). From July 2012 to April 2017, Mr. Yang served in Shanghai Metersbonwe Fashion & Accessories Co., Ltd. (上海美特斯邦威服飾股份有限公司). From April 2017 to December 2018, he served as a vice president in Shanghai Yiguo E-Commerce Co., Ltd. (上海易果電子商務有限公司). From January 2018 to January 2019, Mr. Yang served in Shanghai Anxianda Logistics Technology Co., Ltd. (上海安鮮達物流科技有限公司). From February 2019 to March 2021, Mr. Yang served in Beijing Sankuai Online Technology Co., Ltd. (北京三快在線科技有限公司). From December 2019 to January 2021, he worked in Hanhai Information Technology (Shanghai) Co., Ltd. (漢海信息技術(上海)有限公司). Since January 2023, he has been serving as head of the logistics center of our Group.

Mr. Yang obtained his college diploma in international trade from Xi'an International Studies University (西安外事學院) in the PRC in July 1999. He also obtained his bachelor's degree in accounting (by correspondence) from Shaanxi Institute of Finance and Economics (陝西財經學院), currently known as Xi'an University of Finance and Economics (西安財經大學) in the PRC in July 1999.

Mr. Yang obtained senior logistics specialist professional qualification certificate (高級物流師職業資格證書) granted by the Department of Human Resources and Social Security of Hubei Province (湖北省人力資源和社會保障廳) in the PRC in November 2009. In July 2018, Mr. Yang was awarded at the Global Cold-Chain Industry Supply Chain and Logistics Technology Symposium (全球冷鏈行業供應鏈與物流技術研討會) and received the Annual Outstanding Contribution Award (周年傑出貢獻獎).

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Ms. Li Zhihong (李志宏女士) has been appointed as a joint company secretary of the Company. Ms. Li also serves as the head of investment and financing of our Group. Ms. Li joined the Group in August 2022. She is mainly responsible for the Company’s equity financing, investor relations, and Board and shareholder affairs.

Ms. Li has extensive experience in investor relations, investment and financing, and information disclosure. From May 2020 to August 2022, Ms. Li served as director of investor relations in Viomi Technology Co., Ltd. (雲米科技), a company listed on NASDAQ (stock code: VIOT). From May 2018 to April 2020, she was a senior account manager in the Piacente Group, providing investor relations consulting services to clients listed on U.S. stock exchanges and Hong Kong Stock Exchange. From April 2016 to April 2018, she worked as a reporter in Sing Tao Daily New York (紐約星島日報). Since August 2022, Ms. Li has been serving as head of investment and financing in Guangzhou Qdama, responsible for the Company’s equity financing, strategic investment, capital operations, investor relations, and board and shareholder affairs.

Ms. Li obtained a bachelor’s degree in finance from East China University of Science and Technology (華東理工大學) in the PRC in July 2012, a master’s degree in journalism from Emerson College in the United States in May 2015, and another master’s degree in business administration from Peking University (北京大學) in the PRC in June 2025.

Mr. Wong Keith Shing Cheung (王承鐸先生) has been appointed as a joint company secretary of the Company. He has been a senior manager of Company Secretarial Services of Tricor Services Limited (“**Vistra**”), a member of Vistra Group since December 2025, mainly responsible for managing the company secretarial and compliance work for companies listed on the Stock Exchange. Mr. Wong has over 15 years of experience in compliance, audit, corporate governance and company secretarial field, providing company secretarial and compliance services to listed companies as well as private and offshore companies. He has been advising on matters related to client business operations, ensuring compliance with the Listing Rules of the Hong Kong Stock Exchange, the Hong Kong Companies Ordinance, and offshore company ordinances. Mr. Wong has previously served as the company secretary or joint company secretary of several companies listed on the Stock Exchange, including Shougang Fushan Resources Group Limited (stock code: 639), Strawbear Entertainment Group (stock code: 2125), Antengene Corporation Limited (stock code: 6996), InnoCare Pharma Limited (stock code: 9969), Linklogis Inc. (stock code: 9959), Keymed Biosciences Inc. (stock code: 2162), CANbridge Pharmaceuticals Inc. (stock code: 1228), Shanghai Conant Optical Co., Ltd. (stock code: 2276), and Arrail Group Limited (stock code: 6639).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong obtained a bachelor's degree in finance, accounting and management from University of Nottingham in July 2009. He is a Chartered Secretary, a Chartered Governance Professional, associate of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom as well as a member of the Hong Kong Institute of Certified Public Accountants.

OTHER INFORMATION

Rule 3.09D of the Hong Kong Listing Rules

Each of the Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Hong Kong Listing Rules in January 2026, and (ii) understands his or her obligations as a director of a listed issuer under the Hong Kong Listing Rules.

Rule 3.13 of the Hong Kong 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 Rules 3.13(1) to (8) of the Hong Kong Listing Rules, (ii) he or she had no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Hong Kong Listing Rules as of the Latest Practicable Date, and (iii) that there were no other factors that may affect his or her independence at the time of his/her appointments.

Rule 8.10(2) of the Hong Kong Listing Rules

Each of the Directors (other than the independent non-executive directors) confirms that as of the Latest Practicable Date, he or she was not interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business under Rule 8.10(2) of the Hong Kong Listing Rules.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

The Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Hong Kong Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group and provide advice and comments to the Board. The Audit Committee comprises Mr. Lee Wai Kong Albert, Mr. Shi Kangping and Mr. Chung Chong Sun, with Mr. Lee Wai Kong Albert (being the independent non-executive Director with appropriate professional qualifications) as the chairperson.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Board has established the Remuneration Committee with written terms of reference in compliance with Rules 3.25 of the Hong Kong Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are to make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management. The Remuneration Committee comprises Mr. Shi Kangping, Ms. Feng and Mr. Chung Chong Sun, with Mr. Shi Kangping as the chairperson.

Nomination Committee

The Board has established the Nomination Committee with written terms of reference in compliance with Rules 3.27A of the Hong Kong Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession and to review. The Nomination Committee comprises Ms. Feng, Mr. Lee Wai Kong Albert and Mr. Chung Chong Sun, with Ms. Feng as the chairperson.

Corporate Governance Code

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. To accomplish this, the Company expects to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [REDACTED], save that Ms. Feng will serve as both the chairperson of the Board and the chief executive officer of the Company as discussed below.

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Hong Kong Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive should be segregated and should not be performed by the same individual. The Company does not have a separate chairperson and chief executive and Ms. Feng currently performs these two roles. The Board believes that vesting the roles of both chairperson and chief executive in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

DIRECTORS AND SENIOR MANAGEMENT

Board Diversity

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining its competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

The Board currently consists of one female and four male Directors ranging from [43] to [54] years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance in addition to relevant industry experience. They obtained degrees in various majors including accounting, business administration, economics and engineering. Taking into account the Group's existing business model and specific needs, as well as the diverse background of the Directors, the composition of the Board satisfies the board diversity policy.

The Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. The Nomination Committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its ongoing effectiveness, and will propose any necessary amendments as required, recommending such amendments to the Board for consideration and approval. The Nomination Committee will also include a summary of the board diversity policy in the annual reports of the Company.

REMUNERATION

The Directors and senior management of the Company receive their remuneration in the form of basic annual payments and performance-related annual payments, including fees, salaries, share-based compensation and other benefits in kind.

For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, the total remuneration paid to the Directors amounted to RMB2.9 million, RMB30.3 million and RMB1.0 million, respectively. None of the Directors waived or agreed to waive any emolument during the Track Record Period.

Under the arrangements in force as of the date of this document, the Company estimates the total remuneration payable to, and benefits in kind receivable by, the Directors by the Group for the year ending December 31, 2026 to be approximately RMB42.3 million.

DIRECTORS AND SENIOR MANAGEMENT

The five highest paid individuals of the Group for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025 included nil, one and nil Directors, respectively. During the same year/period, the aggregate amount of remuneration of the five highest paid individuals was RMB12.3 million, RMB47.5 million and RMB20.6 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, the Directors or the five highest paid individuals as an inducement to join or upon joining the Group. No compensation was paid to, or received by, the Directors, former Directors or the five highest paid individuals for the loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

Save as disclosed above, no other payments have been made or are payable by the Group to the Directors in respect of the Track Record Period.

COMPLIANCE ADVISOR

The Company has appointed Red Solar Capital Limited as the Compliance Advisor pursuant to Rule 3A.19 of the Hong Kong Listing Rules. The Compliance Advisor will provide the Company with guidance and advice as to compliance with the requirements under the Hong Kong Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Hong Kong Listing Rules, the Compliance Advisor will, amongst other things, advise the Company in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- (iii) where the Group proposes to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where the business activities, development or results of the Group deviate from any forecast, estimate, or other information in this document; and
- (iv) where the Hong Kong Stock Exchange makes an inquiry of the Company under Rule 13.10 of the Hong Kong Listing Rules.

The term of appointment of the Compliance Advisor shall commence on the [REDACTED] and is expected to end on the date on which the Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of its financial results for the first full financial year commencing after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Ms. Feng, through FWH Holding Ltd., JS Feng Ltd., WH Feng Ltd. and Qdama Talent, was entitled to control the exercise of 50.65% voting rights of the issued Shares of the Company.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Ms. Feng, through FWH Holding Ltd., JS Feng Ltd., WH Feng Ltd. and Qdama Talent, will be collectively interested in approximately [REDACTED]% of our enlarged issued share capital. Therefore, Ms. Feng, FWH Holding Ltd., JS Feng Ltd., WH Feng Ltd. and Qdama Talent will remain as our Controlling Shareholders immediately upon completion of the [REDACTED].

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates upon [REDACTED].

Management Independence

Our business is managed and conducted by our Board and senior management. Despite that Ms. Feng serves as our executive Director and Chairperson of the Board, Ms. Feng has devoted substantially all of her business interests to our Group, and our Directors expect that there will be no competition between the Company and our Controlling Shareholders and the risk of potential conflicts of interest will be comparatively low. Our Directors believe that our Board and our management team are able to operate our business and managing all actual or potential conflicts of interest independently of our Controlling Shareholders for the following reasons:

- (i) each of our Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
- (ii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions;
- (iii) our daily management and operations are carried out by our two executive Directors and other six members of our senior management team. As of the Latest Practicable Date, except for our executive Director and CEO, Ms. Feng, none of the other Directors and senior management holds any management position or directorship in our Controlling Shareholders' and/or their close associates. They also have substantial experience in the industry in which our Company is engaged and will therefore be able to make business decisions that are in the best interest of our Group;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (iv) all of our three independent non-executive Directors are independent of the Controlling Shareholders and have extensive experience in their respective areas of expertise. See "Directors and Senior Management." All our independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions;
- (v) where a Shareholders' meeting is held to consider a proposed transaction in which any of the Controlling Shareholders has a material interest, the relevant Controlling Shareholder(s) shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting;
- (vi) our Company has appointed Red Solar 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; and
- (vii) upon completion of the [REDACTED], our Company will adopt a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See "— Corporate Governance Measures" in this section below for further information.

Therefore, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that the Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole.

Based on the above, the Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

We are in possession of all production and operating facilities and technology relating to our Group's business and have obtained all the relevant material licenses, qualifications and approvals for conducting all our business. Currently, we engage in our Group's business independently, with the independent right to make operational decisions and implement such decisions. We have independent access to customers and suppliers and are not dependent on the Controlling Shareholders for any significant amount of our revenue, product development, staffing or marketing and sales activities, and we have sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders. We have our own organizational structure with independent departments, each with specific areas of responsibility. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our business.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

We entered into certain continuing connected transactions with our Controlling Shareholders and/or their associates in respect of certain products procurement. For more details, see "Connected Transactions." Considering that our access to independent sources, the sufficient competitive market, our Directors consider that, even if such agreements are terminated, our Company will be able to identify other suitable suppliers or substitutes through fair negotiation at similar terms and conditions in line with the market terms to meet our business and operational needs without causing any undue delay.

Based on the above, our Directors are of the view that the Company operates independently from our Controlling Shareholders.

Financial Independence

Our Company has established its own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit and internal control functions independent from our Controlling Shareholders and their respective close associates, as well as a sound and independent financial system, and makes independent financial decisions according to our own business needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their close associates.

As of the Latest Practicable Date, we did not have any outstanding loans or non-trade balances granted, guaranteed or pledged by any our Controlling Shareholders to us.

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

COMPETING ISSUES UNDER RULE 8.10 OF THE LISTING RULES

Save and except for the interests of our Controlling Shareholders in our Company and its subsidiaries, our Controlling Shareholders and Directors confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. Our Company would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders:

- (i) where a Board meeting is held for the matters in which any Director has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (ii) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, the relevant Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (iii) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with a Controlling Shareholder or any of their associates, our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules;
- (iv) our Board will consist of a balanced composition of executive and non-executive Directors, including not less than one-third of independent non-executive Directors, to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, individually and collectively, possess the requisite knowledge and experience. They are committed to providing impartial and professional advice to protect the interests of our minority Shareholders;
- (v) in the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and the Controlling Shareholders, the relevant Controlling Shareholders shall provide the independent non-executive Directors with all relevant financial, operational and market and any other necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements;
- (vi) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost; and
- (vii) we have appointed Red Solar Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the Listing Rules and applicable laws, rules, codes and guidelines, including but not limited to various requirements relating to Directors' duties and internal controls.

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 Controlling Shareholders and/or Directors to protect minority Shareholders' rights after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors as at the Latest Practicable Date, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), each of following persons will have an interest and/or short position (as applicable) in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the Shares, once the Shares are [REDACTED] on the Stock Exchange:

Name of Shareholder	Nature of interest ⁽¹⁾	Number of Shares	Approximate Percentage of Shareholding in the Total Issued Share Capital Immediately following the Completion of the [REDACTED] (Assuming the [REDACTED] is not exercised)
JS Feng Ltd. ⁽²⁾	Beneficial interest	886,208,559	[REDACTED]%
Qdama Talent ⁽³⁾	Beneficial interest	251,633,875	[REDACTED]%
Ms. Feng ⁽²⁾⁽³⁾⁽⁴⁾	Interest in controlled corporations	1,211,858,719	[REDACTED]%
Generation Alpha ⁽⁵⁾	Beneficial interest	320,910,939	[REDACTED]%

Notes:

- (1) All interest stated are long positions.
- (2) As of the Latest Practicable Date, JS Feng Ltd. was wholly owned by FWH Holding Ltd., which in turn was wholly owned by Ms. Feng. Therefore, each of Ms. Feng and FWH Holding Ltd. is deemed to be interested in the Shares held by JS Feng Ltd. in the Company under the SFO.
- (3) Qdama Talent is a platform holding the underlying incentive Shares under the Pre-[REDACTED] Share Incentive Scheme. A total of 251,633,875 Shares were allotted and issued to Qdama Talent for the purpose of the Pre-[REDACTED] Share Incentive Scheme. As of the Latest Practicable Date, Qdama Talent is legally owned by TMF Trust (HK) Limited as trustee of the QDM Employee Trust, which was established by the Company as the settlor for the purpose of the Pre-[REDACTED] Share Incentive Scheme. Qdama Talent is ultimately controlled by Ms. Feng. As such, each of TMF Trust (HK) Limited and Ms. Feng is deemed to be interested in the 251,633,875 Shares held by TMF Trust (HK) Limited. See “Statutory and General Information — Further Information about the Directors — The Pre-[REDACTED] Share Incentive Scheme” in Appendix IV to this document.
- (4) As of the Latest Practicable Date, WH Feng Ltd. held 74,016,285 Shares of the Company. As of the Latest Practicable Date, WH Feng Ltd. was wholly owned by FWH Holding Ltd., which in turn was wholly owned by Ms. Feng. Therefore, each of Ms. Feng and FWH Holding Ltd. is deemed to be interested in the Shares held by WH Feng Ltd. in the Company under the SFO.

SUBSTANTIAL SHAREHOLDERS

- (5) Generation Alpha is an investment holding company incorporated under the laws of the BVI. As of the Latest Practicable Date, Generation Alpha was i) managed by GenBridge Capital Fund I GP, Ltd. ("**Fund I GP**"); ii) owned as to 94.70% by GenBridge Capital Fund I, L.P., which is also managed by Fund I GP. Fund I GP is owned as to i) 50% by GenBridge Capital Partners, Ltd. which is wholly owned by Mr. Li Mao Chun; and ii) 50% by JD.com, inc. Therefore, each of Fund I GP, GenBridge Capital Fund I, L.P., GenBridge Capital Partners, Ltd., Mr. Li Mao Chun and JD.com, inc. is deemed to be interested in the Shares held by Generation Alpha in the Company under the SFO.

Save as disclosed above, the Directors are not aware of any person who will, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), have an interest or short position in the Shares or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting of the Company.

SHARE CAPITAL

SHARE CAPITAL

The following is a description of the authorized and issued share capital of the Company in issue and to be issued as fully paid or credited as fully paid immediately before and following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised):

1. Share capital as of the date of this document

Number of Shares	Description	Aggregate Par Value (US\$)
<i>Authorized share capital:</i>		
4,348,241,700	Ordinary Shares of a par value of US\$0.00001 each	43,482.417
10,495,000	Series Pre-A Preferred Shares of a par value of US\$0.00001 each	104.95
64,778,000	Series A Preferred Shares of a par value of US\$0.00001 each	647.78
125,186,670	Series B Preferred Shares of a par value of US\$0.00001 each	1,251.8667
39,321,330	Series B+ Preferred Shares of a par value of US\$0.00001 each	393.2133
131,886,000	Series C Preferred Shares of a par value of US\$0.00001 each	1,318.86
113,349,000	Series D Preferred Shares of a par value of US\$0.00001 each	1,133.49
166,742,300	Series E Preferred Shares of a par value of US\$0.00001 each	1,667.423
5,000,000,000	Total	50,000

SHARE CAPITAL

Number of Shares	Description	Aggregate Par Value
		(US\$)
<i>Issued share capital:</i>		
1,746,537,827	Ordinary Shares of a par value of US\$0.00001 each	17,465.37827
10,495,000	Series Pre-A Preferred Shares of a par value of US\$0.00001 each	104.95
64,778,000	Series A Preferred Shares of a par value of US\$0.00001 each	647.78
125,186,670	Series B Preferred Shares of a par value of US\$0.00001 each	1,251.8667
39,321,330	Series B+ Preferred Shares of a par value of US\$0.00001 each	393.2133
131,886,000	Series C Preferred Shares of a par value of US\$0.00001 each	1,318.86
113,349,000	Series D Preferred Shares of a par value of US\$0.00001 each	1,133.49
161,074,893	Series E Preferred Shares of a par value of US\$0.00001 each	1,610.74893
2,392,628,720	Total	<u>23,926.2872</u>

SHARE CAPITAL

2. Share capital immediately after the completion of the [REDACTED]

Number of Shares	Description	Aggregate par value (US\$)
<i>Authorized share capital:</i>		
[5,000,000,000]	Ordinary Shares of a par value of US\$0.00001 each	[50,000]
[5,000,000,000]	Total	[50,000]
<i>Issued share capital:</i>		
[2,392,628,720]	Ordinary Shares in issue immediately before the [REDACTED] of nominal or par value of US\$0.00001 each	[23,926.2872]
[REDACTED]	Ordinary Shares of US\$0.00001 each to be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised)	[REDACTED]
[REDACTED]	Total	[REDACTED]

ASSUMPTIONS

The above table assumes the [REDACTED] becomes unconditional and the issue of Shares pursuant to the [REDACTED] is made as described herein. It does not take into account of any Shares which may be issued upon the exercise of the [REDACTED] or any Shares which may be allotted and issued or repurchased by the Company under the general mandates for the allotment and issue or repurchase of Shares granted to the Directors as described below.

RANKING

The [REDACTED] will rank pari passu in all respects with all Shares in issue or to be issued as mentioned in this document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this document.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Memorandum and Articles of Association, the Company may from time to time by ordinary resolution of Shareholders (i) increase its share capital; (ii) consolidate and divide its share capital into Shares of larger amount; (iii) divide its Shares into several classes; and (iv) cancel any Shares which have not been taken or agreed to be taken. In addition, the Company may, subject to the provisions of the Cayman Companies Act, reduce its share capital or capital redemption reserve by its Shareholders passing a special resolution. See "Summary of the Constitution of the Company and Cayman Companies Act" in Appendix III to this document.

THE SHARE INCENTIVE SCHEME

We adopted the Share Incentive Scheme on November 30, 2021. See the section headed "Statutory and General Information — Further Information about the Directors — The Pre-[REDACTED] Share Incentive Scheme" in Appendix IV to this document.

GENERAL MANDATES TO ALLOT AND ISSUE SHARES

Subject to the [REDACTED] becoming unconditional, the Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with the total nominal value of not more than the sum of:

- (a) 20% of the total number of Shares in issue immediately following completion of the [REDACTED] (excluding any treasury shares); and
- (b) the total number of Shares repurchased by the Company (if any) pursuant to the general mandate to repurchase Shares granted to the Directors referred below.

The allotment and issue of Shares under a rights issue, scrip dividend scheme or similar arrangement in accordance with the Memorandum and Articles of Association, or under the [REDACTED], do not generally require the approval of the Shareholders in general meeting and the total number of Shares which the Directors are authorized to allot and issue under this mandate will not be reduced by the allotment and issue of such Shares.

This general mandate will expire at the earliest of:

- the conclusion of the Company's next annual general meeting;
- the expiration of the period within which the Company is required by law or the Memorandum and Articles of Association to hold our next annual general meeting; or
- when varied, revoked or renewed by an ordinary resolution of the Shareholders in general meeting.

SHARE CAPITAL

For further details of these general mandates, see “Appendix IV — Statutory and General Information — Further Information about the Company — Resolutions of the Shareholders”.

GENERAL MANDATES TO REPURCHASE SHARES

Subject to the [REDACTED] becoming unconditional, the Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with a total nominal value of not more than 10% of the total number of Shares of the Company in issue immediately following the completion of the [REDACTED] (excluding any treasury shares).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are [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 the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in “Statutory and General Information — Further Information about the Company — Repurchase of Our Own Shares” in Appendix IV to this document.

The general mandate to issue and repurchase Shares will expire:

- at the conclusion of the next annual general meeting of the Company;
- at the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Cayman Islands or the Articles to be held; or
- when varied, revoked or renewed by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

Any reference to an allotment, issue, grant, offer or disposal of Shares shall include the sale or transfer of treasury shares in the capital of the Company (including to satisfy any obligation upon the conversion or exercise of any convertible securities, options, warrants or similar rights to subscribe for Shares) to the extent permitted by, and subject to the provisions of the Listing Rules and applicable laws and regulations.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountant’s Report in Appendix I, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with the Hong Kong Financial Reporting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed “Risk Factors” and “Business” and elsewhere in this document. For further details, see “Forward-Looking Statements.”

OVERVIEW

We are the largest community-based fresh product chain company in China. We operate the household brand Qdama (“錢大媽”). In 2024, our total GMV reached RMB14.8 billion. According to CIC, we ranked first among community-based fresh product chains in China by GMV of fresh products for five consecutive years.

We are dedicated to offering consumers highly fresh, high value-for-money products and a convenient shopping experience focusing on the needs of “everyday meal”. We pioneered the “End of the Day Discount and Clearance” sales model (the “**D&C Model**”) in the industry. Accordingly, we have earned widespread consumer recognition by strictly implementing our “no overnight meat” (“不賣隔夜肉”) commitment, which is now applied across all fresh product offerings, establishing strong brand awareness around “freshness” among consumers.

During the Track Record Period, we demonstrated our strong focus on profitability and quality of business development. Our revenue increased from RMB11,744.1 million in 2023 to RMB11,787.8 million in 2024, and subsequently decreased from RMB8,729.5 million in the nine months ended September 30, 2024 to RMB8,358.9 million in the nine months ended September 30, 2025. Our gross profit increased from RMB1,148.5 million in 2023 to RMB1,201.9 million in 2024 and further increased from RMB899.4 million in the nine months ended September 30, 2024 to RMB943.5 million in the nine months ended September 30, 2025.

We recorded net profit of RMB168.6 million, RMB288.4 million and RMB227.4 million in 2023, 2024 and the nine months ended September 30, 2024, respectively, and net loss of RMB287.6 million in the nine months ended September 30, 2025. Eliminating the impact of items including (i) fair value gains and modification adjustments on convertible redeemable preferred shares, net, (ii) share-based payments to employees, and (iii) [REDACTED], we recorded an adjusted net profit (non-HKFRS measure) of RMB[REDACTED], RMB[REDACTED], RMB[REDACTED] and RMB[REDACTED] in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. See “— Consolidated Statements of Comprehensive Income — Non-HKFRSs Financial Measure.”

FINANCIAL INFORMATION

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with the HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The historical financial information has been prepared under the historical cost basis, except for financial assets at fair value through other comprehensive income (“FVOCI”) and convertible redeemable preferred shares measured at fair value.

The preparation of the historical financial information in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires our management to exercise its judgment in the process of applying our accounting policies. 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 4 to the Accountant’s Report in Appendix I in this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of general factors, many of which are beyond our control, including the following:

- macroeconomic trends;
- change in per capita disposable income and per capita expenditure on fresh products;
- evolving consumption patterns and habits;
- rising food safety awareness and consciousness in everyday life;
- fluctuations in prices of fresh products, driven by factors such as seasonal supply variations, weather conditions, and changes in feed and transportation costs;
- improved logistics and storage infrastructure, such as the development of cold-chain logistics and standardization of supply chain of fresh products;
- competitive landscape; and
- governmental policies, initiatives and incentives.

In addition to these general factors, the following specific factors have a more direct impact on our results of operations.

FINANCIAL INFORMATION

Our Product Portfolio and Pricing Strategy

Our products are at the core of our business, and we sell them through our extensive store network. We are dedicated to offering franchisees and consumers high-quality, value-for-money fresh products, complemented by our warm service that forms neighborly ties and a loyal community of consumers. Our product portfolio is comprehensive and covers diverse product types, including animal proteins (namely, (i) pork products, (ii) meat, poultry and eggs (excluding pork products) and (iii) seafood), fresh produce (namely, vegetables and fruits), as well as chilled and processed foods. Our product portfolio continued to evolve throughout the Track Record Period. The diversity of our product portfolio allows us to capture varying tastes and preferences in consumer demand. Through our offering of high-quality products, we have cultivated long-term brand recognition among consumers. Our revenue from product sales amounted to RMB11,460.1 million, RMB11,490.7 million, RMB8,506.9 million and RMB8,132.2 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, representing 97.6%, 97.5%, 97.4% and 97.3% of our total revenue of the same periods. Our gross profit margins of product sales were 7.8%, 8.1%, 8.2% and 9.0% in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

We provide guidance on the pricing of products in the stores using our own pricing model, which is based on, among other factors, costs, profit margin, regional differences and market demand. As a result, the retail price varies across different stores. In addition, we have established a rigorous dynamic market price monitoring mechanism. For instance, the market prices of pork products are subject to fluctuations throughout the hog cycle. Through the implementation of the dynamic pricing strategy, we are able to better attract franchisees and consumers, manage inventory and maintain profitability. Furthermore, we offer an assortment of promotional products, typically vegetables, which serves as a key driver of consumer traffic to our stores. We change the selection of promotional products and adjust product pricing. See “Business — Pricing Policy — Store Pricing Guidance.” Benefiting from our mature pricing strategy and continually refreshed product portfolio, our gross profit margin on product sales improved steadily during the Track Record Period.

FINANCIAL INFORMATION

Our Extensive Offline Store Network, Complemented by Online Sales Channels

Our extensive offline store network comprises franchise and self-operated stores. As of December 31, 2023, 2024 and September 30, 2025, our offline store network consisted of a total of 2,916, 2,922 and 2,938 stores, respectively, of which 2,835, 2,863 and 2,898 were franchise stores. The majority of our offline stores are in Southern China. As of December 31, 2023, 2024 and September 30, 2025, we had 2,017, 2,029 and 2,014 stores in Southern China, representing 69.2%, 69.4% and 68.6% of our total number of stores, respectively. As of December 31, 2023, 2024 and September 30, 2025, our store network consisted of 838, 826 and 852 stores in other regions in Chinese Mainland, representing 28.7%, 28.3% and 29.0% of the total number of stores in our store network, respectively. As we expanded beyond the Chinese Mainland market, the number of our stores in Hong Kong and Macau increased from 61 as of December 31, 2023 to 67 as of December 31, 2024, and further increased to 72 as of September 30, 2025. We expect to open more stores in existing regions, as well as expanding into new geographic markets in China. We plan to continue to expand our presence in China by increasing our geographic coverage and deepening our market penetration.

Our revenue is primarily derived from product sales to franchisees, who operate franchise stores under our brand and sell our products to consumers. In our franchise model, we also charge (i) franchise fees, which are recognized over the scheduled period on a straight-line basis, and (ii) sales-based royalty fees to franchisees. The franchise service fee is fixed and charged upfront for each newly opened franchise store, which is recognized over a certain period according to the franchise agreement. The sales-based royalty fees are based on a certain percentage of daily sales to consumers. The sales-based royalty fees are recognized when the sales of franchisee to consumer transaction occur, and thus are generally driven by the increase in the number of franchise stores and their aggregate product sales. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, the revenue from sales to our franchisees amounted to RMB11,091.6 million, RMB11,140.4 million, RMB8,236.1 million and RMB7,954.7 million, respectively, representing 94.5%, 94.5%, 94.4% and 95.1% of our revenue for the same periods.

Our extensive store network is complemented by online sales channels, which include (i) our Qdama WeChat Mini Program and App, and (ii) partnering with third-party food delivery platforms, such as Meituan (美團), Taobao Flash Shopping (淘寶閃購) and JD-Daojia (京東到家). Such sales are recorded as sales revenue of the stores which processed and delivered orders. Our online channels complement these stores by offering convenient ordering and pickup options to create a convenient shopping experience.

FINANCIAL INFORMATION

Our Comprehensive Supply Chain Capabilities

We have built a robust supply chain infrastructure that ensures product freshness and quality while optimizing cost efficiency. We implement a dynamic procurement approach comprising (i) sourcing from farming bases, (ii) supplier procurement, and (iii) order-based farming. This approach allows us to ensure quality consistency, operational efficiency, and cost competitiveness while catering to diversified consumer demand across different regions in China. In addition, we have established a sophisticated network of integrated distribution centers and logistics operations designed to maintain an efficient delivery of fresh products to our stores, upholding our “no overnight meat” commitment while optimizing operational efficiency and cost-effectiveness. As of September 30, 2025, we operated 16 integrated distribution centers with sorting and processing capabilities. Each integrated distribution center is equipped with processing centers, where we carry out preliminary processing and packaging of vegetables, meat and other fresh products, achieving significant cost savings while enhancing quality. See “Business — Supply Chain Infrastructure.”

In addition, we cooperated with approximately 120 logistics partners as of September 30, 2025, arranging an average of over 800 cold-chain vehicles every day. We provide optimized routes and outsource the delivery service to logistics service suppliers, who are responsible for arranging vehicles, drivers and delivery services. We leverage their comprehensive distribution operations to create a highly efficient supply chain from integrated distribution centers to stores. We incurred logistics expenses of RMB312.8 million, RMB292.1 million, RMB216.4 million and RMB207.6 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 51.7%, 48.1%, 48.1% and 48.7% of our selling and marketing expenses for the same periods, and 2.7%, 2.5%, 2.5% and 2.5% of our revenue for the same periods. We believe that a strong distribution network will continually empower our business expansion. Meanwhile, our dense store network and continually optimized delivery routes allow for faster delivery of products to our offline stores.

We have efficient inventory turnover cycles for the vast majority of our products, as we tailor the procurement volume according to sales orders. We typically do not maintain inventory for products to be sold in offline stores. Our integrated distribution centers cover all of the stores and are empowered by our digitized supply chain system, ensuring deliveries from the integrated distribution centers to stores to be fulfilled within four to five hours. In 2023, 2024 and the nine months ended September 30, 2025, our inventory turnover days were 1.4 days, 1.2 days and 1.3 days, respectively. Therefore, our integrated distribution centers primarily act as hubs for sorting and processing rather than storage. We believe that our self-operated integrated distribution centers and in-house processing capabilities will support a stable, high-volume supply of high-quality products while ensuring food safety. See “Business — Supply Chain Infrastructure.”

FINANCIAL INFORMATION

Digitalized Operations to Manage Costs and Enhance Operational Efficiency

We have developed in-house digital capabilities that cover the entire business chain, from consumer engagement to supply chain management and store operations, which significantly enhance our operational efficiency, data visibility and decision-making precision. We operate a multichannel digital marketing and sales network centered on our WeChat Mini Program, store-based community groups, and partnerships with third-party food delivery platforms. Through our membership system and digital data analytics, we collect and analyze transaction data to understand purchasing behaviors and consumption patterns to refine product selection, pricing and promotional strategies, thereby improving marketing effectiveness and enhancing overall consumer satisfaction. In addition, our digitized supply chain system provides end-to-end coordination across procurement, sorting, processing and logistics. With real-time monitoring of supply-and-demand dynamics from suppliers to stores, we ensure timely replenishment and inventory optimization while enhancing operational efficiency and reducing costs. Our management and franchisees can thus make informed decisions to enhance efficiency and drive targeted marketing. Furthermore, our Digital Operation Platform connects headquarters directly with all franchise stores, integrating ordering, sales, inventory and pricing data. The platform provides daily forecasts and replenishment recommendations on order placement based on historical sales, consumer traffic and product attributes, with approximately 80% of store orders following system-generated suggestions. Through this digital infrastructure, we empower franchisees by streamlining order placement process and developing marketing strategies through data-driven insights while enabling headquarters to monitor real-time performance, ensure operational compliance, and continuously refine product assortment and pricing strategies based on aggregated data insights. See “Business — Our Digitalization.”

Through the expansion of our business scale and digitalization, we have significantly enhanced sales activity efficiency and workforce productivity. Our integrated digital systems enable real-time decision-making and streamlined operations across procurement, logistics and store management. Our administrative expenses represent 3.5%, 3.7%, 3.8% and 3.3% of our revenue in 2023, 2024 and the nine months ended September 30, 2024 and 2025, while our selling and marketing expenses represent 5.2%, 5.2%, 5.2% and 5.1% of our revenue for the same periods.

To promote our brand and enhance consumer experience, we launched our membership system in November 2016. As of September 30, 2025, the cumulative number of our registered members reached over 28.0 million. Through our membership program, we engage a vast base of active members through various benefits and activities. We believe that this membership system bolsters our sales and cultivates a closer relationship with consumers, thereby enhancing brand loyalty. See “Business — Branding and Marketing — Member-targeted Marketing Activities.”

FINANCIAL INFORMATION

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. There has been no material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Other significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 4 to the Accountant's Report in Appendix I in this document.

Revenue Recognition

Revenue is measured when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if our performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as we perform; or
- does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, our Group allocates revenue to each performance obligation based on its relative standalone selling price. Our Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact revenue recognition.

FINANCIAL INFORMATION

Product Sales

We principally generate our revenue from the sales of fresh products and other products through our self-operated stores/self-operated channels, franchise stores/franchise channels.

- Revenue from sales of fresh products via self-operated stores/self-operated channels to individual customers is recognized at the point in time when the individual customers accept the ordered fresh products and other products and the control over the fresh products is transferred to the customer.
- Revenue from sales of fresh products and other products to the franchise stores is recognized at the point in time upon the franchise stores accept the fresh products and the control over the fresh products is transferred to the franchise stores, after which such fresh products and other products are sold by the franchise stores/franchise channels to individual customers.

We are the primary obligator for the fresh products and other products for the above sales, take the inventory risk and has latitude in establishing prices and selecting suppliers. Revenue is recorded on the gross basis.

Discounts and return allowances

We recognize the revenue net of discounts and return allowances when the products are delivered and the control is passed to customers. For sales of products, we reasonably estimate the possibility of return based on historical experience.

Loyalty programs

Individual customers buying from the operating stores are granted loyalty points primarily from purchases of goods. Loyalty points can be used as cash coupons to buy products sold by us, which will directly reduce the amount paid by individual customers. We consider loyalty points awarded from sales of products to be part of our revenue-generating activities and, accordingly, loyalty points are considered to be a material right and a separate performance obligation identified in the contract. Consideration from the sales transaction is allocated to the products sold, and loyalty points awarded based on the relative standalone selling price of those products and loyalty points awarded. The amount of revenue we recognize upon the redemption of loyalty points considers breakage, which is estimated based on our historical experience.

FINANCIAL INFORMATION

Royalty and Franchising Service

We also charge one-off franchise fees and sales-based royalty fees to franchisees. The sales-based royalty fees were based on certain percentage of daily sales transactions completed. Our promise to grant the license is a separate performance obligation.

Revenue from franchise fees of franchise stores is recognized over the scheduled period on a straight-line basis because it's "right to access" license, the sales-based royalty fees are recognized when the sales of franchisee to end customers transaction occur.

Others

We also provide instant delivery services through our online sales channel and other third-party food delivery platforms. We act as an agent and earn premium service and delivery charges. Such revenue is recognized at the point in time when the related performance obligation is satisfied and the service is completed.

We also generate revenue from providing operational support to franchise stores to ensure consistency of store styles, including design and decoration services and the sale of store equipment to franchisees. Design and decoration service fees are recognized as revenue when the related services are rendered. Revenue from the sale of store equipment is recognized at the point in time when the franchisee accepts the equipment and control of the equipment transfers to the franchisee.

Presentation of Assets and Liabilities Related to Contracts with Customers

When either party to a contract has performed, we present the contract in the consolidated statements of financial position as a contract asset or a contract liability, depending on the relationship between our performance and the customer's payment.

A contract asset is our right to consideration in exchange for services that our Group has transferred to a customer.

If a customer pays consideration or we have a right to an amount of consideration that is unconditional before our transfers services to the customer, our Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is our Group's obligation to transfer services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when we have an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

FINANCIAL INFORMATION

Convertible Redeemable Preferred Shares

Convertible redeemable preferred shares issued by us are redeemable upon the occurrence of certain conditions.

We designated the convertible redeemable preferred shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value. Any directly attributable transaction costs are recognized as finance costs in profit or loss.

Subsequent to initial recognition, the convertible redeemable preferred shares are carried at fair value. The component of fair value changes relating to our Company's own credit risk is recognized in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in profit or loss, but are transferred to retained earnings when realized. Fair value changes relating to market risk are recognized in profit or loss.

Our convertible redeemable preferred shares were classified as current liabilities, as the convertible redeemable preferred shares may be converted into Ordinary Shares at the option of the preferred shareholders at any time and the conversion feature does not meet the "fixed-for-fixed" criterion.

Share-Based Payments

Equity-settled Share-based Payment Transactions

We operate share options granted to directors and employees, under which we receive services from employees as consideration for equity instruments of us. Information relating to the share options plan is set out in Note 27 to the Accountant's Report in Appendix I in this document.

The fair value of the employee services received in exchange for the grant of options is recognized as an expense on the consolidated statements of financial position. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or holdings shares for a specific period of time).

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Non-marketing performance and services conditions are included in the calculation of the number of the options expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, we revise our estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. We recognize the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to us.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

The grant by our Company of options over our equity instruments to the employees of subsidiaries in our Group is treated as a capital contribution in the separate financial statements of our Company. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investments in subsidiaries' undertakings, with a corresponding credit to equity in separate financial statements of our Company.

Impairment Assessment for Non-financial Assets

Non-financial assets, mainly including property, plant and equipment, right-of-use assets, intangible assets and investments accounted for using equity method, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to disposal. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) the selection of the most appropriate valuation technique, e.g. the market approach, the income approach, as well as a combination of approaches, including the adjusted net asset method; and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect our financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the profit or loss.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of comprehensive income for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	(RMB in thousands)			
	(unaudited)			
Revenue	11,744,089	11,787,796	8,729,517	8,358,887
Cost of sales	(10,595,626)	(10,585,926)	(7,830,098)	(7,415,390)
Gross profit	1,148,463	1,201,870	899,419	943,497
Selling and marketing expenses	(605,742)	(607,348)	(450,231)	(426,535)
Administrative expenses	(414,092)	(432,738)	(327,893)	(271,995)
(Provision for)/reversal of impairment loss on financial assets	(528)	555	474	468
Research and development expenses	(19,537)	(16,428)	(12,796)	(8,744)
Other income	20,631	18,758	14,806	9,560
Other losses – net	(288)	(9,134)	(16,486)	(20,874)
Operating profit	128,907	155,535	107,293	225,377
Finance costs – net	(18,801)	(6,526)	(4,741)	(6,876)
Fair value gains and modification adjustments on convertible redeemable preferred shares – net . .	73,418	163,847	144,793	(481,316)
Profit/(loss) before income tax	183,524	312,856	247,345	(262,815)
Income tax expenses	(14,961)	(24,467)	(19,901)	(24,783)
Profit/(loss) for the year/period	168,563	288,389	227,444	(287,598)
Profit/(loss) for the year/period attributable to:				
– Owners of the Company	168,867	288,438	227,485	(287,844)
– Non-controlling interest	(304)	(49)	(41)	246
	168,563	288,389	227,444	(287,598)

FINANCIAL INFORMATION

NON-HKFRS FINANCIAL MEASURE

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

We define adjusted profit/(loss) for the year/period (non-HKFRS measure) as profit/(loss) for the year/period adjusted by (i) fair value gains and modification adjustments on convertible redeemable preferred shares, net, (ii) share-based payments to employees and (iii) [REDACTED]. The following table reconciles our adjusted profit/(loss) for the year/period (non-HKFRS measure) presented to the most directly comparable financial measures calculated and presented in accordance with HKFRSs, which is profit/(loss) for the year/period:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	(RMB in thousands)			
	(unaudited)			
Profit/(loss) for the year/period	168,563	288,389	227,444	(287,598)
Adjusted:				
Fair value gains and modification				
adjustments on convertible				
redeemable preferred shares – net ⁽¹⁾	(73,418)	(163,847)	(144,793)	481,316
Share-based payments				
to employees ⁽²⁾	18,147	51,735	46,822	19,256
[REDACTED] ⁽³⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted profit				
for the year/period				
(non-HKFRS measure)	116,378	193,206	145,223	215,343

FINANCIAL INFORMATION

Notes:

- (1) Fair value gains and modification adjustments on convertible redeemable preferred shares, net include (i) fair value gains of convertible redeemable preferred shares charged to profit or loss, and (ii) share-based payments to Pre-[REDACTED] Investors.
- (2) Share-based payments to employees mainly represent expenses associated with the equity incentive plans designed for management and employees who have demonstrated outstanding performance.
- (3) [REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED].

We recorded adjusted profit (non-HKFRS measure) of RMB116.4 million, RMB193.2 million, RMB145.2 million and RMB215.3 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Revenue by Business Segment

During the Track Record Period, we primarily derived revenue from product sales. The following table sets forth a breakdown of our revenue by business segment in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)								
(unaudited)								
Product sales.	11,460,052	97.6	11,490,657	97.5	8,506,886	97.4	8,132,157	97.3
Royalty and franchising services ⁽¹⁾	176,050	1.5	169,389	1.4	127,995	1.5	117,606	1.4
Others ⁽²⁾	107,987	0.9	127,750	1.1	94,636	1.1	109,124	1.3
Total	11,744,089	100.0	11,787,796	100.0	8,729,517	100.0	8,358,887	100.0

FINANCIAL INFORMATION

Notes:

- (1) Royalty and franchising services mainly relate to sales-based royalty fees and franchise fees. See “Business — Offline Sales Network — Our Franchisees and Franchise Stores — Franchise Agreements.”
- (2) Others primarily include (i) premium service fees and delivery charges in respect of instant delivery services operated through Qdama WeChat Mini Program, App and other third-party food delivery platforms, and (ii) service fees from providing operational support to franchisees to ensure consistency of store operations, including design and decoration services and the sales of store equipment to franchisees.

During the Track Record Period, product sales contributed to the vast majority of our revenue. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from product sales amounted to RMB11,460.1 million, RMB11,490.7 million, RMB8,506.9 million and RMB8,132.2 million, respectively, representing 97.6%, 97.5%, 97.4% and 97.3% of our revenue for the same periods.

As we adopt a franchise model, we charge franchise fees and sales-based royalty fees to franchisees. The franchise service fee is fixed and charged upfront for each newly opened franchise store, which is recognized over a certain period according to the franchise agreement. The sales-based royalty fees were based on a certain percentage of daily sales transactions completed. The sales-based royalty fees were driven by the increase in number of stores across our store network and their sales. We typically charge sales-based royalty fees to our franchisees starting from six months after a store opening.

Revenue by Geographic Region

Leveraging an established presence in Southern China as our benchmark, we strategically expanding coverage to other regions in Chinese Mainland such as Eastern China, Central China and Southwestern China, to replicate our success. We have also expanded our business footprints into Hong Kong and Macau. The following table sets forth a breakdown of our revenue by geographic region in absolute amounts and as percentages of our revenue for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)								
(unaudited)								
Southern China	7,934,323	67.5	7,957,374	67.5	5,912,219	67.7	5,507,971	65.9
Other regions in								
Chinese								
Mainland ⁽¹⁾	3,106,322	26.5	2,953,977	25.1	2,173,648	24.9	2,158,662	25.8
Hong Kong and								
Macau	703,444	6.0	876,445	7.4	643,650	7.4	692,254	8.3
Total	11,744,089	100.0	11,787,796	100.0	8,729,517	100.0	8,358,887	100.0

FINANCIAL INFORMATION

Note:

- (1) Other regions in Chinese Mainland primarily include Changsha, Shanghai, Chengdu, Chongqing, Zhengzhou and Wuhan.

During the Track Record Period, our sales in Southern China contributed the majority of our revenue. Revenue from sales in Southern China remained relatively stable at RMB7,934.3 million in 2023 and RMB7,957.4 million in 2024. The revenue from sales in Southern China subsequently decreased by 6.8% from RMB5,912.2 million in the nine months ended September 30, 2024 to RMB5,508.0 million in the nine months ended September 30, 2025, primarily due to a decrease in sales of pork products and vegetables resulting from a decrease in market prices.

The revenue from sales in other regions of Chinese Mainland decreased from RMB3,106.3 million in 2023 to RMB2,954.0 million in 2024, primarily due to the closure of certain loss-making stores, while the total number of stores in these regions remained relatively stable. Revenue from sales in other regions in Chinese Mainland remained relatively stable at RMB2,173.6 million in the nine months ended September 30, 2024 and RMB2,158.7 million in the nine months ended September 30, 2025.

The aggregate number of stores in Hong Kong and Macau increased from 61 as of December 31, 2023 to 67 as of December 31, 2024, and further increased to 72 as of September 30, 2025, which contributed to an overall increase in revenue throughout the Track Record Period. The revenue from sales in Hong Kong and Macau increased from RMB703.5 million in 2023 to RMB876.4 million in 2024, and further increased from RMB643.7 million in the nine months ended September 30, 2024 to RMB692.3 million in the nine months ended September 30, 2025.

FINANCIAL INFORMATION

Revenue by Sales Channel

The following table sets forth a breakdown of our revenue by sales channel in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>								
<i>(unaudited)</i>								
Sales to franchisees ⁽¹⁾	11,091,579	94.5	11,140,421	94.5	8,236,055	94.4	7,954,733	95.1
Direct sales via								
self-operated stores	496,336	4.2	505,289	4.3	385,865	4.4	289,363	3.5
Others ⁽²⁾	156,174	1.3	142,086	1.2	107,597	1.2	114,791	1.4
Total	11,744,089	100.0	11,787,796	100.0	8,729,517	100.0	8,358,887	100.0

Notes:

- (1) Sales to franchisees mainly include (i) product sales, (ii) sales-based royalty fees, and (iii) franchise fees.
- (2) Others mainly include sales to certain non-franchisee customers.

During the Track Record Period, the sales to our franchisees contributed to the majority of our revenue. Our franchisees operate franchise stores under our brand and sell our products to consumers. We have established an extensive store network, comprising primarily franchise stores. As of December 31, 2023, 2024 and September 30, 2025, we had a total of 2,916, 2,922 and 2,938 stores, comprising 2,835, 2,863 and 2,898 franchise stores, respectively. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, the revenue from sales to franchisees amounted to RMB11,091.6 million, RMB11,140.4 million, RMB8,236.1 million and RMB7,954.7 million, respectively, representing 94.5%, 94.5%, 94.4% and 95.1% of our total revenue for the same periods.

We also conduct direct sales to consumers via self-operated stores, which are established strategically to (i) promote our brand, and serve as operational benchmarks in newly established regions, (ii) function as experimental platforms for testing new business ventures, systems, and innovations in a controlled environment, and (iii) act as training hubs for store managers and staff, with successful trainees potentially transitioning to support franchise stores, so enhancing their operational efficiency. In addition, we sell our products to certain non-franchisee customers, including food wholesalers, supermarkets, restaurants and other corporate customers.

FINANCIAL INFORMATION

Revenue from Product Sales by Product Category

Our product portfolio is comprehensive and covers diverse product types, including animal proteins, fresh produce, as well as chilled and processed foods. The following table sets forth a breakdown of our revenue from product sales by product type in absolute amounts and as percentages of our total revenue from product sales for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>								
<i>(unaudited)</i>								
Animal proteins ⁽¹⁾ . .	5,501,308	48.0	5,449,952	47.4	3,976,672	46.7	3,740,343	46.0
Fresh produce ⁽²⁾	4,338,752	37.8	4,386,119	38.2	3,309,582	39.0	3,186,448	39.2
Chilled and processed foods	1,475,018	12.9	1,524,945	13.3	1,125,353	13.2	1,132,499	13.9
Others ⁽³⁾	144,974	1.3	129,641	1.1	95,279	1.1	72,867	0.9
Total	11,460,052	100.0	11,490,657	100.0	8,506,886	100.0	8,132,157	100.0

Notes:

- (1) Animal proteins include (i) pork products, (ii) meat, poultry and eggs, and (iii) seafood. Meat, poultry and eggs mainly include beef, poultry and eggs, excluding pork products.
- (2) Fresh produce include (i) vegetables, and (ii) fruits.
- (3) Others primarily include (i) daily groceries on online sales channels, as well as (ii) packaging materials and consumables sold to franchisees for their store operations.

FINANCIAL INFORMATION

Cost of Sales

Our cost of sales consists of (i) costs of inventories sold, (ii) labor costs, mainly employee benefit expenses and outsourced personnel service fees, (iii) depreciation and amortization, primarily lease expenses of integrated distribution centers and depreciation of related leasehold improvements, and (iv) others. The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>								
(unaudited)								
Costs of inventories								
sold	10,248,331	96.7	10,259,784	96.9	7,587,775	96.9	7,206,382	97.2
Labor costs	181,483	1.7	192,990	1.8	141,301	1.8	130,934	1.8
Depreciation and								
amortization	118,516	1.1	85,243	0.9	66,248	0.8	48,945	0.6
Others ⁽¹⁾	47,296	0.5	47,909	0.5	34,774	0.4	29,129	0.4
Total	10,595,626	100.0	10,585,926	100.0	7,830,098	100.0	7,415,390	100.0

Note:

- (1) Others primarily include utilities expenses and expenses relating to short-term leases and property management fees.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB1,148.5 million in 2023 to RMB1,201.9 million in 2024 and further increased from RMB899.4 million in the nine months ended September 30, 2024 to RMB943.5 million in the nine months ended September 30, 2025. Our gross profit margin increased from 9.8% in 2023 to 10.2% in 2024, and further increased from 10.3% in the nine months ended September 30, 2024 to 11.3% in the nine months ended September 30, 2025.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin by Business Segment

The following table sets forth our gross profit and gross profit margin by business segment for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)								
(unaudited)								
Product Sales	896,399	7.8	935,992	8.1	688,670	8.2	732,693	9.0
Royalty and franchising services ⁽¹⁾	176,050	100.0	169,389	100.0	127,995	100.0	117,606	100.0
Others ⁽²⁾	76,014	70.4	96,489	75.5	71,754	75.8	93,198	85.4
Total	<u>1,148,463</u>	9.8	<u>1,201,870</u>	10.2	<u>899,419</u>	10.3	<u>943,497</u>	11.3

Notes:

- (1) Royalty and franchising services mainly relate to sales-based royalty fees and franchise fees. See “Business — Offline Sales Network — Franchise Stores — Franchise Agreement.” The gross profit margin is 100%, primarily because such revenue represents royalty and franchising services and the right to use the business model, which does not involve any direct costs or cost of sales.
- (2) Others primarily include (i) premium service fees and delivery charges in respect of instant delivery services operated through Qdama WeChat Mini Program, App and other third-party food delivery platforms, and (ii) service fees from providing operational support to franchisees to ensure consistency of store operations, including design and decoration services and the sales of store equipment to franchisees.

See “— Period-to-Period Comparison of Results of Operations.”

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin by Geographic Region

The following table sets forth our gross profit and gross profit margin by geographic region for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)								
(unaudited)								
Southern China	905,850	11.4	910,942	11.5	689,314	11.7	685,837	12.5
Other regions in								
Chinese Mainland ⁽¹⁾ . . .	127,783	4.1	139,807	4.7	100,516	4.6	129,848	6.0
Hong Kong and Macau . . .	114,830	16.3	151,121	17.2	109,589	17.0	127,812	18.5
Total	1,148,463	9.8	1,201,870	10.2	899,419	10.3	943,497	11.3

Note:

- (1) Other regions in Chinese Mainland primarily include Changsha, Shanghai, Chengdu, Chongqing, Zhengzhou and Wuhan.

Our overall gross profit margins are primarily driven by product sales in Southern China, which is mainly attributable to our established presence in Southern China. As of December 31, 2023, 2024 and September 30, 2025, we had 2,017, 2,029 and 2,014 stores in Southern China, representing 69.2%, 69.4% and 68.6% of our total number of stores, respectively. Our gross profit margins for sales in Southern China remained relatively stable at 11.4%, 11.5%, 11.7% and 12.5% in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Our gross profit margin for sales in other regions in Chinese Mainland increased from 4.1% in 2023 to 4.7% in 2024, and further increased from 4.6% in the nine months ended September 30, 2024 to 6.0% in the nine months ended September 30, 2025, mainly attributable to the increasingly mature operations in these regions and the increase in store density, which enhanced economies of scale.

Our gross profit margin for sales in the Hong Kong and Macau markets increased from 16.3% in 2023 to 17.2% in 2024, and further increased from 17.0% in the nine months ended September 30, 2024 to 18.5% in the nine months ended September 30, 2025, primarily due to an increase in the number of self-operated stores. Stores in the Hong Kong and Macau markets generally achieve higher margins, primarily due to higher market prices of products compared to sales in Chinese Mainland.

FINANCIAL INFORMATION

Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) logistics expenses, (ii) labor costs, (iii) third-party food delivery platform expenses, (iv) depreciation and amortization, mainly including depreciation for our leased self-operated stores and related leasehold improvements, (v) advertising and promotion expenses, and (vi) others. Our logistics expenses mainly represent expenses incurred for transportation and delivery services provided by third parties and delivery service fees charged by third-party food delivery platforms. The logistics expenses amounted to RMB312.8 million, RMB292.1 million, RMB216.4 million and RMB207.6 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 2.7%, 2.5%, 2.5% and 2.5% of our revenue for the same periods. Our labor costs mainly represent wages, salaries, social insurance, housing provident funds and various other employee benefits paid to our personnel and outsourced personnel involved in selling and marketing activities.

Our selling and marketing expenses amounted to RMB605.7 million, RMB607.3 million, RMB450.2 million, and RMB426.5 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, which represent 5.2%, 5.2%, 5.2% and 5.1% of our revenue for the same periods. The following table sets forth a breakdown of our selling and marketing expenses in absolute amounts and as percentages of total selling and marketing expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)								
(unaudited)								
Logistics expenses	312,780	51.6	292,141	48.1	216,434	48.1	207,645	48.7
Labor costs	176,021	29.1	194,182	32.0	142,628	31.7	135,359	31.7
Third-party food delivery platform expenses	25,933	4.3	37,137	6.1	27,651	6.1	36,511	8.6
Depreciation and amortization	36,766	6.0	33,354	5.5	26,521	5.9	19,429	4.6
Advertising and promotion expenses	24,650	4.1	20,209	3.3	14,177	3.1	10,296	2.4
Others ⁽¹⁾	29,592	4.9	30,325	5.0	22,820	5.1	17,295	4.0
Total	605,742	100.0	607,348	100.0	450,231	100.0	426,535	100.0

Note:

(1) Others mainly include utility expenses, rental expenses for employee dormitories and related expenses.

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Administrative Expenses

Our administrative expenses consist of (i) labor costs, (ii) office expenses, (iii) depreciation and amortization, (iv) travel and hospitality expenses, (v) professional service fees, (vi) [REDACTED], and (vii) others. Our labor costs mainly represent share-based payments to employees, wages, salaries, social insurance, housing provident funds and various other employee benefits paid to our staff involved in administrative activities. Our professional service fees mainly include fees incurred for tax, legal, audit and market research services.

Our administrative expenses amounted to RMB414.1 million, RMB432.7 million, RMB327.9 million and RMB272.0 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, which represent 3.5%, 3.7%, 3.8% and 3.3% of our revenue for the same periods. The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of total administrative expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)								
(unaudited)								
Labor costs	299,096	72.2	321,433	74.2	244,043	74.4	207,937	76.5
Office expenses	28,239	6.8	25,565	5.9	18,124	5.5	15,861	5.8
Depreciation and amortization	25,280	6.1	21,032	4.9	16,335	5.0	12,227	4.5
Travel and hospitality expenses	19,583	4.7	13,636	3.2	10,147	3.1	8,017	2.9
Professional service fees	15,607	3.8	10,480	2.4	6,278	1.9	7,979	2.9
[REDACTED]	3,086	0.8	16,929	3.9	15,750	4.8	2,369	0.9
Others ⁽¹⁾	23,201	5.6	23,663	5.5	17,216	5.3	17,605	6.5
Total	414,092	100.0	432,738	100.0	327,893	100.0	271,995	100.0

Note:

(1) Others mainly includes taxation, expenses relating to short-term leases, and utilities expenses.

FINANCIAL INFORMATION

Research and Development Expenses

Our research and development expenses consist of employee benefit expenses, which amounted to RMB19.5 million, RMB16.4 million, RMB12.8 million and RMB8.7 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025. The employee benefit expenses mainly represent wages, salaries and other employee benefits paid to our IT team. Our IT team developed certain IT systems, such as TMS system and WMS system.

(Provision for)/Reversal of Impairment Loss on Financial Assets

Provision for or reversal of impairment loss on financial assets primarily relates to trade receivables and other receivables. We incurred provision for impairment on financial assets of RMB0.5 million in 2023 and reversal of impairment loss on financial assets of RMB0.6 million in 2024. In addition, we recorded reversal of impairment loss on financial assets of RMB0.5 million and RMB0.5 million in the nine months ended September 30, 2024 and 2025, respectively. The following table sets forth a breakdown of our provision for or reversal of impairment on financial assets for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	(RMB in thousands)			
	(unaudited)			
Trade receivables	(393)	629	616	(115)
Other receivables	(135)	(74)	(142)	583
Total	(528)	555	474	468

We performed impairment assessment for receivables under the expected credit loss model. See Note 3.1.2 to the Accountant’s Report in Appendix I in this document.

FINANCIAL INFORMATION

Other Income

Our other income consists of (i) governments grants, (ii) miscellaneous income from franchisees, (iii) interest income on loans to a related party, and (iv) interest income on loans to a third party. The following table sets forth a breakdown of our other income in absolute amounts and as percentages of total other income for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>								
(unaudited)								
Government grants ⁽¹⁾	5,562	27.0	3,140	16.7	2,649	17.9	1,030	10.8
Miscellaneous income from franchisees ⁽²⁾	8,943	43.3	13,038	69.6	9,582	64.7	8,472	88.6
Interest income on loans to a related party	6,126	29.7	2,575	13.7	2,575	17.4	–	–
Interest income on loans to a third party ⁽³⁾ . . .	–	–	5	0.0	–	–	58	0.6
Total	20,631	100.0	18,758	100.0	14,806	100.0	9,560	100.0

Notes:

- (1) Government grants mainly represented subsidies obtained from local governments upon fulfilling certain conditions or for engaging in specific industry. There are no unfulfilled conditions or other contingencies attached to these grants.
- (2) Miscellaneous income from franchisees primarily represented payments collected from franchisees due to their non-compliance with franchise agreements.
- (3) Interest income on loans to a third party mainly represented interest income from loans provided to a third party for the joint development of a logistics center in Guangzhou.

FINANCIAL INFORMATION

Other Losses, Net

Our net other losses consist of (i) net exchange (losses)/gains, (ii) net losses on disposal of property, plant and equipment, (iii) net (losses)/gains from early termination and modification of lease agreements, (iv) losses on written-off of input VAT, and (v) others. The following table sets forth a breakdown of our net other losses for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	(RMB in thousands)			
	(unaudited)			
Net exchange (losses)/gains	(3,444)	3,555	(2,831)	(3,563)
Net losses on disposal of property, plant and equipment ⁽¹⁾	(157)	(8,793)	(7,364)	(5,456)
Net (losses)/gains from early termination and modification of lease agreements ⁽²⁾	(1,952)	4,865	4,405	(5,053)
Losses on write-off of input VAT ⁽³⁾ . .	(3,290)	(12,729)	(12,708)	(9,548)
Others ⁽⁴⁾	8,555	3,968	2,012	2,746
Total	(288)	(9,134)	(16,486)	(20,874)

Notes:

- (1) Net losses on disposal of property, plant and equipment primarily relate to the disposal of our underperforming stores and the integration of our warehousing resources. During the process of integrating our warehousing resources, certain lease terminations resulted in one-off losses related to leasehold improvements.
- (2) Net losses or gains from early termination and modification of lease agreements arise from the closure of certain warehousing facilities as part of our effort to enhance operational efficiency. Losses primarily relate to penalties incurred for early termination, including nonrefundable deposits. Gains mainly reflect the reversal of lease liabilities corresponding to the original remaining lease period following early termination.
- (3) Losses on the write-off of input VAT primarily resulted from certain subsidiaries becoming dormant.
- (4) Others mainly include write-off of aged payables.

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Finance Costs, Net

Our finance income consists of (i) interest income from bank deposits, and (ii) unwinding of discount from rental deposits. Our finance costs consist of the (i) interest expenses on lease liabilities (ii) interest expenses on borrowings, and (iii) unwinding of discount on deposits from franchisees. The following table sets forth a breakdown of our net finance costs for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	(RMB in thousands)			
	(unaudited)			
Finance income				
Interest income from				
bank deposits	9,948	13,811	10,829	13,481
Unwinding of discount from rental				
deposits ⁽¹⁾	1,281	1,126	935	558
Sub-total	11,229	14,937	11,764	14,039
Finance costs				
Interest expenses on				
lease liabilities	(15,463)	(6,816)	(5,327)	(7,079)
Interest expenses on borrowings	(10,341)	(10,043)	(7,539)	(11,088)
Unwinding of discount on deposits				
from franchisees ⁽²⁾	(4,226)	(4,604)	(3,639)	(2,748)
Sub-total	(30,030)	(21,463)	(16,505)	(20,915)
Finance costs, net	(18,801)	(6,526)	(4,741)	(6,876)

Notes:

- (1) Unwinding of discount on rental deposits represents the finance income recognized over the lease term. It arises from amortizing the discount applied to long-term rental deposits (for leases exceeding one year) related to offices and integrated distribution centers. These deposits are initially measured at their present value. The unwinding process recognizes the initially unrealized financing income as the deposit's repayment date approaches.
- (2) Unwinding of discount on deposits from franchisees refers to the finance costs recognized over the deposit period from the amortization of the discount applied to refundable deposits received from franchisees. These deposits are initially recorded at present value, and the unwinding reflects the accretion of the liability towards its ultimate settlement value.

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Fair Value Gains and Modification Adjustments on Convertible Redeemable Preferred Shares, Net

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our fair value gains and modification adjustments on convertible redeemable preferred shares, net amounted to RMB73.4 million, RMB163.8 million, RMB144.8 million and RMB(481.3) million, respectively. Our fair value gains and modification adjustments on convertible redeemable preferred shares include (i) fair value gains of convertible redeemable preferred shares charged to profit or loss, and (ii) shared-based payments to Pre-[REDACTED] Investors.

Specifically, we recorded fair value gain of convertible redeemable preferred shares of RMB73.4 million, RMB163.8 million, RMB144.8 million and RMB473.2 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, mainly reflects fluctuations in our valuation. In addition, on September 8, 2025, we issued 618,917,203 new Ordinary Shares to our Shareholders, including our Pre-[REDACTED] investors, at a par value of US\$0.00001 per Share pursuant to the supplemented shareholders’ agreement on the same date. The related modification was accounted for in accordance with HKFRS 2 Share-based Payment standard, amounting to RMB954,563,000. See Notes 24 and 26 to the Accountant’s Report in Appendix I to this document.

The convertible redeemable preferred shares we issued to Pre-[REDACTED] investors will be re-classified from liabilities to equity as a result of automatic conversation into Ordinary Shares upon [REDACTED].

Income Tax Expenses

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our income tax expenses amounted to RMB15.0 million, RMB24.5 million, RMB19.9 million and RMB24.8 million, respectively. We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which members of our Group are domiciled and in which they operate. See Note 14 to the Accountant’s Report in Appendix I in this document.

Cayman Islands

The Cayman Islands currently levy no taxes on corporations based upon profits, income, gains, or appreciation, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for certain stamp duties that may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

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British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in the British Virgin Islands are not subject to tax on their income or capital gains.

Hong Kong

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits of our Group’s entities incorporated in Hong Kong for each period during the Track Record Period. The provision for Hong Kong profits tax in 2023, 2024 and the nine months ended September 30, 2024 and 2025 are calculated in accordance with the two-tier profits tax rates regime. Under the two-tier profits tax rates regime, the first HK\$2.0 million of profits of a qualifying corporation are taxed at 8.25%, and profits above HK\$2.0 million are taxed at 16.5%. The profits of a corporation not qualifying for the two-tier profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

PRC

CIT provision was made on the estimated assessable profits of entities within our Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate was 25% during the Track Record Period.

Macau

Macau profits tax has been provided for at the rate of 12% on the estimated assessable profits of our entities incorporated in Macau for each period of the Track Record Period.

As of the Latest Practicable Date, we did not have any dispute with any tax authority.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine months Ended September 30, 2025 Compared with Nine months Ended September 30, 2024

Revenue

Our total revenue decreased by 4.2% from RMB8,729.5 million in the nine months ended September 30, 2024 to RMB8,358.9 million in the nine months ended September 30, 2025. In particular,

- our revenue from product sales decreased by 4.4% from RMB8,506.9 million in the nine months ended September 30, 2024 to RMB8,132.2 million in the nine months ended September 30, 2025, primarily due to a decrease in sales of pork products and vegetables, which was mainly attributable to a decrease in market prices for these two product categories;

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- our revenue from royalty and franchising services decreased by 8.1% from RMB128.0 million in the nine months ended September 30, 2024 to RMB117.6 million in the nine months ended September 30, 2025, primarily due to (i) a decrease in franchise fees, mainly because many franchise fees from stores opened in previous years were fully amortized in the nine months ended September 30, 2024, and (ii) a decrease in sales-based royalty fees; and
- our revenue from others increased by 15.3% from RMB94.6 million in the nine months ended September 30, 2024 to RMB109.1 million in the nine months ended September 30, 2025, primarily due to the growth of our online sales channels offering with instant delivery services, benefiting from the strategic traffic expansion and enhanced marketing efforts by third-party food delivery platforms.

Cost of Sales

Our cost of sales decreased by 5.3% from RMB7,830.1 million in the nine months ended September 30, 2024 to RMB7,415.4 million in the nine months ended September 30, 2025, generally in line with the revenue trend.

Gross Profit and Gross Profit Margin

Our gross profit increased by 4.8% from RMB899.4 million in the nine months ended September 30, 2024 to RMB943.5 million in the nine months ended September 30, 2025. Our gross profit margin increased from 10.3% in the nine months ended September 30, 2024 to 11.3% in the nine months ended September 30, 2025. In particular;

- our gross profit margin of product sales increased from 8.2% in the nine months ended September 30, 2024 to 9.0% in the nine months ended September 30, 2025, primarily due to (i) an increase in gross margin in other regions in Chinese Mainland, benefiting from the increasingly mature of store operations in these regions and the increase in store density, which enhanced economies of scale, (ii) changes in product mix, as sales contributions from products with relatively higher gross margins increased, and (iii) cost-saving initiatives, including (a) adjustments to the layout of our supply chain infrastructure, which reduced rental and labor costs, and (b) strengthened energy management, resulting in lower utility costs.
- our gross profit margin of royalty and franchising services remained at 100.0% in the nine months ended September 30, 2024 and 2025; and
- our gross profit margin of others increased from 75.8% in the nine months ended September 30, 2024 to 85.4% in the nine months ended September 30, 2025, primarily due to the growth of our online sales channels offering with instant delivery services, which are of higher gross margin by nature.

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Selling and Marketing Expenses

Our selling and marketing expenses decreased by 5.3% from RMB450.2 million in the nine months ended September 30, 2024 to RMB426.5 million in the nine months ended September 30, 2025, primarily due to a decrease in logistics expenses resulting from a decrease in product sales and our continued efforts to improve operational efficiency, including optimizing the intelligent route planning system and introducing vehicles with larger load capacities, and (ii) a decrease in labor costs as a result of a decrease in the number of selling and marketing personnel following organization streamlining to enhance operational efficiency, and the closure or conversion of certain self-operated stores into franchise stores.

Administrative Expenses

Our administrative expenses decreased by 17.0% from RMB327.9 million in the nine months ended September 30, 2024 to RMB272.0 million in the nine months ended September 30, 2025, primarily due to (i) a decrease in labor costs resulting from decreased share-based payments to employees, and (ii) a decrease in [REDACTED].

Research and Development Expenses

Our research and development expenses decreased by 31.7% from RMB12.8 million in the nine months ended September 30, 2024 to RMB8.7 million in the nine months ended September 30, 2025, primarily reflecting the completion of certain R&D projects.

Reversal of Impairment Loss on Financial Assets

We recorded reversal of impairment loss on financial assets of RMB0.5 million and RMB0.5 million, respectively, in the nine months ended September 30, 2024 and 2025.

Other Income

Our other income decreased by 35.4% from RMB14.8 million in the nine months ended September 30, 2024 to RMB9.6 million in the nine months ended September 30, 2025, primarily due to (i) a decrease in government grants, as the majority of our government grants in previous period were non-recurring in nature, and (ii) no interest income on loans to a related party was recorded in the latter period, as such loans had been settled by July 2024.

Other Losses, Net

We recorded net other losses of RMB16.5 million in the nine months ended September 30, 2024 and RMB20.9 million in the nine months ended September 30, 2025. The increase was primarily due to net losses of RMB5.1 million from early termination and modification of lease agreements, mainly in relation to the closure of our warehousing facilities in Xi'an and Dongguan. As part of our effort to enhance operational efficiency, we relocated and upgraded these facilities.

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Finance Costs, Net

Our net finance costs increased from RMB4.7 million in the nine months ended September 30, 2024 to RMB6.9 million in the nine months ended September 30, 2025, primarily due to an increase in interest expenses on borrowings.

Fair Value Gains and Modification Adjustments on Convertible Redeemable Preferred Shares, Net

We recorded fair value gains and modification adjustments on convertible redeemable preferred shares, net of RMB144.8 million and RMB(481.3) million in the nine months ended September 30, 2024 and 2025, primarily due to (i) fluctuations in our valuation, and (ii) the impact of new Ordinary Shares we issued to our Shareholders, including our Pre-[REDACTED] investors, pursuant to the supplemented shareholders’ agreement dated on September 8, 2025. See Notes 24 and 26 in the Accountant’s Report in Appendix I to this document.

Income Tax Expenses

Our income tax expenses amounted to RMB19.9 million and RMB24.8 million, respectively, in the nine months ended September 30, 2024 and 2025.

Profit/(Loss) for the Period

As a result of the foregoing, we recorded net profit of RMB227.4 million in the nine months ended September 30, 2024 and net loss of RMB287.6 million in the nine months ended September 30, 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our total revenue remained relatively stable at RMB11,744.1 million in 2023 and RMB11,787.8 million in 2024. In particular:

- our revenue from product sales remained relatively stable at RMB11,460.1 million in 2023 and RMB11,490.7 million in 2024;
- our revenue from royalty and franchising services remained relatively stable at RMB176.1 million in 2023 and RMB169.4 million in 2024; and
- our revenue from others increased by 18.4% from RMB108.0 million in 2023 to RMB127.8 million in 2024, primarily driven by the growth of our online sales channels offering with instant delivery services, which was one of our key promotional initiatives in 2024.

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Cost of Sales

Our cost of sales remained relatively stable at RMB10,595.6 million in 2023 and RMB10,586.0 million in 2024, generally in line with the revenue trend.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased from RMB1,148.5 million in 2023 to RMB1,201.9 million in 2024. Our gross profit margin increased from 9.8% in 2023 to 10.2% in 2024. In particular;

- our gross profit margin of product sales increased from 7.8% in 2023 to 8.1% in 2024, primarily due to (i) an increase in gross margin in other regions in Chinese Mainland, benefiting from the increasingly mature of store operations in these regions and the increase in store density, which enhanced economies of scale, (ii) changes in product mix, as sales contributions from products with relatively higher gross margins increased, and (iii) cost-saving initiatives, including adjustments to the layout of our supply chain infrastructure, which reduced rental costs;
- our gross profit margin of royalty and franchising services remained at 100.0% in 2023 and 100.0% in 2024; and
- our gross profit margin of others increased from 70.4% in 2023 to 75.5% in 2024, primary driven by the growth of our online sales channels offering with instant delivery services, which are of higher gross margin by nature.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB605.7 million in 2023 and RMB607.3 million in 2024, primarily due to the combined effect of (i) an increase in labor costs, mainly driven by an increase in the number of personnel managing sales and performance of stores at regional level, (ii) an increase in third-party food delivery platform expenses resulting from the growth of our online sales channels offering with instant delivery services, and (iii) a decrease in logistics expenses, mainly driven by adjustments in freight pricing, intelligent route optimization and distribution center integration, which collectively improved transportation efficiency.

Administrative Expenses

Our administrative expenses increased from RMB414.1 million in 2023 to RMB432.7 million in 2024, primarily due to (i) an increase in labor costs resulting from increased share-based payments to employees, and (ii) an increase in [REDACTED], partially offset by a decrease in travel and hospitality expenses as a result of strengthened management of travel activities to improve efficiency.

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Research and Development Expenses

Our research and development expenses decreased by 15.9% from RMB19.5 million in 2023 to RMB16.4 million in 2024, primarily reflecting the completion of certain R&D projects.

(Provision for) /Reversal of Impairment Loss on Financial Assets

We recorded provision for impairment loss on financial assets of RMB0.5 million in 2023 and reversal of impairment loss on financial assets by RMB0.6 million in 2024.

Other Income

Our other income decreased by 9.1% from RMB20.6 million in 2023 to RMB18.8 million in 2024, primarily due to a decrease in interest income on loans to a related party which had been settled by July 2024, partially offset by an increase in miscellaneous income from franchisees, mainly comprising default penalties, as we strengthened our franchisee management efforts.

Other Losses, Net

Our net other losses increased from RMB0.3 million in 2023 to RMB9.1 million in 2024, primarily due to (i) an increase in losses on write-off of input VAT arising from certain subsidiaries becoming dormant, and (ii) an increase in net losses on the disposal of property, plant and equipment as a result of the closure of our warehousing facilities in Changsha and Shanghai in 2024 as we relocated and upgraded these facilities as part of our effort to enhance operational efficiency, partially offset by net exchange gains of RMB3.6 million driven by fluctuations in the exchange rate mainly between Hong Kong dollars and Renminbi.

Finance Costs, Net

Our net finance costs decreased by 65.3% from RMB18.8 million in 2023 to RMB6.5 million in 2024, primarily due to a decrease in interest expenses on lease liabilities, which was mainly attributable to the early termination of lease agreements for certain warehousing facilities as part of our effort to enhance operational efficiency.

Fair Value Gains on Convertible Redeemable Preferred Shares

We recorded fair value gains on convertible preferred shares of RMB73.4 million in 2023 and RMB163.8 million in 2024, primarily reflecting fluctuations in our valuation.

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Income Tax Expenses

We recorded income tax expenses of RMB15.0 million in 2023 and RMB24.5 million in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year increased from RMB168.6 million in 2023 to RMB288.4 million in 2024.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our summary of the consolidated statements of financial position as of the dates indicated, which has been extracted from our consolidated financial statements included in the Accountant’s Report in Appendix I in this document:

	As of December 31,		As of
	2023	2024	September 30,
			2025
	<i>(RMB in thousands)</i>		
			<i>(unaudited)</i>
Total current assets	1,282,622	1,284,917	1,465,463
Total non-current assets	363,153	267,983	329,106
Total assets	1,645,775	1,552,900	1,794,569
Total current liabilities	4,093,627	3,838,327	3,181,835
Total non-current liabilities	237,891	165,818	347,219
Total liabilities	4,331,518	4,004,145	3,529,054
Net current liabilities	2,811,005	2,553,410	1,716,372
Net liabilities	2,685,743	2,451,245	1,734,485
Total deficit	2,685,743	2,451,245	1,734,485

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Our net liabilities decreased from RMB2,685.7 million as of December 31, 2023 to RMB2,451.2 million as of December 31, 2024, primarily due to profit for the year of RMB288.4 million, partially offset by repurchases of Ordinary Shares of RMB110.0 million. Our net liabilities further decreased from RMB2,451.2 million as of December 31, 2024 to RMB1,734.5 million as of September 30, 2025, primarily due to issuance of shares of RMB954.6 million, partially offset by loss for the period of RMB287.6 million. The issuance of shares represents new Ordinary Shares we issued to our Shareholders, including Pre-[REDACTED] investors, at a par value of US\$0.00001 per Share pursuant to the supplemented shareholders’ agreement dated September 8, 2025. Our convertible redeemable preferred shares we issued to Pre-[REDACTED] investors will be re-classified from liabilities to equity as a result of automatic conversation into Ordinary Shares upon [REDACTED].

Non-Current Assets and Liabilities

The following table sets out a breakdown of our non-current assets and liabilities as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
			2025
	(RMB in thousands)		
	(unaudited)		
Non-current assets			
Property, plant and equipment	82,923	43,453	29,146
Right-of-use assets	200,510	148,731	233,995
Intangible assets	33,225	30,706	27,235
Deposits, prepayments and other receivables	29,123	27,679	19,724
Financial assets at FVOCI	5,000	8,000	8,000
Deferred income tax assets	12,372	9,414	11,006
Total non-current assets	363,153	267,983	329,106
Non-current liabilities			
Contract liabilities	20,945	15,179	16,733
Bank borrowings	–	–	85,000
Lease liabilities	119,596	76,996	161,587
Deferred income tax liabilities	792	580	1,308
Accruals and other payables	96,558	73,063	82,591
Total non-current liabilities	237,891	165,818	347,219

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Property, Plant and Equipment

Our property, plant and equipment mainly consist of (i) fixtures and equipment, such as transportation and cargo sorting equipment, (ii) leasehold improvements, (iii) furniture and electronic equipment, such as cash registers and electronic scales, and (iv) construction in progress. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
			2025
	(RMB in thousands)		(unaudited)
Fixtures and equipment	30,295	19,116	17,453
Leasehold improvements	44,223	19,273	8,206
Furniture and electronic equipment . .	8,037	4,065	3,487
Construction in progress	368	999	–
Total	82,923	43,453	29,146

Our property, plant and equipment decreased from RMB82.9 million as of December 31, 2023 to RMB43.5 million as of December 31, 2024, and further decreased to RMB29.1 million as of September 30, 2025, primarily due to (i) depreciation of fixtures, equipment and leasehold improvements, and (ii) disposals of fixtures and equipment and leasehold improvements resulting from write-offs of renovations and equipment following the closure of certain warehousing facilities.

Right-of-Use Assets

Our right-of-use assets primarily related to leased premises for integrated distribution centers, self-operated stores and offices. Our right-of-use assets decreased from RMB200.5 million as of December 31, 2023 to RMB148.7 million as of December 31, 2024, primarily due to (i) depreciation, and (ii) the termination of certain leased warehousing facilities as part of our effort to enhance operational efficiency, partially offset by new leases for stores and integrated distribution centers. Our right-of-use assets subsequently increased from RMB148.7 million as of December 31, 2024 to RMB234.0 million as of September 30, 2025, primarily due to the addition of an integrated distribution center in Dongguan.

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Deposits, Prepayments and Other Receivables (Non-current)

Our non-current deposits, prepayments and other receivables primarily include (i) rental deposits, (ii) loans to a third party, (iii) prepayment for purchase of property, plant and equipment and intangible assets, and (iv) others. The following table sets forth the breakdown of our non-current deposits, prepayments and other receivables as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
			2025
	(RMB in thousands)		(unaudited)
Non-current			
Rental deposits	28,901	22,651	11,584
Loans to a third party	–	2,505	2,563
Prepayment for purchase of property, plant and equipment and intangible assets	783	289	392
Others	13	2,697	5,373
Less: allowance for impairment	(574)	(463)	(188)
Total	29,123	27,679	19,724

Our non-current deposits, prepayments and other receivables decreased from RMB29.1 million as of December 31, 2023 to RMB27.7 million as of December 31, 2024, and further decreased to RMB19.7 million as of September 30, 2025, primarily due to the write-off of rental deposits resulting from the termination of certain leased warehousing facilities as part of our effort to enhance operational efficiency. We recorded loans to a third party of RMB2.5 million as of December 31, 2024 and RMB2.6 million as of September 30, 2025, primarily due to loans provided to a third party for the joint development of a logistics center in Guangzhou.

Accruals and Other Payables (Non-current)

Our non-current accruals and other payables represent deposits related to franchise stores, which are the refundable initial deposit received from franchisees upon entering into franchise agreements. These deposits will be refunded to franchisees at the end of the franchise period, net of any penalties incurred. The classification as non-current reflects that the remaining term of the franchise agreements exceeds one year. Our non-current accruals and other payables amounted to RMB96.6 million, RMB73.1 million and RMB82.6 million, as of December 31, 2023, 2024 and September 30, 2025, respectively.

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Current Assets and Liabilities

The following table sets forth the breakdown of our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	
	(RMB in thousands)			
	(unaudited)			
Current assets				
Inventories	33,956	37,338	34,887	35,546
Trade receivables	6,791	2,568	3,524	3,801
Deposit, prepayments and other receivables	240,348	174,147	160,848	161,108
Income tax recoverable	4,996	5,264	2,860	5,587
Restricted cash	282,288	290,242	143,620	143,087
Cash and cash equivalents	714,243	775,358	1,119,724	1,213,393
Total current assets	1,282,622	1,284,917	1,465,463	1,562,522
Current liabilities				
Trade payables	904,150	750,045	751,382	779,566
Accruals and other payables	386,636	388,832	329,630	341,615
Contract liabilities	18,531	15,033	15,404	15,785
Lease liabilities	95,576	67,493	63,180	61,495
Convertible redeemable preferred shares	2,292,653	2,094,867	1,578,687	1,597,598
Bank borrowings	390,674	519,945	432,234	434,149
Income tax payables	5,407	2,112	11,318	730
Total current liabilities	4,093,627	3,838,327	3,181,835	3,230,938
Net current liabilities	2,811,005	2,553,410	1,716,372	1,668,416

Our net current liabilities decreased by 9.2% from RMB2,811.0 million as of December 31, 2023 to RMB2,553.4 million as of December 31, 2024, primarily due to a decrease of RMB197.8 million in convertible redeemable preferred shares. Our net current liabilities decreased by 32.8% from RMB2,553.4 million as of December 31, 2024 to RMB1,716.4 million as of September 30, 2025, primarily due to (i) a decrease of RMB516.2 million in convertible redeemable preferred shares, and (ii) an increase of RMB344.4 million in cash and cash equivalents. Our net current liabilities remained relatively stable at RMB1,716.4 million as of September 30, 2025 and RMB1,668.4 million as of November 30, 2025.

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Inventories

Our inventories primarily consist of (i) products, and (ii) consumables, such as packaging materials. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
			2025
	<i>(RMB in thousands)</i>		
			<i>(unaudited)</i>
Products	27,001	32,119	27,887
Consumables.	6,955	5,219	7,000
Total	33,956	37,338	34,887

As we adopt the D&C Model, we do not maintain slow-moving inventory of products in either the integrated distribution centers or the self-operated stores. The inventory balances as of the dates indicated above mainly reflect stock for sales on the following day, and remained relatively stable at RMB34.0 million, RMB37.3 million and RMB34.9 million as of December 31, 2023, 2024 and September 30, 2025, respectively.

The following table sets forth our inventory turnover days during the periods indicated:

	Year ended December 31,		Nine months
	2023	2024	ended
			September 30,
			2025
	<i>(days)</i>		
			<i>(unaudited)</i>
Inventory turnover days ⁽¹⁾	1.4	1.2	1.3

Note:

- (1) Inventory turnover days for each year/period equals the average of the beginning and ending balances of inventory for that year/period divided by cost of sales for that year/period and multiplied by the number of days during such periods. The number of days for the years ended December 31 is 365 days and in the nine months ended September 30 is 270 days.

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Our inventory turnover days remained relatively stable at 1.4 days, 1.2 days and 1.3 days in 2023, 2024 and the nine months ended September 30, 2025, respectively, reflecting our efforts in maintaining zero inventory of fresh products.

As of November 30, 2025, RMB34.9 million or 100.0%, of our inventories as of September 30, 2025 had been sold or utilized.

Trade Receivables

Our trade receivables mainly represent amounts due when a franchise store’s daily sales proceeds, which are collected by us, are insufficient to cover its purchase costs and related fees payable by franchisees. Under our settlement process, consumer payments at franchise stores are normally remitted to us. At the close of each day, we deduct the store’s purchase costs and related fees from these payments. Any surplus after settlement is recorded as other payables to the relevant franchisee, while any shortfall is charged to such franchisee and recorded as trade receivables. The franchisees were required to settle the payment with us on a “T+1” basis. Generally, no credit terms were granted to franchisees. As such, our trade receivables are generally low.

Our trade receivables mainly represent amounts due from our franchisees. The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
			2025
	<i>(RMB in thousands)</i>		
			<i>(unaudited)</i>
Trade receivables	8,655	2,960	4,030
Less: allowance for impairment	(1,864)	(392)	(506)
Total	6,791	2,568	3,524

Our trade receivables amounted to RMB6.8 million as of December 31, 2023, RMB2.6 million as of December 31, 2024 and RMB3.5 million as of September 30, 2025, mainly reflecting our trade receivables from daily sales to franchisees as of the dates indicated.

For trade receivables, we apply the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

FINANCIAL INFORMATION

The aging analysis of our trade receivables based on invoice date is as follows:

	As of December 31,		As of September 30,
	2023	2024	2025
	(RMB in thousands)		(unaudited)
Within one month	6,290	2,644	3,384
One to three months	671	77	293
Three to six months	678	–	68
Six months to one year	293	10	51
Over one year	723	229	234
Total	8,655	2,960	4,030

During the Track Record Period, the majority of our trade receivables were outstanding for less than one month. The following table sets forth the turnover days of our trade receivable for the periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
	(days)		(unaudited)
Trade receivables turnover days ⁽¹⁾	0.2	0.1	0.1

Note:

- (1) Trade receivables turnover days equal the average of the opening and closing balances of trade receivables divided by total revenue for the same year/period and multiplied by the number of days during such periods. The number of days for the years ended December 31 is 365 days and in the nine months ended September 30 is 270 days.

Our trade receivables turnover days remained relatively stable at 0.2 days, 0.1 days and 0.1 days in 2023, 2024 and the nine months ended September 30, 2025, respectively.

As of November 30, 2025, RMB3.5 million or approximately 85.7%, of our trade receivables as of September 30, 2025 had been settled.

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Deposits, Prepayments and Other Receivables (Current)

Our current deposits, prepayments and other receivables primarily consist of (i) value added tax recoverable, (ii) rental deposits, (iii) prepayments to suppliers, (iv) prepaid expenses, (v) prepaid [REDACTED], and (vi) amounts due from a related party. The following table sets forth the breakdown of our current deposits, prepayments and other receivables as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
			2025
	<i>(RMB in thousands)</i>		
			<i>(unaudited)</i>
Value added tax recoverable	138,246	123,235	113,430
Rental deposits	14,741	18,234	14,168
Prepayments to suppliers	3,668	7,013	12,303
Prepaid expenses	11,170	18,376	9,267
Prepaid [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Amounts due from a related party . . .	69,971	—	—
Others	5,234	5,969	8,578
Less: allowance for impairment	(3,265)	(3,400)	(2,006)
Total	240,348	174,147	160,848

Our current deposits, prepayments and other receivables decreased from RMB240.3 million as of December 31, 2023 to RMB174.1 million as of December 31, 2024, primarily due to the amounts due from a related party of RMB70.0 million incurred as of December 31, 2023, which had been settled in July 2024, partially offset by an increase in prepaid expenses, mainly in relation to the prepaid rental for our new integrated distribution center in Dongguan.

Our current deposits, prepayments and other receivables decreased from RMB174.1 million as of December 31, 2024 to RMB160.8 million as of September 30, 2025, primarily due to a decrease in value added tax recoverable in relation to certain subsidiaries becoming dormant, which resulted in the write-off of input VAT.

As of November 30, 2025, RMB23.4 million or 14.5% of our current deposits, prepayments and other receivables as of September 30, 2025 had been settled.

Restricted Cash

During the Track Record Period, our restricted cash represents guaranteed deposits and restricted deposits. Our restricted cash amounted to RMB282.3 million, RMB290.2 million and RMB143.6 million as of December 31, 2023, 2024 and September 30, 2025, respectively. See Note 23 in the Accountant’s Report in Appendix I to this document.

FINANCIAL INFORMATION

Trade Payables

During the Track Record Period, our trade payables primarily include payables for inventories. Our trade payables are non interest-bearing and are generally settled between 15 and 45 days.

The following table sets forth the breakdown of the aging analysis of our trade payables as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
			2025
	(RMB in thousands)		(unaudited)
Up to three months	893,396	743,255	740,372
Three to six months	4,139	3,920	5,412
Six months to one year	1,732	1,297	3,451
Over one year	4,883	1,573	2,147
Total	904,150	750,045	751,382

Our trade payables decreased from RMB904.2 million as of December 31, 2023 to RMB750.0 million as of December 31, 2024, primarily due to shorter credit terms with certain suppliers in exchange for more favorable prices. Our trade payables then remained relatively, stable at RMB750.0 million as of December 31, 2024 and RMB751.4 million as of September 30, 2025.

The following table sets forth the turnover days of our trade payables for the periods indicated:

	Year ended December 31,		Nine months
	2023	2024	ended
			September 30,
			2025
	(days)		(unaudited)
Trade payables turnover days ⁽¹⁾	32.8	28.5	27.3

Note:

- (1) Trade payables turnover days equal the average of the opening and closing balances of trade payables divided by total cost of sales for the same year and multiplied by the number of days during such periods. The number of days for the years ended December 31 is 365 days and in the nine months ended September 30 is 270 days.

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Our trade payables turnover days decreased from 32.8 days in 2023 to 28.5 days in 2024, primarily because we negotiated shorter credit terms with certain suppliers in exchange for more favorable purchasing prices. Our trade payables turnover days then remained relatively stable at 27.3 days in the nine months ended September 30, 2025.

As of November 30, 2025, RMB730.1 million or 97.2% of our trade payables as of September 30, 2025 had been settled.

Accruals and Other Payables (Current)

Our current accruals and other payables primarily consist of (i) deposits from suppliers, (ii) employee benefits payables, (iii) receipt on behalf of franchisees for prepaid cards, (iv) deposits from franchise stores, (v) net receipt of sale proceeds on behalf of franchisees, (vi) logistics expenses payable, (vii) other taxes payables, (viii) accrued other expenses, and (ix) accrued [REDACTED]. The following table sets forth the breakdown of our current accruals and other payables as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
			2025
	<i>(RMB in thousands)</i>		
	(unaudited)		
Deposits from suppliers	87,879	81,862	75,939
Employee benefits payables	81,960	88,857	64,949
Receipt on behalf of franchisees for			
prepaid cards	56,580	56,771	47,505
Deposits from franchise stores	20,560	46,156	38,845
Net receipt of sale proceeds on behalf			
of franchisees	30,545	28,420	28,573
Logistics expenses payables	44,455	24,360	24,758
Other taxes payables	30,129	23,197	20,430
Accrued other expenses	24,365	24,646	17,387
Accrued [REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]
Others	6,795	6,492	5,880
Total	386,636	388,832	329,630

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Our current accruals and other payables remained relatively stable at RMB386.6 million as of December 31, 2023 and RMB388.8 million as of December 31, 2024, primarily due to an increase in deposits from franchise stores becoming due within one year in line with the terms of our franchise agreements, partially offset by a decrease in logistics expenses payables, resulting from (i) adjustments in freight pricing, intelligent route optimization and distribution center integration, which collectively improved transportation efficiency, and (ii) shortened settlement period to suppliers.

Our current accruals and other payables subsequently decreased from RMB388.8 million as of December 31, 2024 to RMB329.6 million as of September 30, 2025, primarily due to (i) a decrease in employee benefits payables, mainly attributable to (a) a decrease in the number of employees following our organizational streamlining, and (b) employee benefits payables as of September 30, 2025, which did not include bonuses for the fourth quarter of this year, and (ii) a decrease in accrued other expenses, primarily because our compensation related to early lease terminations had been settled.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2025, we had cash and cash equivalents of RMB1,119.7 million. Our cash and cash equivalents primarily consist of cash at banks under RMB, USD, HKD and MOP denominations. We have historically funded our cash requirements principally from [REDACTED] from our business operations, capital contributions from shareholders, and bank borrowings. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, bank borrowings and the net [REDACTED] from the [REDACTED]. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

FINANCIAL INFORMATION

Consolidated Statements of Cash Flows

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

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	(RMB in thousands)			
	(unaudited)			
Profit/(loss) before income tax	183,524	312,856	247,345	(262,815)
After adjustments	320,806	347,080	262,910	332,624
Changes in working capital	(176,561)	(188,648)	(122,580)	(43,494)
Income tax paid	(29,046)	(25,286)	(21,272)	(14,008)
Net cash inflow from operating activities	115,199	133,146	119,058	275,122
Net cash (outflow)/inflow from investing activities	(5,989)	73,195	78,744	7,814
Net cash (outflow)/inflow from financing activities	(187,777)	(145,944)	(156,365)	62,402
Net (decrease)/increase in cash and cash equivalents	(78,567)	60,397	41,437	345,338
Cash and cash equivalents at beginning of year/period	791,507	714,243	714,243	775,358
Effect of currency translation differences	1,303	718	(62)	(972)
Cash and cash equivalents at end of the year/period	<u>714,243</u>	<u>775,358</u>	<u>755,618</u>	<u>1,119,724</u>

Net Cash Inflow from Operating Activities

In the nine months ended September 30, 2025, we had net cash generated from operating activities of RMB275.1 million. Our net cash inflow from operating activities is calculated by adjusting our loss before income tax of RMB262.8 million to arrive at an operating profit before changes in working capital of RMB332.6 million, further adjusted by working capital changes of RMB43.5 million and income tax paid of RMB14.0 million. Our movements in working capital primarily reflect a decrease in accruals and other payables of RMB51.0 million, partially offset by an increase in trade payables of RMB4.6 million.

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In 2024, we had net cash generated from operating activities of RMB133.1 million, which is calculated by adjusting our profit before income tax of RMB312.9 million by non-cash and other items to arrive at an operating profit before working capital changes of RMB347.1 million, further adjusted by working capital changes of RMB188.6 million and income tax paid of RMB25.3 million. Our movements in working capital primarily reflect (i) a decrease in trade payables of RMB158.5 million, (ii) a decrease in accruals and other payables of RMB28.8 million, and (iii) a decrease in contract liabilities of RMB9.3 million, partially offset by an increase in restricted cash of RMB5.8 million.

In 2023, we had net cash generated from operating activities of RMB115.2 million, which is calculated by adjusting our profit before income tax of RMB183.5 million by non-cash and other items to arrive at an operating profit before working capital changes of RMB320.8 million, further adjusted by working capital changes of RMB176.6 million and income tax paid of RMB29.0 million. Our movements in working capital primarily reflect (i) a decrease in trade payables of RMB107.5 million, (ii) a decrease in accruals and other payables of RMB99.4 million partially offset by a decrease in prepayments, deposits and other receivables of RMB33.2 million.

Net Cash (Outflow)/Inflow from Investing Activities

In the nine months ended September 30, 2025, our net cash inflow from investing activities was RMB7.8 million, mainly attributable to interest received from bank deposits of RMB13.4 million, partially offset by purchase of property, plant and equipment of RMB9.0 million.

In 2024, our net cash inflow from investing activities was RMB73.2 million, mainly attributable to (i) repayment from a related party of RMB77.2 million, and (ii) interest received from bank deposits of RMB13.5 million, partially offset by (i) purchase of property, plant and equipment of RMB11.8 million, and (ii) loans granted to a related party of RMB4.5 million.

In 2023, our net cash outflow from investing activities was RMB6.0 million, mainly attributable to the interest received from bank deposits of RMB9.4 million and proceeds from disposal of property, plant and equipment of RMB6.3 million, partially offset by (i) purchase of property, plant and equipment of RMB13.4 million, (ii) purchase of intangible assets of RMB6.6 million, and (iii) acquisition of financial assets at FVOCI of RMB5.0 million.

Net Cash (Outflow)/Inflow from Financing Activities

In the nine months ended September 30, 2025, our net cash inflow from financing activities was RMB62.4 million, mainly attributable to (i) proceeds from bank borrowings of RMB514.9 million, and (ii) redemption of restricted bank deposits of RMB388.5 million, partially offset by (i) repayments of bank borrowings of RMB517.7 million, (ii) placement of restricted bank deposits of RMB245.1 million.

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In 2024, our net cash outflow from financing activities was RMB145.9 million, mainly attributable to (i) repayments of bank borrowings of RMB635.3 million, and (ii) placement of restricted bank deposits of RMB429.2 million, partially offset by (i) proceeds from bank borrowings of RMB764.7 million, and (ii) redemption of restricted bank deposits of RMB415.4 million.

In 2023, our net cash outflow from financing activities was RMB187.8 million, mainly attributable to (i) placement of restricted bank deposit of RMB470.0 million, and (ii) repayments of bank borrowings of RMB370.0 million, partially offset by (i) proceeds from bank borrowings of RMB600.3 million, and (ii) redemption of restricted bank deposit of RMB198.3 million.

INDEBTEDNESS

During the Track Record Period, our indebtedness include (i) convertible redeemable preferred shares, (ii) bank borrowings, and (iii) lease liabilities. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,		As of	As of
	2023	2024	September 30,	November 30,
			2025	
	<i>(RMB in thousands)</i>			
	<i>(unaudited)</i>			
Current				
Convertible redeemable				
preferred shares	2,292,653	2,094,867	1,578,687	1,597,598
Bank borrowings	390,674	519,945	432,234	434,149
Lease liabilities	95,576	67,493	63,180	61,495
Non-Current				
Lease liabilities	119,596	76,996	161,587	156,188
Bank borrowings	—	—	85,000	85,000
Total	2,898,499	2,759,301	2,320,688	2,334,430

Convertible Redeemable Preferred Shares

As of December 31, 2023, 2024, September 30 and November 30, 2025, our convertible redeemable preferred shares had fair value of RMB2,292.7 million, RMB2,094.9 million, RMB1,578.7 million and RMB1,597.6 million, respectively. See Notes 24 and 26 to the Accountant’s Report in Appendix I in this document.

FINANCIAL INFORMATION

Lease Liabilities

Our lease liabilities represent the present value of outstanding lease payments under our lease agreements. The following table sets forth the breakdown of our lease liabilities as of the dates indicated:

	As of December 31,		As of	As of
	2023	2024	September 30,	November 30,
			2025	
			(RMB in thousands)	
			(unaudited)	
Current	95,576	67,493	63,180	61,495
Non-current	119,596	76,996	161,587	156,188
Total	215,172	144,489	224,767	217,683

Our lease liabilities decreased from RMB215.2 million as of December 31, 2023 to RMB144.5 million as of December 31, 2024, primarily due to the termination of certain leased warehousing facilities as part of our effort to enhance operational efficiency.

Our lease liabilities increased from RMB144.5 million as of December 31, 2024 to RMB224.8 million as of September 30, 2025, primarily due to the addition of a leased integrated distribution center in Dongguan.

Our lease liabilities remained relatively stable at RMB224.8 million as of September 30, 2025 and RMB217.7 million as of November 30, 2025.

Bank Borrowings

As of December 31, 2023, 2024 and September 30 and November 30, 2025, our bank borrowings were RMB390.7 million, RMB519.9 million, RMB517.2 million and RMB519.1 million, respectively. The weighted average interest rate, which is calculated based on interest expenses on bank borrowings divided by weighted average principal bank loan as at the relevant year/period end and multiplied by 100%, was 2.61%, 3.49% and 2.66% as of December 31, 2023, 2024 and September 30, 2025, respectively. As of November 30, 2025, we had unutilized banking facilities of RMB400.0 million.

Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2023, 2024, September 30 and November 30, 2025, respectively.

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Indebtedness Statement

Save as disclosed above, as of November 30, 2025, being the latest indebtedness date, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there is no material change in our indebtedness since November 30, 2025 and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

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

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
			(unaudited)
Gross margin ⁽¹⁾	9.8%	10.2%	11.3%
Net margin ⁽²⁾	1.4%	2.4%	(3.4%)
Adjusted net margin (non-HKFRS measure) ⁽³⁾	1.0%	1.6%	2.6%

Notes:

- (1) Calculated using gross profit for the year/period divided by total revenue for the year/period.
- (2) Calculated using net profit for the year/period divided by total revenue for the year/period.
- (3) Calculated using adjusted net profit for the year/period (non-HKFRS measure) divided by total revenue for the year/period.

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CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures consist of (i) purchase of property, plant and equipment, and (ii) purchase of intangible assets. We funded our capital expenditure requirements during the Track Record Period primarily from cash generated from our operating activities, equity financing and bank borrowings. The following table sets forth our capital expenditure for the periods indicated:

	Year ended December 31,		Nine months ended
	2023	2024	September 30,
			2025
	(RMB in thousands)		(unaudited)
Purchase of property, plant and equipment	13,431	11,790	9,034
Purchase of intangible assets	6,642	1,748	474
Total	20,073	13,538	9,508

We intend to fund our planned capital expenditures primarily with cash flows generated from our operations, bank borrowings, and the net [REDACTED] received from the [REDACTED]. See “Future Plans and Use of [REDACTED].” We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments were mainly related to the purchase of property, plant and equipment and intangible assets. See Note 34 to the Accountant’s Report in Appendix I in this document. The following table sets forth our capital commitments for the periods indicated:

	Year ended December 31,		Nine months ended
	2023	2024	September 30,
			2025
	(RMB in thousands)		(unaudited)
Property, plant and equipment	255	1,855	185
Intangible asset	477	155	145
Total	732	2,010	330

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RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, our Group made a loan to Mr. Feng, which had been settled in July 2024. See Note 36 to the Accountant’s Report in Appendix I in this document.

Our Directors are of the view that the related party transactions were conducted in the ordinary course of business on an arm’s-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results unreflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet commitments and arrangements.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks: market risk (including foreign exchange rate, interest rate risk and price risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Market Risk

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not our subsidiaries’ functional currency. The functional currency of our Company and majority of our subsidiaries is RMB, except for the subsidiaries incorporated in Hong Kong where the functional currency is Hong Kong dollars (“HK\$”) and the subsidiaries incorporated in Macau where the functional currency is Macau pataca (“MOP”). Our Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars (“US\$”) and HK\$. Our Group manages its foreign exchange risk by performing regular reviews of our Group’s net foreign exchange exposures. Our Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

Our Group operates mainly in the PRC with most of the transactions settled in RMB. The management considers that the business is not exposed to significant foreign exchange risk as there are no significant financial assets or liabilities of our Group that are denominated in the currencies other than the respective functional currencies of our Group’s entities.

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The following table shows that, if US\$/HK\$ has strengthened/weakened by 5% against RMB, with all other variables held constant, pre-tax profit for the Track Record Periods change.

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Post-tax loss/profit (decrease)/increase			
US\$ strengthened by 5%	10,193	18,551	20,338
US\$ weakened by 5%	(10,193)	(18,551)	(20,338)
HK\$ strengthened by 5%	1,587	3,991	6,117
HK\$ weakened by 5%	(1,587)	(3,991)	(6,117)

Cash Flow and Fair Value Interest Rate Risk

Our Group has no significant variable interest-bearing assets or liabilities except for the bank balances, of which the interest rates are not expected to change significantly.

Price Risk

Our Group is exposed to material price risk in respect of financial assets at FVOCI held by our Group. Our Group is not exposed to commodity price risk. To manage its price risk arising from the investments, all investments must be assessed cautiously and approved by the senior management before they may be entered into.

Credit Risk

Our Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, trade receivables, deposits and other receivables. The carrying amounts of each class of the above financial assets represent our Group's maximum exposure to credit risk in relation to financial assets.

To manage risk arising from cash and cash equivalents and restricted cash, our Group only transacts with state-owned or reputable financial institutions in Chinese Mainland and reputable international financial institutions outside of Chinese Mainland. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have a low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are immaterial.

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To manage risk arising from trade receivables, which are mostly from the franchisees, our Group has policies in place to ensure that they have settled the payment on T+1 basis and normally no credit period granted to them. In view of the sound collection history of receivables due from them, to measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with our group, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences.

Our Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, our Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the counter party
- significant changes in credit risk on other financial instruments of the same counter party
- significant changes in the expected performance and behavior of the counter party, including changes in the payment status of borrowers in our Group and changes in the operating results of the counter party.

Our Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, our Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

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For other receivables, our Group adopted a “three-stage” model for impairment based on changes in credit quality since initial recognition as summarized below:

Category	Other receivables	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (Stage 1).
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses (Stage 2).
Non-performing (credit impaired)	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy	Lifetime expected losses (Stage 3).
Written-off	There is no reasonable expectation of recovery.	Asset is written off.

Trade Receivables

Settlement between our Group and the franchisees are processed on a daily basis, the franchisees are required to settle the payment on T+1 basis.

Our Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

To measure the expected credit losses of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the days of initial recognition.

FINANCIAL INFORMATION

The loss allowance provisions of trade receivables as of December 31, 2023, 2024 and September 30, 2025 are determined as follows, the expected credit losses below also incorporate forward looking information.

	Up to one month	One to six months	Six months to one year	Over one year	Total
	<i>(RMB in thousands)</i>				
As of December 31, 2023					
Expected loss rate	0.67%	59.75%	100.00%	100.00%	
Gross carrying amount	6,290	1,349	293	723	8,655
Loss allowance provision	(42)	(806)	(293)	(723)	(1,864)
As of December 31, 2024					
Expected loss rate	2.95%	97.40%	100.00%	100.00%	
Gross carrying amount	2,644	77	10	229	2,960
Loss allowance provision	(78)	(75)	(10)	(229)	(392)
As of September 30, 2025					
Expected loss rate	2.16%	41.00%	100.00%	100.0%	
Gross carrying amount	3,384	361	51	234	4,030
Loss allowance provision	(73)	(148)	(51)	(234)	(506)

Other Receivables

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Other receivables are categorized as follows for assessment purpose:

Group 1	Rental deposits
Group 2	Amounts due from related parties
Group 3	Others

See Note 3.1.2 to the Accountant’s Report in Appendix I to this document.

Liquidity Risk

Cash flow forecasts are prepared by management. Management monitors rolling forecasts on our Group’s liquidity requirements to ensure our Group maintains sufficient liquidity reserve to support sustainability and growth of our Group’s business. Currently, our Group finances its working capital requirements through funds generated from operations, issue of new shares, and obtaining bank borrowings.

Management monitors rolling forecasts of our Group’s liquidity reserve on the basis of expected cash flows. Our Group’s policy is to regularly monitor current and expected liquidity requirements and its compliance with the relevant covenants of its borrowing

FINANCIAL INFORMATION

facilities, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

As of December 31, 2023, 2024 and September 30, 2025, all the convertible redeemable preferred shares were classified as current liabilities.

The maximum exposure of the redemption of preferred shares is the contractual redemption price, which is equal to 100% of the original investment amount plus a compound interest rate of 15% per annum accrued during the period from the issuance of the preferred shares until the date on which the redemption price is paid in full, and plus any declared but unpaid dividends if the redemption event occurs as described in Note 26 in the Accountant's Report in Appendix I in this document. Our Group recognizes the preferred shares at FVTPL. Accordingly, preferred shares are managed on a fair value basis rather than by maturing dates.

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, we did not declare or distribute any dividend. According to our Articles of Association and applicable laws and regulations, the decision on whether to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends and other factors that our Directors may consider relevant. We do not have a predetermined dividend payout ratio. We will evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

Subject to the Cayman Companies Act, through a general meeting, we may declare dividends, but no dividend may be declared unless out of either profit or share premium account and no dividend shall exceed the amount recommended by our Board. 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 conditions, contractual restrictions and other factors that our Directors consider relevant. Our Board may also from time to time pay interim dividends as our Board believes to be justified by the profits of our Company, as well as special dividends on shares of any class of such amounts and on such dates as it deems fit. We cannot guarantee in what form dividends will be paid in the future. As advised by our Cayman Islands Legal Advisor, under the Cayman Companies Act, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders as dividends may be declared and paid out of our share premium account, provided that immediately after the date on which the dividend is proposed to be paid, we will be able to pay our debts as they fall due in the ordinary course of business.

FINANCIAL INFORMATION

As we are a holding company, our ability to declare and pay dividends will also depend on the availability of dividends received from our subsidiaries, including our PRC companies. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles. Pursuant to the Company Law of the PRC, enterprises incorporated in the PRC are required to set aside 10% of their after-tax profits at the end of each year to fund statutory reserves, until such reserve funds reach and remain at or above 50% of the relevant PRC entity’s registered capital. Distributions from our 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.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the net [REDACTED] from the [REDACTED] and the financial resources available to us, including our internally generated funds, the available banking facilities, and cash and cash equivalents, we have sufficient working capital for our present requirements, that is at least 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of September 30, 2025, our Company had RMB157.8 million of retained earnings. The retained earnings are available for distribution to our Shareholders.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [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 incurred [REDACTED] of RMB[REDACTED], of which RMB[REDACTED] was charged to the consolidated statements of profit or loss as administrative expenses, and RMB[REDACTED] million will be deducted from equity. We expect to incur [REDACTED] of approximately HK\$[REDACTED], of which approximately HK\$[REDACTED] is expected to be recognized in the consolidated statements of comprehensive income and approximately HK\$[REDACTED] is expected to be recognized as a deduction in equity directly upon the [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations in 2025. By nature, our [REDACTED] are composed of (i) [REDACTED] of approximately HK\$[REDACTED], and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED], which consist of fees and expenses of legal advisors and the Reporting Accountant of approximately HK\$[REDACTED] and other fees and expenses of approximately HK\$[REDACTED].

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information.”

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since September 30, 2025, being the end date of the periods reported in the Accountant's Report in Appendix I to this document, and there has been no event since September 30, 2025 which would materially affect the information shown in the Accountant's Report in Appendix I in this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” in this document for a detailed description of our future plans.

USE OF [REDACTED]

Assuming that the [REDACTED] is not exercised, after deducting the [REDACTED] commissions and other estimated [REDACTED] payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] and HK\$[REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED]. We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the expansion of our store network, including self-operated stores and franchise stores, to broaden our geographical coverage and deepen our market penetration over the next five years. In particular:
 - o approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to expand the franchise store network and strengthen the management of existing franchise stores. We plan to open approximately 1,300 franchise stores. Our franchise model enables rapid, high-quality growth of our store network, reduces our capital burden and allows us to leverage franchisees’ local resources and execution capabilities, enabling us to quickly enter new cities and residential communities, achieve greater scale, and strengthen our position in the highly competitive fresh product retail market.

We intend to invest in: (i) recruitment of key operational personnel responsible for franchisee recruitment, training and management; (ii) promotion and marketing initiatives aimed at enhancing brand visibility and attracting new franchisees; and (iii) enhancing our franchisee support initiatives, including store renovation, staff assistance, training programs and team-building activities for franchisees and their staff to foster a culture of collaboration, knowledge sharing, and mutual support across our store network.

- o approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for opening and operating self-operated stores. We plan to open approximately 100 new self-operated stores. The expected set-up costs for each store range from RMB0.6 million to RMB1.5 million, including equipment procurement, store renovation and decoration. The [REDACTED] will also be used for rental and the day-to-day operations of new stores, covering expenses such as employee benefits, utilities and marketing activities.

FUTURE PLANS AND USE OF [REDACTED]

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for enriching our product portfolio and developing our branding and marketing efforts over the next five years. In particular:
 - o approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for enriching our product portfolio to meet diverse consumer tastes and preferences. We plan to strengthen our capabilities in product selection and cultivation to enhance product quality and meet consumers’ demand for premium offerings through (i) recruiting talents to join our product R&D team, (ii) establishing a processed food R&D center equipped with laboratories and advanced equipment to support our R&D activities, and (iii) cooperating with universities and research institutions.
 - o approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for branding and marketing initiatives. We aim to build our private-label products centered on “freshness” and “value-for-money”. We plan to: (i) launch promotional campaigns to encourage consumer trials of new products; (ii) strengthen our brand-building and marketing team by hiring professionals with experience in food retail and digital marketing; (iii) leverage our membership system and implement targeted marketing activities through Qdama App, WeChat Mini-program and other online channels; and (iv) promote our brand across both online and offline channels, including advertising on major social media platforms, livestreaming, and IP collaborations.

FUTURE PLANS AND USE OF [REDACTED]

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for strengthening supply chain capabilities by enhancing our procurement efficiency and upgrading integrated distribution centers over the next five years. In particular:
 - o approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to optimize our integrated distribution centers and develop core product processing capabilities. We plan to upgrade existing integrated distribution centers and establish two new integrated distribution centers with advanced food processing capabilities. The net [REDACTED] will be allocated to equipment procurement, rental expenses, personnel remuneration, and daily operations. In addition, we intend to upgrade our logistics systems, particularly by enhancing our proprietary TMS platform with advanced algorithms to optimize delivery routes.
 - o approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to shorten the procurement process from farming bases and strengthen our control over procurement and quality assurance. This initiative will enable us to reduce intermediate steps in sourcing and ensure consistent product quality and supply chain stability. We plan to: (i) expand our direct sourcing efforts across product categories; (ii) collaborate with leading suppliers and integrate order-based resources; and (iii) promote order-based cultivation and breeding models and create exclusive products by jointly developing standardized farming bases with our partners.

FUTURE PLANS AND USE OF [REDACTED]

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for strengthening and upgrading our digitalization and intelligent infrastructures to further improve our operational efficiency over the next five years. In particular:
 - o approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to enhance our Digital Operation Platform and empower franchise stores. We plan to upgrade functionalities for franchisees, such as operations visualization, store staff management and inventory management systems.
 - o approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to optimize the digitalization and intelligence of our supply chain infrastructure. We plan to strengthen the digital capabilities of our integrated distribution centers and logistics operations by standardizing management processes and introducing advanced intelligent equipment. In addition, we will continuously improve end-to-end traceability and management of products to ensure transparency to consumers. We also intend to implement automated sorting, intelligent route planning, online reconciliation, and intelligent scheduling systems to improve operational efficiency and achieve cost savings.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for potential investment, merger and acquisition opportunities to further expand our store network and strengthen our product processing capabilities. We will primarily focus on (i) fresh food retail chains with established customer base and store network in our target markets, and (ii) suppliers specializing in meat processing, particularly those with advanced processing technologies, standardized production systems, and strong food safety controls. These investments will enable rapid market entry while reducing upfront costs for site selection, store renovation, and brand development, and improve processing efficiency and ensure consistent quality. As of the Latest Practicable Date, we had not identified or entered into negotiations with any investment targets. According to CIC, there are sufficient potential targets in China that meet our selection criteria as of September 30, 2025.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], as working capital and for general corporate uses.

FUTURE PLANS AND USE OF [REDACTED]

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED], respectively.

Additional net [REDACTED] that we would receive if the [REDACTED] is exercised in full would be (i) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the maximum [REDACTED] of the indicative [REDACTED] range), (ii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range) and (iii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the minimum [REDACTED] of the indicative [REDACTED] range).

To the extent that the net [REDACTED] from the [REDACTED] are either more or less than expected, we will adjust our allocation of the net [REDACTED] for the above purposes on a *pro rata* basis.

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we will only deposit such funds 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 such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would hinder the development of any of our projects, or the occurrence of force majeure events, the Directors will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED].

[REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANT’S REPORT

The following is the text of a report set out on pages I-1 to I-3, received from the Company’s reporting accountant, [PricewaterhouseCoopers], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers]

[DRAFT]

ACCOUNTANT’S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF QDAMA INTERNATIONAL HOLDING LTD. (錢大媽國際控股有限公司), CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Qdama International Holding Ltd. (錢大媽國際控股有限公司) (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-104, which comprises the consolidated and the company statements of financial position as at 31 December 2023 and 2024, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023 and 2024 and material accounting policy information and other explanatory information (together, the “**Financial Information**”). The Financial Information set out on pages I-4 to I-104 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the “**document**”) in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Financial Information

The directors of the Company are responsible for the preparation of Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the historical financial information, and for such internal control as the directors determine is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant’s responsibility

Our responsibility is to express an opinion on the 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 Financial Information is free from material misstatement.

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ACCOUNTANT'S REPORT

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the historical financial information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the 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 Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company and the consolidated financial position of the Group as at 31 December 2023 and 2024 and of its consolidated financial performance and its consolidated cash flows for the years ended 31 December 2023 and 2024 in accordance with the basis of preparation set out in Note 2 to the historical financial information.

Review of stub period financial information

We have reviewed the stub period financial information of the Group which comprises the consolidated statement of financial position as at 30 September 2025, the company statement of financial position as at 30 September 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2024 and 2025 and other explanatory information (the "**Stub Period Financial Information**"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Financial Information in accordance with the basis of preparation set out in Note 2 to the historical financial information. Our responsibility is to express a conclusion on the Stub Period Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the historical financial information.

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ACCOUNTANT'S REPORT

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 32 to the historical financial information which states that no dividends have been paid by Qdama International Holding Ltd. (錢大媽國際控股有限公司) in respect of the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]

Certified Public Accountants

Hong Kong

[Date]

APPENDIX I

ACCOUNTANT’S REPORT

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the historical financial information of the Group as of 31 December 2023, 31 December 2024 and 30 September 2025 and for the years/periods then ended (the “**Track Record Period**”) (together, the “**Historical Financial Information**”) which forms an integral part of this accountant’s report.

The consolidated financial statements of the Group for the years ended 31 December 2023 and 2024, on which the financial information is based, were audited by [PricewaterhouseCoopers] in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB’000**”), unless otherwise indicated.

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ACCOUNTANT’S REPORT

Consolidated statements of comprehensive income

	<i>Note</i>	Year ended 31 December		Nine months ended 30 September	
		2023	2024	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (Unaudited)	<i>RMB’000</i> (Unaudited)
Revenue	6	11,744,089	11,787,796	8,729,517	8,358,887
Cost of sales	10	(10,595,626)	(10,585,926)	(7,830,098)	(7,415,390)
Gross profit		1,148,463	1,201,870	899,419	943,497
Selling and marketing expenses	10	(605,742)	(607,348)	(450,231)	(426,535)
Administrative expenses . . .	10	(414,092)	(432,738)	(327,893)	(271,995)
(Provision for)/reversal of impairment loss on financial assets	3.1.2	(528)	555	474	468
Research and development expenses	10	(19,537)	(16,428)	(12,796)	(8,744)
Other income	7	20,631	18,758	14,806	9,560
Other losses – net	8	(288)	(9,134)	(16,486)	(20,874)
Operating profit		128,907	155,535	107,293	225,377
Finance income	9	11,229	14,937	11,764	14,039
Finance costs	9	(30,030)	(21,463)	(16,505)	(20,915)
Finance costs – net	9	(18,801)	(6,526)	(4,741)	(6,876)
Fair value gains and modification adjustments on convertible redeemable preferred shares – net	26	73,418	163,847	144,793	(481,316)
Profit/(loss) before income tax		183,524	312,856	247,345	(262,815)
Income tax expenses	14	(14,961)	(24,467)	(19,901)	(24,783)
Profit/(loss) for the year/period		168,563	288,389	227,444	(287,598)
Profit/(loss) for the year/period attributable to:					
– Owners of the Company		168,867	288,438	227,485	(287,844)
– Non-controlling interests		(304)	(49)	(41)	246
		168,563	288,389	227,444	(287,598)

APPENDIX I

ACCOUNTANT’S REPORT

		Year ended 31 December		Nine months ended 30 September	
	Note	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Other comprehensive					
(loss)/income					
<i>Items that may be reclassified</i>					
<i>to profit or loss:</i>					
– Currency translation					
differences	25	(2)	435	(146)	(575)
<i>Items that may not be</i>					
<i>reclassified to profit or loss:</i>					
– Fair value change of					
convertible redeemable					
preferred shares due to					
own credit risk	26	41,657	3,939	(4,997)	42,933
Total comprehensive					
income/(loss) for the					
year/period					
		210,218	292,763	222,301	(245,240)
Total comprehensive					
income/(loss) for the					
year/period attributable					
to:					
– Owners of the Company		210,522	292,812	222,342	(245,486)
– Non-controlling					
interests		(304)	(49)	(41)	246
		210,218	292,763	222,301	(245,240)
Earnings/(loss) per share					
for profit attributable to					
owners (expressed in					
RMB cents per share)					
– Basic	15	17.21	30.09	23.58	(29.14)
– Diluted	15	5.85	7.76	4.63	(46.58)

APPENDIX I

ACCOUNTANT’S REPORT

Consolidated statements of financial position

		As at 31 December		As at 30 September
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000 (Unaudited)
Assets				
Non-current assets				
Property, plant and equipment	16	82,923	43,453	29,146
Right-of-use assets	17	200,510	148,731	233,995
Intangible assets	18	33,225	30,706	27,235
Deposits, prepayments and other receivables	23	29,123	27,679	19,724
Financial assets at fair value through other comprehensive income ("FVOCI")	13	5,000	8,000	8,000
Deferred income tax assets	30	12,372	9,414	11,006
		<u>363,153</u>	<u>267,983</u>	<u>329,106</u>
Current assets				
Inventories	20	33,956	37,338	34,887
Trade receivables	21	6,791	2,568	3,524
Deposits, prepayments and other receivables	22	240,348	174,147	160,848
Income tax recoverable		4,996	5,264	2,860
Restricted cash	23	282,288	290,242	143,620
Cash and cash equivalents	23	714,243	775,358	1,119,724
		<u>1,282,622</u>	<u>1,284,917</u>	<u>1,465,463</u>
Total assets		<u><u>1,645,775</u></u>	<u><u>1,552,900</u></u>	<u><u>1,794,569</u></u>
Equity				
Equity attributable to owners of the Company				
Share capital	24	72	69	113
Other reserves	25	104,878	51,808	1,056,899
Accumulated losses		(2,796,832)	(2,509,212)	(2,797,056)
		<u>(2,691,882)</u>	<u>(2,457,335)</u>	<u>(1,740,044)</u>
Non-controlling interests		<u>6,139</u>	<u>6,090</u>	<u>5,559</u>
Total deficit		<u>(2,685,743)</u>	<u>(2,451,245)</u>	<u>(1,734,485)</u>

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		As at 31 December		As at 30 September
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000 (Unaudited)
Liabilities				
Non-current liabilities				
Contract liabilities	6	20,945	15,179	16,733
Lease liabilities	17	119,596	76,996	161,587
Bank borrowings	31	–	–	85,000
Deferred income tax liabilities	30	792	580	1,308
Accruals and other payables	29	96,558	73,063	82,591
		<u>237,891</u>	<u>165,818</u>	<u>347,219</u>
Current liabilities				
Trade payables	28	904,150	750,045	751,382
Accruals and other payables	29	386,636	388,832	329,630
Contract liabilities	6	18,531	15,033	15,404
Lease liabilities	17	95,576	67,493	63,180
Convertible redeemable preferred shares	26	2,292,653	2,094,867	1,578,687
Bank borrowings	31	390,674	519,945	432,234
Income tax payables		<u>5,407</u>	<u>2,112</u>	<u>11,318</u>
		<u>4,093,627</u>	<u>3,838,327</u>	<u>3,181,835</u>
Total liabilities		<u><u>4,331,518</u></u>	<u><u>4,004,145</u></u>	<u><u>3,529,054</u></u>
Net current liabilities		<u><u>(2,811,005)</u></u>	<u><u>(2,553,410)</u></u>	<u><u>(1,716,372)</u></u>
Total deficit and liabilities		<u><u>1,645,775</u></u>	<u><u>1,552,900</u></u>	<u><u>1,794,569</u></u>

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Statements of financial position of the Company

		As at 31 December		As at 30 September
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000 (Unaudited)
Assets				
Non-current assets				
Interest in a subsidiary	12	3,025,493	3,039,355	3,056,102
		3,025,493	3,039,355	3,056,102
Current assets				
Cash and cash equivalents	23	301	1,594	358
Prepayments.		583	4,719	5,107
Amounts due from subsidiaries		663	729	792
		1,547	7,042	6,257
Total assets		3,027,040	3,046,397	3,062,359
Equity				
Share capital.	24	72	69	113
Other reserves	25	171,667	117,344	1,134,052
Retained earnings	25	502,046	644,650	157,756
Total equity		673,785	762,063	1,291,921
Liabilities				
Current liabilities				
Other payables		2,539	5,284	2,248
Convertible redeemable preference shares	26	2,292,653	2,094,867	1,578,687
Amounts due to subsidiaries	36	58,063	184,183	189,503
Total liabilities		2,353,255	2,284,334	1,770,438
Total equity and liabilities		3,027,040	3,046,397	3,062,359

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Consolidated statements of changes in equity

	Attributable to owners of the Company				
	Share capital	Other reserves (Note 25)	Accumulated losses	Sub-total	Non-controlling interests
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					Total deficit
					RMB'000
Balance at 1 January 2023	72	43,615	(2,964,238)	(2,920,551)	6,443
					(2,914,108)
Comprehensive income/(loss)					
Profit/(loss) for the year	-	-	168,867	168,867	(304)
Currency translation differences	-	(2)	-	(2)	-
Fair value gains of convertible redeemable preferred shares due to own credit risk	-	41,657	-	41,657	-
					41,657
Transactions with owners in their capacity as owners:					
Appropriation of statutory reserves	-	1,461	(1,461)	-	-
Share-based payment to employees	-	18,147	-	18,147	-
					18,147
Balance at 31 December 2023	72	104,878	(2,796,832)	(2,691,882)	6,139
					(2,685,743)

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Attributable to owners of the Company						
	Share capital	Other reserves (Note 25)	Accumulated losses	Sub-total	Non-controlling interests	Total deficit
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	72	104,878	(2,796,832)	(2,691,882)	6,139	(2,685,743)
Comprehensive income/(loss)						
Profit/(loss) for the year	-	-	288,438	288,438	(49)	288,389
Currency translation differences	-	435	-	435	-	435
Fair value gains of convertible redeemable preferred shares due to own credit risk	-	3,939	-	3,939	-	3,939
Transactions with owners in their capacity as owners:						
Appropriation of statutory reserves	-	818	(818)	-	-	-
Repurchases of ordinary shares	-	(110,000)	-	(110,000)	-	(110,000)
Cancellation of treasury shares	(3)	3	-	-	-	-
Share-based payment to employees	-	51,735	-	51,735	-	51,735
Balance at 31 December 2024	69	51,808	(2,509,212)	(2,457,335)	6,090	(2,451,245)

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	Attributable to owners of the Company					Non-controlling interests	Total deficit
	Share capital	Other reserves (Note 25)	Accumulated losses	Sub-total			
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	72	104,878	(2,796,832)	(2,691,882)	6,139	(2,685,743)	
(Unaudited)							
Balance at 1 January 2024							
Comprehensive income/(loss)							
Profit/(loss) for the period	-	-	227,485	227,485	(41)	227,444	
Currency translation differences	-	(146)	-	(146)	-	(146)	
Fair value gains of convertible redeemable preferred shares due to own credit risk	-	(4,997)	-	(4,997)	-	(4,997)	
Transactions with owners in their capacity as owners:							
Repurchases of ordinary shares	-	(110,000)	-	(110,000)	-	(110,000)	
Cancellation of treasury shares	(3)	3	-	-	-	-	
Share-based payment to employees	-	46,822	-	46,822	-	46,822	
Balance at 30 September 2024	69	36,560	(2,569,347)	(2,532,718)	6,098	(2,526,620)	

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	Attributable to owners of the Company				
	Share capital	Other reserves (Note 25)	Accumulated losses	Sub-total	Non-controlling interests
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					Total deficit
					RMB'000
(Unaudited)					
Balance at 1 January 2025	69	51,808	(2,509,212)	(2,457,335)	6,090
					(2,451,245)
Comprehensive income/(loss)					
(Loss)/profit for the period	-	-	(287,844)	(287,844)	246
Currency translation differences	-	(575)	-	(575)	-
Fair value gains of convertible redeemable preferred shares due to own credit risk	-	42,933	-	42,933	-
					42,933
Transactions with owners in their capacity as owners:					
Transaction with non-controlling shareholders	-	(11,042)	-	(11,042)	(777)
Issuance of ordinary shares	44	954,519	-	954,563	-
Share-based payment to employees	-	19,256	-	19,256	-
					19,256
Balance at 30 September 2025	113	1,056,899	(2,797,056)	(1,740,044)	5,559
					(1,734,485)

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Consolidated statements of cash flows

	<i>Note</i>	Year ended 31 December		Nine months ended 30 September	
		2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	(Unaudited)
Cash flows from operating activities					
Cash generated from operations	33(a)	144,245	158,432	140,330	289,130
Income tax paid		(29,046)	(25,286)	(21,272)	(14,008)
Net cash inflow from operating activities		<u>115,199</u>	<u>133,146</u>	<u>119,058</u>	<u>275,122</u>
Cash flows from investing activities					
Purchase of property, plant and equipment		(13,431)	(11,790)	(7,084)	(9,034)
Proceeds from disposal of property, plant and equipment	33(b)	6,280	6,046	3,772	3,885
Purchase of intangible assets		(6,642)	(1,748)	(1,473)	(474)
Proceeds from disposal of an associate		1,000	–	–	–
Loans granted to a related party	36(b)	–	(4,500)	(4,500)	–
Loans granted to a third party		–	(2,500)	–	–
Repayment from a related party		2,392	77,200	77,200	–
Interest received from bank deposits .		9,412	13,487	10,829	13,437
Acquisition of financial assets at FVOCI		(5,000)	(3,000)	–	–
Net cash (outflow)/inflow from investing activities		<u>(5,989)</u>	<u>73,195</u>	<u>78,744</u>	<u>7,814</u>

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	<i>Note</i>	Year ended 31 December		Nine months ended 30 September	
		2023	2024	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(Unaudited)	(Unaudited)
Cash flows from financing activities					
Payments for acquisition of ownership interests in a subsidiary without change in control		–	–	–	(11,819)
Refund to a Series D CRPS holder of Guangzhou Qdama	26 (i)	(175,000)	–	–	–
Refund to warrant holders upon exercise of warrants	26 (ii)	–	(238,399)	(238,399)	–
Proceeds from issuance of CRPS	26 (i)(ii)	175,000	238,399	238,399	–
Refund to a warrant holder upon expiry of warrant	26 (ii)	–	(30,000)	(30,000)	–
Payments for repurchase of ordinary shares	24	–	(110,000)	(110,000)	–
Payments of rental deposits to the lessors		(7,693)	(8,823)	(8,358)	(807)
Refund of rental deposits		12,199	4,518	1,834	7,574
Proceeds from bank borrowings	33 (c)	600,268	764,660	395,000	514,900
Repayments of bank borrowings	33 (c)	(370,000)	(635,268)	(585,268)	(517,660)
Placement of restricted bank deposits		(469,970)	(429,196)	(70,074)	(245,140)
Redemption of restricted bank deposits		198,316	415,422	341,728	388,458
Payments of [REDACTED]	33 (c)	(167)	(3,331)	(2,239)	(1,155)
Principal elements of lease payments	33 (c)	(125,228)	(96,946)	(75,861)	(53,831)
Interest elements of lease payments	33 (c)	(15,463)	(6,816)	(5,327)	(7,079)
Interest paid	33 (c)	(10,039)	(10,164)	(7,800)	(11,039)
Net cash (outflow)/inflow from financing activities		(187,777)	(145,944)	(156,365)	62,402
Net (decrease)/increase in cash and cash equivalents		(78,567)	60,397	41,437	345,338
Cash and cash equivalents at the beginning of year/period		791,507	714,243	714,243	775,358
Effect of currency translation differences		1,303	718	(62)	(972)
Cash and cash equivalents at end of the year/period		714,243	775,358	755,618	1,119,724

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION AND HISTORY OF THE GROUP

1.1 General information

Qdama International Holding Ltd. (the “**Company**”) was incorporated in the Cayman Islands on 12 May 2021 as an exempted company with limited liability. The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the sales of the fresh products through self-operated stores/self-operated channels, franchise stores/ franchise channels and online platform (the “[REDACTED] **Business**”) in the People’s Republic of China (the “**PRC**”), Hong Kong and Macau.

Before 20 December 2024, Ms. Feng and her brother, Mr. Feng, through JS Feng Ltd. and WH Feng Ltd., collectively held 100% of the Company’s ordinary shares.

On 20 December 2024, Mr. Feng transferred all of his equity interest in JS Feng Ltd. to Ms. Feng. Since then, Ms. Feng has been the ultimate controlling shareholder of the Group.

1.2 History of the Group

Prior to the incorporation of the Company and the completion of the reorganisation as described below (the “**Reorganisation**”), the [REDACTED] Business was mainly carried out by Guangzhou Qdama Agricultural Products Company Limited (廣州市錢大媽農產品有限公司, “**Guangzhou Qdama**”), a limited liability company established in the PRC, and its subsidiaries (together, the “**PRC Operating Entities**”). The PRC Operating Entities were collectively controlled by the Ultimate Controlling Shareholders throughout the Track Record Period.

In preparation for the initial [REDACTED] of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “[REDACTED]”), the Group underwent the Reorganisation to incorporate the Company as the holding company of the companies which now comprise the Group to conduct the [REDACTED] Business.

The Reorganisation mainly involved the following:

- (a) On 12 May 2021, the Company was incorporated in the Cayman Islands and 1 share of United States dollars (“**US\$**”) 0.1 par value had been issued at par to the initial subscriber and transferred at par to Mr. Feng on the same day. On 25 May 2021, the Company issued 1 share at par to Ms. Feng.
- (b) On 20 May 2021, Qdama International Investment Holding Ltd. (“**Qdama BVI**”) was incorporated in the British Virgin Islands (“**BVI**”) by the Company as a wholly-owned subsidiary, which is authorised to issue a maximum of 50,000 shares of one class of no par value.
- (c) On 9 June 2021, Qdama (Hong Kong) Investment Holding Limited (“**Qdama HK**”) was incorporated by Qdama BVI in Hong Kong as a wholly-owned subsidiary of Qdama BVI.

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- (d) On 26 January 2022, a total of 1,172,797,000 ordinary shares of the Company were issued as follows:

Shareholder	Number of shares	Equity interest in %
JS Feng Ltd. (<i>Note (i)</i>)	926,108,000	78.96%
WH Feng Ltd. (<i>Note (ii)</i>)	54,870,000	16.36%
Qdama Talent Holding Limited (<i>Note (iii)</i>)	191,819,000	4.68%
	<u>1,172,797,000</u>	<u>100.00%</u>

- (i) On 28 April 2021, JS Feng Ltd. was incorporated in the BVI which was wholly owned by Mr. Feng.
- (ii) On 28 April 2021, WH Feng Ltd. was incorporated in the BVI which was wholly owned by Ms. Feng.
- (iii) On 1 December 2021, Qdama Talent Holding Limited was incorporated in the BVI which was wholly owned by Mr. Feng and Ms. Feng as an employee stock ownership platform.
- (e) Pursuant to the agreement dated 26 January 2022, all issued registered capital to the investors of Guangzhou Qdama were cancelled. In consideration, the Company issued the following convertible redeemable preferred shares (“CRPS”) on 26 January 2022 to Guangzhou Qdama’s then investors:
- 10,495,000 series Pre-A convertible redeemable preferred shares of the Company (“**Series Pre-A CRPS**”) to the holders of Series Pre-A investment of Guangzhou Qdama;
 - 64,778,000 series A convertible redeemable preferred shares of the Company (“**Series A CRPS**”) to the holders of Series A investment of Guangzhou Qdama;
 - 125,186,670 series B convertible redeemable preferred shares of the Company (“**Series B CRPS**”) to the holders of Series B investment of Guangzhou Qdama;
 - 39,321,330 series B+ convertible redeemable preferred shares of the Company (“**Series B+ CRPS**”) to the holders of Series B+ investment of Guangzhou Qdama;
 - 131,886,000 series C convertible redeemable preferred shares of the Company (“**Series C CRPS**”) to the holders of Series C investment of Guangzhou Qdama;
 - 80,289,000 series D convertible redeemable preferred shares of the Company (“**Series D CRPS**”) to the holders of Series D investment of Guangzhou Qdama.
- (f) On 26 January 2022, the Company issued 116,038,169 Series E Convertible Redeemable Preferred Shares and warrants to subscribe for 50,704,131 Series E Convertible Redeemable Preferred Shares to investors at a consideration of USD97,124,000 (equivalent to RMB614,239,000) and USD42,439,000 (equivalent to RMB268,399,000), respectively.

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- (g) On 27 January 2022, Qdama HK acquired a total of 97.9651% of effective interest in Guangzhou Qdama from the Ultimate Controlling Shareholders, employee stock ownership platform in the PRC and investors at a consideration of RMB1,591,597 which was based on the book value of its registered capital and settled in cash. After the acquisition, Guangzhou Qdama became a non-wholly owned subsidiary of Qdama HK.

Upon the completion of the reorganisation on 27 January 2022, the Company became the holding company of the companies now comprising the Group.

2 BASIS OF PREPARATION

The material accounting policies applied in preparation of the Historical Financial Information are set out as below. These policies have been consistently applied to all the years and periods presented, unless otherwise stated.

The Historical Financial Information has been prepared in accordance with the HKFRS Accounting Standards issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost basis, except for financial assets at fair value through other comprehensive income ("FVOCI") and convertible redeemable preferred shares measured at fair value.

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

As at 30 September 2025, the Group had net deficit of approximately RMB1,734,485,000, and net current liabilities of appropriately RMB1,716,372,000, including the CRPS of RMB1,578,687,000 which were classified as financial liabilities. The CRPS will be automatically converted to ordinary shares upon the completion of qualified [REDACTED].

The Group's management has been continuously monitoring its financial position and has secured adequate financing to support its operations and capital expenditure. Based on the Group's available funds, banking facilities, cash flow projections, and taking into account the non-exercise of the redemption rights by CRPS holders for at least twelve months from 30 September 2025, the directors of the Company believe the Group will have sufficient working capital to meet its operational needs, debt repayments, and capital expenditure for at least twelve months from the period end date of the Historical Financial Information. Accordingly, the Historical Financial Information has been prepared on a going concern basis.

All relevant standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

(a) New and amended standards adopted by the Group

The HKICPA has issued a number of new and amended HKFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and amended HKFRS Accounting Standards consistently throughout the Track Record Period except for any new or interpretation that are not yet effective for the reporting period ended 30 September 2025.

These amendments did not have significant impact except amendment to HKAS 1, 'Classification of Liabilities as Current or Non-current', which has been applied throughout the Track Record Period. As at 31 December 2023 and 2024 and 30 September 2025, all the convertible redeemable preferred shares were classified as current liabilities (Note 3.1.3).

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(b) Amended standards and interpretation not yet adopted by the Group

To the date of issuance of this report, the HKICPA has issued the following amended standards and interpretation which are not yet effective and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements Project	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to Contracts Referencing Nature-dependent Electricity	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HK Int 5 (Amendments)	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKAS 21 (Amendments)	Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

The Group has commenced an assessment of the impact of these amended standards and interpretation, certain of which are relevant to the Group’s operations. The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of HKFRS 18 on the Group’s financial information.

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3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including: (a) foreign exchange risk, (b) interest rate risk and (c) price risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance.

3.1.1 Market risk

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group subsidiaries’ functional currency. The functional currency of the Company and majority of the subsidiaries is RMB, except for the subsidiaries incorporated in Hong Kong where the functional currency is HK\$ and the subsidiaries incorporated in Macau where the functional currency is MOP. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US\$ and HK\$. The Group manages its foreign exchange risk by performing regular reviews of the Group’s net foreign exchange exposures. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

The Group operates mainly in the PRC with most of the transactions settled in RMB. Management considers that the business is not exposed to significant foreign exchange risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group’s entities.

Following table shows that, if US\$/HK\$ have strengthened/weakened by 5% against RMB, with all other variables held constant, pre-tax profit for the Track Record Periods change.

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Pre-tax profit/(loss) increase/(decrease)			
US\$ strengthened by 5%	10,193	18,551	20,338
US\$ weakened by 5%	(10,193)	(18,551)	(20,338)
HK\$ strengthened by 5%	1,587	3,991	6,117
HK\$ weakened by 5%	(1,587)	(3,991)	(6,117)

(b) Cash flow and fair value interest rate risk

The Group has no significant variable interest-bearing assets or liabilities except for the bank balances, of which the interest rates are fixed or not expected to change significantly.

(c) Price risk

The Group is not exposed to material price risk in respect of financial assets at FVOCI held by the Group. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, all investments must be assessed cautiously and approved by the senior management before they may be entered into.

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3.1.2 *Credit risk*

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, trade receivables and deposits and other receivables. The carrying amounts of each class of the above financial assets represent the Group’s maximum exposure to credit risk in relation to financial assets.

To manage risk arising from cash and cash equivalents and restricted cash, the Group only transacts with state-owned or reputable financial institutions in Chinese Mainland and reputable international financial institutions outside of Chinese Mainland. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are immaterial.

To manage risk arising from trade receivables, which are mostly from the franchisees, the Group has policies in place to ensure that they have settled the payment on T+1 basis and normally no credit period granted to them. In view of the sound collection history of receivables due from them, to measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experiences and forward-looking information.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- external credit rating.
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower’s ability to meet its obligations.
- actual or expected significant changes in the operating results of the counter party.
- significant changes in credit risk on other financial instruments of the same counter party.
- significant changes in the expected performance and behaviour of the counter party, including changes in the payment status of borrowers in the Group and changes in the operating results of the counter party.

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The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

For other receivables, the Group adopted a “three-stage” model for impairment based on changes in credit quality since initial recognition as summarised below:

Category	Other receivables	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1).
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime expected losses (stage 2).
Non-performing (credit impaired)	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy.	Lifetime expected losses (stage 3).
Written - off	There is no reasonable expectation of recovery.	Asset is written off.

Trade receivables

Settlement between the Group and the franchise stores are processed on a daily basis, the franchisees are required to settle the payment on “T+1” basis.

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

To measure the expected credit losses of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the days of initial recognition.

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The loss allowance provisions of trade receivables as at 31 December 2023, 2024 and 30 September 2025 are determined as follows, the expected credit losses below also incorporate forward looking information.

	Up to 1 month	1 to 6 months	6 months to 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023					
Expected loss rate	0.67%	59.75%	100.00%	100.00%	
Gross carrying amount	6,290	1,349	293	723	8,655
Loss allowance provision	(42)	(806)	(293)	(723)	(1,864)
	<u>6,248</u>	<u>543</u>	<u>–</u>	<u>–</u>	<u>6,791</u>
At 31 December 2024					
Expected loss rate	2.95%	97.40%	100.00%	100.00%	
Gross carrying amount	2,644	77	10	229	2,960
Loss allowance provision	(78)	(75)	(10)	(229)	(392)
	<u>2,566</u>	<u>2</u>	<u>–</u>	<u>–</u>	<u>2,568</u>
At 30 September 2025 (Unaudited)					
Expected loss rate	2.16%	41.00%	100.00%	100.00%	
Gross carrying amount	3,384	361	51	234	4,030
Loss allowance provision	(73)	(148)	(51)	(234)	(506)
	<u>3,311</u>	<u>213</u>	<u>–</u>	<u>–</u>	<u>3,524</u>

Other receivables

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Other receivables are categorised as follows for assessment purpose:

Group 1	Rental deposits
Group 2	Amounts due from related parties
Group 3	Others

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As at 31 December 2023, 2024 and 30 September 2025, the gross carrying amount and loss allowance of other receivables in categories are as follows:

	Stage 1		Stage 2		Stage 3	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023						
Group 1	41,890	(839)	11	–	1,741	(1,741)
Group 2	69,971	(555)	–	–	–	–
Group 3	5,234	(704)	–	–	–	–
Total	<u>117,095</u>	<u>(2,098)</u>	<u>11</u>	<u>–</u>	<u>1,741</u>	<u>(1,741)</u>
As at 31 December 2024						
Group 1	37,979	(740)	44	(1)	2,862	(2,862)
Group 2	–	–	–	–	–	–
Group 3	8,475	(260)	–	–	–	–
Total	<u>46,454</u>	<u>(1,000)</u>	<u>44</u>	<u>(1)</u>	<u>2,862</u>	<u>(2,862)</u>
As at 30 September 2025 (Unaudited)						
Group 1	23,881	(301)	95	(2)	1,776	(1,776)
Group 2	–	–	–	–	–	–
Group 3	11,142	(115)	–	–	–	–
Total	<u>35,023</u>	<u>(416)</u>	<u>95</u>	<u>(2)</u>	<u>1,776</u>	<u>(1,776)</u>

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The loss allowance for trade receivables and other receivables as at 31 December 2023, 2024 and 30 September 2025 reconciles to the opening loss allowance are as follows:

	Trade receivables	Other receivables	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	1,481	3,704	5,185
Impairment losses for the year	393	135	528
Exchange differences	(10)	–	(10)
As at 31 December 2023	<u>1,864</u>	<u>3,839</u>	<u>5,703</u>
As at 1 January 2024	1,864	3,839	5,703
Reversal of impairment losses for the year	(629)	74	(555)
Written off	(847)	–	(847)
Exchange differences	4	(50)	(46)
As at 31 December 2024	<u>392</u>	<u>3,863</u>	<u>4,255</u>
(Unaudited)			
As at 1 January 2025	392	3,863	4,255
Reversal of impairment losses for the period	115	(583)	(468)
Written off	–	(1,056)	(1,056)
Exchange differences	(1)	(30)	(31)
As at 30 September 2025	<u>506</u>	<u>2,194</u>	<u>2,700</u>

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

3.1.3 Liquidity risk

Cash flow forecasts are prepared by management. Management monitors rolling forecasts on the Group’s liquidity requirements to ensure the Group maintains sufficient liquidity reserves to support sustainability and growth of the Group’s business. Currently, the Group finances its working capital requirements through funds generated from operations, issue of new shares, and obtaining bank borrowings.

Management monitors rolling forecasts of the Group’s liquidity reserves on the basis of expected cash flows. The Group’s policy is to regularly monitor current and expected liquidity requirements and its compliance with the relevant covenants of its borrowing facilities, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

The Group recognises the convertible redeemable preferred shares issued to investors at fair value through profit or loss (Note 26). Accordingly, the convertible redeemable preferred shares issued to investors are managed on a fair value basis rather than by maturing dates.

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The table below analyses the Group’s financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 31 December 2023					
Trade payables	904,150	–	–	–	904,150
Accruals and other payables (excluding accrued payroll and other taxes payables)	275,107	45,978	61,465	–	382,550
Borrowings and interest payments	394,492	–	–	–	394,492
Lease liabilities and interest payments	102,872	58,206	47,190	26,521	234,789
	<u>1,676,621</u>	<u>104,184</u>	<u>108,655</u>	<u>26,521</u>	<u>1,915,981</u>
As at 31 December 2024					
Trade payables	750,045	–	–	–	750,045
Accruals and other payables (excluding accrued payroll and other taxes payables)	277,895	37,563	43,315	–	358,773
Borrowings and interest payments	526,573	–	–	–	526,573
Lease liabilities and interest payments	71,630	38,726	41,053	517	151,926
	<u>1,626,142</u>	<u>76,289</u>	<u>84,368</u>	<u>517</u>	<u>1,787,317</u>
As at 30 September 2025 (Unaudited)					
Trade payables	751,382	–	–	–	751,382
Accruals and other payables (excluding accrued payroll and other taxes payables)	245,070	24,182	67,015	–	336,267
Borrowings and interest payments	440,403	12,312	75,590	–	528,305
Lease liabilities and interest payments	70,024	58,352	109,587	3,656	241,619
	<u>1,506,879</u>	<u>94,846</u>	<u>252,192</u>	<u>3,656</u>	<u>1,857,573</u>

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As at 31 December 2023 and 2024 and 30 September 2025, the Group's convertible redeemable preferred shares were classified as current liabilities as the convertible redeemable preferred shares may be converted into ordinary shares at the option of the preferred shareholders at any time and the conversion feature does not meet the "fixed-for-fixed" criteria.

For Series Pre-A to D Convertible Redeemable Preferred Shares, the maximum exposure of the redemption of convertible redeemable preferred shares is the contractual redemption price, which is equal to 100% of the original investment amount plus a compound interest rate of 8% per annum accrued during the period from the issuance of the convertible redeemable preferred shares until the date on which the redemption price is paid in full, and plus any declared but unpaid dividends if the redemption event occurs as described in Note 26.

For Series E convertible redeemable preferred shares, the maximum exposure of the redemption of convertible redeemable preferred shares is the contractual redemption price, which is equal to 100% of the original investment amount plus a simple interest rate of 15% per annum accrued during the period from the issuance of the convertible redeemable preferred shares until the date on which the redemption price is paid in full, and plus any declared but unpaid dividends if the redemption event occurs as described in Note 26.

The Group recognises the convertible redeemable preferred shares at fair value through profit or loss. Accordingly, convertible redeemable preferred shares are managed on a fair value basis rather than by maturing dates.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital using a gearing ratio and restricted cash. The Group manages its capital structure and makes adjustments to it in order to have funds available to support the business activities which the directors intend to pursue in addition to maximizing the return to shareholders. The directors do not establish quantitative return on capital criteria for management, but rather rely on the expertise of the Group's management to sustain future development of the business.

In order to carry out current operations and pay for administrative costs, the Group will spend its existing working capital and raise additional amounts as needed. The Group reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Group, is reasonable.

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3.3 Fair value estimation

3.3.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The table below analyses the Group’s financial instruments carried at fair value as at 31 December 2023, 2024 and 30 September 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023				
Financial assets at FVOCI				
– [REDACTED] equity securities (Note 13)	–	–	5,000	5,000
	<u>–</u>	<u>–</u>	<u>5,000</u>	<u>5,000</u>
Financial liabilities at FVTPL				
– Convertible redeemable preferred shares (Note 26)	–	–	2,292,653	2,292,653
	<u>–</u>	<u>–</u>	<u>2,292,653</u>	<u>2,292,653</u>
As at 31 December 2024				
Financial assets at FVOCI				
– [REDACTED] equity securities (Note 13)	–	–	8,000	8,000
	<u>–</u>	<u>–</u>	<u>8,000</u>	<u>8,000</u>
Financial liabilities at FVTPL				
– Convertible redeemable preferred shares (Note 26)	–	–	2,094,867	2,094,867
	<u>–</u>	<u>–</u>	<u>2,094,867</u>	<u>2,094,867</u>
As at 30 September 2025 (Unaudited)				
Financial assets at FVOCI				
– [REDACTED] equity securities (Note 13)	–	–	8,000	8,000
	<u>–</u>	<u>–</u>	<u>8,000</u>	<u>8,000</u>
Financial liabilities at FVTPL				
– Convertible redeemable preferred shares (Note 26)	–	–	1,578,687	1,578,687
	<u>–</u>	<u>–</u>	<u>1,578,687</u>	<u>1,578,687</u>

The Group’s policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

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3.3.2 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- The latest round financing, i.e. the prior transaction price or the third-party pricing information; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There were no changes to valuation techniques during the Track Record Period.

All of the resulting fair value estimates are included in level 3, where the wealth management products and convertible redeemable preferred shares measured at fair value through profit and loss, [REDACTED] equity securities measured at fair value through other comprehensive income.

3.3.3 Fair value measurements using significant unobservable inputs (level 3)

- (a) Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

	Fair value			Unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
	As at 31 December		As at 30 September			
	2023	2024	2025			
	RMB'000	RMB'000	RMB'000			
Financial assets at FVOCI						
– [REDACTED] equity securities . .	5,000	8,000	8,000	Latest transaction price	N/A	N/A

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3.4 Offsetting financial assets and financial liabilities

The following table presents the recognised financial instruments that are offset as at 31 December 2023, 2024 and 30 September 2025.

	Effects of offsetting on the consolidated statements of financial position		
	Gross amounts	Gross amounts set off in the consolidated statements of financial position	Net amounts presented in the consolidated statements of financial position
	RMB'000	RMB'000	RMB'000
As at 31 December 2023			
Financial assets			
Trade receivables	34,851	(28,060)	6,791
Financial liabilities			
Accruals and other payables (excluding accrued payroll and other taxes payables)	399,165	(28,060)	371,105
As at 31 December 2024			
Financial assets			
Trade receivables	31,975	(29,407)	2,568
Financial liabilities			
Accruals and other payables (excluding accrued payroll and other taxes payables)	379,248	(29,407)	349,841
As at 30 September 2025 (Unaudited)			
Financial assets			
Trade receivables	31,983	(28,459)	3,524
Financial liabilities			
Accruals and other payables (excluding accrued payroll and other taxes payables)	355,301	(28,459)	326,842

The Group collects sales proceeds on behalf of the franchisees and settles with each of the franchise store regularly by remitting the sales proceeds to the franchisees after deducting the outstanding purchase amounts of fresh products from the Group. The relevant amounts have therefore been presented net in the consolidated statements of financial position.

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Basis of consolidation

In the normal course of business, the Group enters into franchising agreements with franchisees. The rights and obligations of the Group and the franchisees are stipulated by respective franchising agreements. Because of the complexity of the arrangements, significant judgement is needed in determining whether the Group has the power to control and therefore should consolidate the franchisees.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to control the entity. As such, the conclusion whether the franchisees are under the control of the Group requires the application of judgement through the analysis of various factors including the extent of power the Group has on relevant activities of the franchisees. Based on the Group's analysis, it has concluded that it does not have such power on the franchisees.

(b) Share-based compensation arrangements

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is estimated using a model which requires the determination of the appropriate inputs. In addition, the Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the options in order to determine the amount of share-based compensation expenses charged to profit or loss with the consolidated statement of comprehensive income. The assumptions and models used for estimating the fair value of share-based payment transactions are disclosed in Note 27.

The Group estimates the expected forfeiture rate at the end of vesting periods ("**Forfeiture Rate**") of the share options granted in order to determine the amount of share-based payment expenses charged to profit or loss. The Forfeiture Rate of the share options of the Group to grantees were assessed to be ranging from 0% to 2.0% during the Track Record Period.

(c) Measurement of the fair value of convertible redeemable preferred shares

The fair values of the Group's CRPS and warrants were measured at fair value through profit or loss, which are not traded in an active market, are determined by using valuation techniques. Significant judgements and assumptions are exercised by management in selecting valuation models and unobservable inputs at the end of each reporting period. Changing the key assumptions used by management could materially affect the fair value of these financial liabilities and as a result affect the Group's financial position and results of operation. Details of the valuation models, key assumptions and inputs are disclosed in Note 26.

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(d) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(e) Impairment assessment for non-financial assets

Non-financial assets, mainly including property, plant and equipment, right-of-use assets, intangible assets and investments accounted for using equity method, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to disposal. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) the selection of the most appropriate valuation technique, e.g. the market approach, the income approach, as well as a combination of approaches, including the adjusted net asset method; and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the profit or loss.

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5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the Track Record Period, the Group is principally engaged in the sales of the fresh products under the brand name of “Qdama” in the Chinese Mainland, Hong Kong and Macau. Management views the operating results of the business as geographically to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there are three segments for making strategic decisions.

The majority of operating entities of the Group are located in the PRC. Accordingly, The Group was organised into three geographical segments namely: (i) Southern Chinese Mainland and (ii) Other districts in Chinese Mainland, and (iii) Hong Kong & Macau during the Track Record Period.

Accordingly, the Group presents the revenue and corresponding assets and liabilities for the segments, and does not allocate expenses of the other assets to the respective segments.

(a) Segment revenue and results

The following is an analysis of the Group’s revenue by geographical segment:

For the year ended 31 December 2023

	Southern Chinese Mainland	Other districts in Chinese Mainland	Hong Kong & Macau	Inter- segment elimination	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	7,958,078	3,106,545	703,467	(24,001)	11,744,089
Cost of sales	(7,052,085)	(2,978,878)	(588,664)	24,001	(10,595,626)
Operating expenses	(243,635)	(239,525)	(90,075)	–	(573,235)
Other gains/(losses) – net	8,899	(5,767)	(1,080)	–	2,052
Finance costs – net	(6,827)	(10,992)	(587)	–	(18,406)
Other income	5,434	820	267	–	6,521
Segment results	669,864	(127,797)	23,328	–	565,395
Unallocated:					
Corporate expenses					(466,664)
Other income					14,110
Other losses – net					(2,340)
Finance costs – net					(395)
Fair value gains on convertible redeemable preferred shares					73,418
Profit before income tax .					183,524
Income tax expense					(14,961)
Profit for the year					168,563

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For the year ended 31 December 2024

	Southern Chinese Mainland	Other districts in Chinese Mainland	Hong Kong & Macau	Inter- segment elimination	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	8,184,136	2,954,173	876,490	(227,003)	11,787,796
Cost of sales	(7,270,332)	(2,817,220)	(725,377)	227,003	(10,585,926)
Operating expenses	(190,785)	(223,028)	(104,463)	–	(518,276)
Other gains/(losses) – net	704	(24,141)	(1,065)	–	(24,502)
Finance costs – net	(1,329)	(3,413)	(832)	–	(5,574)
Other income	3,718	1,525	582	–	5,825
Segment results	726,112	(112,104)	45,335	–	659,343
Unallocated:					
Corporate expenses					(537,683)
Other income					12,933
Other gains – net					15,368
Finance costs – net					(952)
Fair value gains on convertible redeemable preferred shares					163,847
Profit before income tax					312,856
Income tax expense					(24,467)
Profit for the year					288,389

For the nine months ended 30 September 2024 (Unaudited)

	Southern Chinese Mainland	Other districts in Chinese Mainland	Hong Kong & Macau	Inter- segment elimination	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	6,072,809	2,173,808	643,684	(160,784)	8,729,517
Cost of sales	(5,382,882)	(2,073,890)	(534,110)	160,784	(7,830,098)
Operating expenses	(154,557)	(167,746)	(76,365)	–	(398,668)
Other gains/(losses) – net	(397)	(23,119)	(1,913)	–	(25,429)
Finance costs – net	991	(2,916)	(522)	–	(2,447)
Other income	3,217	1,336	556	–	5,109
Segment results	539,181	(92,527)	31,330	–	477,984
Unallocated:					
Corporate expenses					(391,778)
Other income					9,697
Other gains – net					8,943
Finance costs – net					(2,294)
Fair value gains on convertible redeemable preferred shares					144,793
Profit before income tax					247,345
Income tax expense					(19,901)
Profit for the period					227,444

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For the nine months ended 30 September 2025 (Unaudited)

	Southern Chinese Mainland	Other districts in Chinese Mainland	Hong Kong & Macau	Inter- segment elimination	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	5,623,543	2,641,050	692,256	(597,962)	8,358,887
Cost of sales	(4,965,215)	(2,483,700)	(564,437)	597,962	(7,415,390)
Operating expenses	(151,363)	(152,294)	(83,554)	–	(387,211)
Other gains/(losses) – net	(6,691)	(12,374)	(2,001)	–	(21,066)
Finance costs – net	(3,329)	(1,029)	1,962	–	(2,396)
Other income	3,876	597	568	–	5,041
Segment results	500,821	(7,750)	44,794	–	537,865
Unallocated:					
Corporate expenses					(319,595)
Other income					4,519
Other gains – net					192
Finance costs – net					(4,480)
Fair value gains and modification adjustments on convertible redeemable preferred shares – net					(481,316)
Loss before income tax					(262,815)
Income tax expense					(24,783)
Loss for the period					(287,598)

(b) Segment assets and liabilities

The segment assets and liabilities as at 31 December 2023, 2024 and 30 September 2025 are as follows:

As at 31 December 2023

	Southern Chinese Mainland	Other districts in Chinese Mainland	Hong Kong & Macau	Inter-segment elimination	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total segment assets	2,021,944	196,428	382,288	(1,968,788)	631,872
Unallocated assets:					
Cash and bank balances					714,243
Restricted cash					282,288
Financial assets at FVOCI					5,000
Deferred tax assets					12,372
Total assets					1,645,775
Total segment liabilities	1,506,654	1,779,055	330,478	(1,968,788)	1,647,399
Unallocated liabilities:					
Borrowings					390,674
Other unallocated corporate liabilities					2,293,445
Total liabilities					4,331,518

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As at 31 December 2024

	Southern Chinese Mainland	Other districts in Chinese Mainland	Hong Kong & Macau	Inter-segment elimination	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total segment assets . . .	1,987,785	137,434	205,475	(1,860,808)	469,886
Unallocated assets:					
Cash and bank balances .					775,358
Restricted cash					290,242
Financial assets at FVOCI					8,000
Deferred tax assets					9,414
					<u>1,552,900</u>
Total assets					<u>1,552,900</u>
Total segment liabilities .	1,129,143	1,735,862	384,556	(1,860,808)	1,388,753
Unallocated liabilities:					
Borrowings					519,945
Other unallocated corporate liabilities . . .					2,095,447
					<u>4,004,145</u>
Total liabilities					<u>4,004,145</u>

As at 30 September 2025 (Unaudited)

	Southern Chinese Mainland	Other districts in Chinese Mainland	Hong Kong & Macau	Inter-segment elimination	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total segment assets . . .	1,639,504	204,239	94,820	(1,426,344)	512,219
Unallocated assets:					
Cash and bank balances .					1,119,724
Restricted cash					143,620
Financial assets at FVOCI					8,000
Deferred tax assets					11,006
					<u>1,794,569</u>
Total assets					<u>1,794,569</u>
Total segment liabilities .	1,055,790	1,224,648	577,731	(1,426,344)	1,431,825
Unallocated liabilities:					
Borrowings					517,234
Other unallocated corporate liabilities . . .					1,579,995
					<u>3,529,054</u>
Total liabilities					<u>3,529,054</u>

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6 REVENUE

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Product sales	11,460,052	11,490,657	8,506,886	8,132,157
Royalty and franchising services	176,050	169,389	127,995	117,606
Others	107,987	127,750	94,636	109,124
	<u>11,744,089</u>	<u>11,787,796</u>	<u>8,729,517</u>	<u>8,358,887</u>
Revenue from contract with customers recognised:				
– at a point in time	11,560,786	11,614,038	8,597,724	8,240,526
– over time	<u>183,303</u>	<u>173,758</u>	<u>131,793</u>	<u>118,361</u>
	<u>11,744,089</u>	<u>11,787,796</u>	<u>8,729,517</u>	<u>8,358,887</u>

There is no single external customer who contributed 10% or more of the Group’s revenue during the Track Record Period.

Accounting policies of revenue recognition

Revenue is measured when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group’s performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

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(a) Product sales

The Group principally generates its revenue from the sales of fresh products through its self-operating stores/self-operating channels, franchise stores/franchise channels.

- Revenue from sales of fresh products via self-operating stores/self-operating channels to the individual customers is recognised at the point in time when the individual customers accept the ordered fresh products and the control over the fresh foods products is transferred to the customer.
- Revenue from sales of fresh foods and other products to the franchise stores is recognised at the point in time upon the franchise stores accept the fresh products and the control over the fresh foods is transferred to the franchise stores, after which such fresh foods and other products are sold by the franchise stores/franchise channels to the individual customers.

The Group is the primary obligator for the fresh products for the above sales, takes inventory risk and has latitude in establishing prices and selecting suppliers. Revenue is recorded on the gross basis.

Discounts and return allowances

The Group recognises the revenue net of discounts and return allowances when the products are delivered, and the control is passed to customers. For sale of products, the Group reasonably estimates the possibility of return based on the historical experience.

Loyalty programs

Individual customers buying from the operating stores are granted loyalty points primarily from the purchase of goods. Loyalty points can be used as cash coupons to buy the products sold by the Group, which will directly reduce the amount paid by the individual customer. The Group considers loyalty points awarded from sales of products to be part of its revenue generating activities, and accordingly, loyalty points are considered to be a material right and a separate performance obligation identified in the contract. Consideration from the sales transaction is allocated to the products and loyalty points based on the relative standalone selling price of the products and loyalty points awarded. The amount of revenue the Group recognises upon the redemption of loyalty points considers breakage, which is estimated based on the Group’s historical experience.

(b) Royalty and franchising services

The Group also charges one-off franchise fees and sales-based royalty fees to franchisees. The sales-based royalty fees were based on certain percentage of daily sales transactions completed. The Group’s promise to grant the licence is a separate performance obligation.

Revenue from franchise fees of franchise stores is recognised over the scheduled period on a straight-line basis because it’s “right to access” license, the sales-based royalty fees are recognised when the sales of franchisee to consumer transaction occur.

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(c) *Others*

The Group also provides instant delivery services through its online sales channel and other third-party food delivery platforms. The Group acts as an agent and earns premium service and delivery charges. Such revenue is recognized at the point in time when the related performance obligation is satisfied. Such revenue is recognised at the point in time when the related performance obligation is satisfied and the service is completed.

The Group also generates revenue from providing operational support to franchise stores to ensure consistency of store styles, including design and decoration services and the sale of store equipment to franchisees. Design and decoration service fees are recognised as revenue when the related services are rendered. Revenue from the sale of store equipment is recognised at the point in time when the franchisee accepts the equipment and control of the equipment transfers to the franchisee.

(d) *Presentation of assets and liabilities related to contracts with customers*

When either party to a contract has performed, the Group presents the contract in the consolidated statements of financial position as a contract asset or a contract liability, depending on the relationship between the Group’s performance and the customer’s payment.

A contract asset is the Group’s right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group’s obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
Contract liabilities			
Contract liabilities related to royalty and franchising services	34,881	27,550	27,129
Contract liabilities related to product sales	4,595	2,662	5,008
	<u>39,476</u>	<u>30,212</u>	<u>32,137</u>

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(a) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year/period				
– Royalty and franchising services	17,982	13,219	11,516	10,257
– Product sales	9,263	4,595	4,226	1,641
	<u>27,245</u>	<u>17,814</u>	<u>15,742</u>	<u>11,898</u>

(b) Unsatisfied performance obligations

As at 31 December 2023, 2024 and 30 September 2025, the performance obligations relating to sales of fresh foods products not yet satisfied by the Company were from contracts with original expected duration of less than one year. Therefore, as permitted by the relevant practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations was not disclosed.

The following table shows unsatisfied performance obligations resulting from loyalty programs and long-term franchising agreements:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Within 1 year	13,936	12,371	10,396
1 year to 2 years	10,236	6,498	5,642
2 years to 5 years	10,709	8,681	11,091
	<u>34,881</u>	<u>27,550</u>	<u>27,129</u>

For other services, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

(c) Assets recognised from incremental costs to obtain a contract

During the Track Record Period, there was no significant incremental costs to obtain a contract.

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7 OTHER INCOME

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Government grants (<i>Note a</i>)	5,562	3,140	2,649	1,030
Miscellaneous income from franchisees (<i>Note b</i>) . . .	8,943	13,038	9,582	8,472
Interest income on loans to a related party (<i>Note 36(b)</i>)	6,126	2,575	2,575	–
Interest income on loans to a third party	–	5	–	58
	<u>20,631</u>	<u>18,758</u>	<u>14,806</u>	<u>9,560</u>

- (a) Government grants mainly represented subsidies obtained from local governments upon fulfilling certain conditions or for engaging in specific industry. There are no unfulfilled conditions or other contingencies attaching to these grants.
- (b) Miscellaneous income from franchisees represented various payments collected from franchisees pursuant to non-compliance with franchising agreements.

8 OTHER LOSSES – NET

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Exchange (losses)/gains – net	(3,444)	3,555	(2,831)	(3,563)
Net losses on disposal of property, plant and equipment (<i>Note 33(b)</i>)	(157)	(8,793)	(7,364)	(5,456)
Net (losses)/gains on lease termination and modification (<i>Note a</i>)	(1,952)	4,865	4,405	(5,053)
Losses on write-off of input VAT	(3,290)	(12,729)	(12,708)	(9,548)
Others	<u>8,555</u>	<u>3,968</u>	<u>2,012</u>	<u>2,746</u>
	<u>(288)</u>	<u>(9,134)</u>	<u>(16,486)</u>	<u>(20,874)</u>

- (a) Net (losses)/gains from early termination and modification of lease agreements represents the (losses)/gains from early termination of lease agreements, losses of nonrefundable rental deposit and the compensation for early termination of lease agreements.

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9 FINANCE COSTS – NET

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Finance income				
Interest income from bank deposits	9,948	13,811	10,829	13,481
Unwinding of discount from rental deposits	1,281	1,126	935	558
	<u>11,229</u>	<u>14,937</u>	<u>11,764</u>	<u>14,039</u>
Finance costs				
Interest expenses on lease liabilities	(15,463)	(6,816)	(5,327)	(7,079)
Interest expenses on the borrowings	(10,341)	(10,043)	(7,539)	(11,088)
Unwinding of discount on deposits from franchisees	<u>(4,226)</u>	<u>(4,604)</u>	<u>(3,639)</u>	<u>(2,748)</u>
	<u>(30,030)</u>	<u>(21,463)</u>	<u>(16,505)</u>	<u>(20,915)</u>
Finance costs – net	<u>(18,801)</u>	<u>(6,526)</u>	<u>(4,741)</u>	<u>(6,876)</u>

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10 EXPENSES BY NATURE

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Costs of inventories sold	10,248,331	10,259,784	7,587,775	7,206,382
Costs of services provided to franchisees	8,388	5,991	4,167	2,793
Employee benefit expenses (<i>Note 11</i>)	563,276	545,015	401,271	376,737
Share-based payments (<i>Note 27</i>)	18,147	51,735	46,822	19,256
Outsourced personnel service fee (<i>Note a</i>)	94,716	128,281	92,679	86,983
Logistics expenses	312,780	292,141	216,434	207,645
Fees charged by online platforms	25,933	37,137	27,651	36,690
Legal, professional and consultancy fees	15,305	11,543	7,012	7,679
Remuneration for other statutory auditors	357	530	385	368
Office expenses	31,457	30,704	21,478	19,062
Utilities expenses	23,342	22,256	18,145	12,606
Travelling and entertainment expenses	21,922	21,795	16,141	14,024
Advertising and promotion expenses	24,997	20,665	14,498	10,426
Net provision for non-financial assets	1,059	38	160	368
Depreciation of right-of-use assets (<i>Note 17</i>)	127,812	98,256	77,183	63,165
Depreciation of property, plant and equipment (<i>Note 16</i>)	48,100	36,452	28,259	13,629
Amortisation of intangible assets (<i>Note 18</i>)	4,650	4,921	3,662	3,807
Expense relating to short-term leases (<i>Note 17</i>)	25,221	18,199	11,907	11,898
[REDACTED]	3,086	16,929	15,750	2,369
Other tax expenses	9,673	15,548	11,938	10,494
Others	26,445	24,520	17,701	16,283
	<u>11,634,997</u>	<u>11,642,440</u>	<u>8,621,018</u>	<u>8,122,664</u>
Representing:				
Cost of sales	10,595,626	10,585,926	7,830,098	7,415,390
Selling and marketing expenses	605,742	607,348	450,231	426,535
Administrative expenses	414,092	432,738	327,893	271,995
Research and development expenses	19,537	16,428	12,796	8,744
	<u>11,634,997</u>	<u>11,642,440</u>	<u>8,621,018</u>	<u>8,122,664</u>

- (a) It represents costs incurred by the Group for human resource companies responsible for outsourced staff working at warehouses and distribution centres.

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11 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Wages and salaries	451,693	423,045	315,145	291,668
Discretionary bonus	30,541	38,907	29,325	18,943
Pension costs – defined contribution plan (<i>Note a</i>)	49,364	43,512	30,403	31,339
Termination benefits	11,565	12,201	6,522	20,893
Other employee benefits	20,113	27,350	19,876	13,894
	<u>563,276</u>	<u>545,015</u>	<u>401,271</u>	<u>376,737</u>

- (a) Employees in the Group’s PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group’s PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the “MPF Scheme”), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees’ earnings as defined under the Mandatory Provident Fund legislation. Both the Group’s and the employees’ contributions were subject to a monthly cap of HK\$1,500 and thereafter contributions are voluntary.

- (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included nil, one, one and nil director for the years ended 31 December 2023, 2024 and for the nine months ended 30 September 2024 and 2025, respectively, whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the remaining five, four, four and five individuals for the years ended 31 December 2023, 2024 and for the nine months ended 30 September 2024 and 2025, respectively, are as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Basic salaries, other allowances and benefits in kind	7,087	6,603	4,910	7,116
Discretionary bonus	1,860	1,704	1,284	1,569
Pension costs – defined contribution plan	116	92	70	141
Share-based payments	3,254	10,231	8,613	11,816
	<u>12,317</u>	<u>18,630</u>	<u>14,876</u>	<u>20,642</u>

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The emoluments fell within the following bands:

	Number of individuals		Number of individuals	
	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
			(Unaudited)	(Unaudited)
Emolument bands (in HK\$)				
HK\$1,500,001 to HK\$2,000,000	2	–	–	1
HK\$2,000,001 to HK\$2,500,000	1	–	2	2
HK\$2,500,001 to HK\$3,000,000	–	1	–	–
HK\$3,000,001 to HK\$3,500,000	–	–	1	–
HK\$3,500,001 to HK\$4,000,000	1	1	–	–
HK\$4,000,001 to HK\$4,500,000	1	–	–	1
HK\$4,500,001 to HK\$5,000,000	–	1	–	–
HK\$8,000,001 to HK\$8,500,000	–	–	1	–
HK\$9,000,001 to HK\$9,500,000	–	1	–	–
HK\$10,500,001 to HK\$11,000,000	–	–	–	1
	<u>5</u>	<u>4</u>	<u>4</u>	<u>5</u>

Accounting policies of employee benefits

(a) Pension obligations

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees’ salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees’ payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 was enacted in June 2022 which abolishes the use of the accrued benefits of employers’ mandatory contributions under the MPFO to offset severance payment and long service payment (the “Offsetting Arrangement”). The abolishment of the Offsetting Arrangement would increase the state benefits that affect the long service payment payable by the employer. In accordance with the requirement of HKAS 19 Employee benefits, management has re-measured the provision for long service payment to reflect the financial impact of the abolishment of the Offsetting Arrangement. The impact was assessed not material for the years ended 31 December 2023, 2024 and nine months ended 30 September 2025.

The Group’s contributions to the defined contribution retirement scheme are expensed as incurred.

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(b) *Housing funds, medical insurances and other social insurances*

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

12 INTEREST IN SUBSIDIARIES – THE COMPANY

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
Investment in a subsidiary	2,024,381	1,755,992	1,755,992
Amounts due from subsidiaries.	1,001,112	1,283,363	1,300,110
	<u>3,025,493</u>	<u>3,039,355</u>	<u>3,056,102</u>

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The following is a list of all the subsidiaries as at 31 December 2023, 2024 and 30 September 2025 and date of this report:

Company name	Place and date of incorporation/ establishment	Registered/ issued capital	Effective interest of the Group as at 31 December 2023	Effective interest of the Group as at 31 December 2024	Effective interest of the Group as at 30 September 2025	Effective interest of the Group as at date of this report	Principal activities and place of operation	Note
Directly held:								
Qdama International Investment Holding Ltd.	The BVI, 20 May 2021, limited liability company	US\$0.1	100%	100%	100%	100%	Investment holding, the BVI	(iv)
Indirectly held:								
Qdama (Hong Kong) Investment Holding Limited 錢大媽 (香港) 投資控股有限公司	Hong Kong, 9 June 2021, limited liability company	Hong Kong dollars (“HK\$”) 10,000	100%	100%	100%	100%	Investment holding, HK	(ix)
Guangzhou Qdama Agricultural Products Co., Ltd. 廣州市錢大媽農產品有限公司	PRC, 16 May 2014, limited liability company	RMB822,316,502	100%	100%	100%	100%	Brand management, PRC	(i), (v)
Zhongshan Qdama Agricultural Products Co., Ltd. 中山市錢大媽農產品有限公司	PRC, 27 April 2017, limited liability company	RMB1,000,000	100%	100%	100%	100%	Store operations management and supply chain management, PRC	(i), (v)
Shenzhen Qdama Agricultural Products Co., Ltd. 深圳市錢大媽農產品有限公司	PRC, 2 December 2013, limited liability company	RMB5,000,000	100%	100%	100%	100%	Store operations management and supply chain management, PRC	(i), (v)
Qingyuan Qdama Agricultural Products Co., Ltd. 清遠市錢大媽農產品有限公司	PRC, 19 December 2017, limited liability company	RMB1,000,000	100%	100%	100%	N/A	Store operations management, PRC	(i)

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Company name	Place and date of incorporation/ establishment	Registered/ issued capital	Effective interest of the Group as at 31 December 2023	Effective interest of the Group as at 31 December 2024	Effective interest of the Group as at 30 September 2025	Effective interest of the Group as at date of this report	Principal activities and place of operation	Note
Dongguan Qdama Agricultural Products Co., Ltd. 東莞市錢大媽農產品有限公司	PRC, 12 October 2016, limited liability company	RMB500,000	100%	100%	100%	100%	Store operations and supply chain management, PRC	(i), (vii)
Guangzhou Qdama Fresh Food Chain Co., Ltd. 廣州市錢大媽生鮮食品連鎖有限公司	PRC, 14 September 2018, limited liability company	RMB1,000,000	100%	100%	100%	100%	Store operations management, PRC	(i)
Shanghai Qdama Agricultural Products Co., Ltd. 上海錢大媽農產品有限公司	PRC, 22 March 2019, limited liability company	RMB1,000,000	100%	100%	100%	100%	Store operations and supply chain management, PRC	(i)
Foshan Qiancunzhang Agricultural Products Co., Ltd. 佛山市錢村長農副產品有限公司	PRC, 24 January 2017, limited liability company	RMB1,000,000	100%	100%	N/A	N/A	Store operations management, PRC	(i)
Zhuhai Qiancunzhang Agricultural Products Co., Ltd. 珠海市錢村長農產品有限公司	PRC, 3 July 2017, limited liability company	RMB1,000,000	100%	100%	100%	N/A	Store operations management, PRC	(i)
Guangzhou Qdama Supply Chain Co., Ltd. 廣州市錢大媽供應鏈有限公司	PRC, 12 February 2020, limited liability company	RMB10,000,000	100%	100%	100%	100%	Supply chain management, PRC	(i), (v)
Guangzhou Caiba Tech Co., Ltd. 廣州市菜吧科技有限公司	PRC, 26 February 2020, limited liability company	RMB5,000,000	100%	100%	100%	100%	Vending machine operations management, PRC	(i)
Guangzhou Qdama E-commerce Co., Ltd. 廣州市錢大媽電子商務有限公司	PRC, 13 August 2020, limited liability company	RMB5,000,000	100%	100%	100%	100%	Online sales, PRC	(i)
Hong Kong Qdama Fresh Foods Chain Store Co., Limited 香港錢大媽生鮮食品連鎖有限公司	Hong Kong, 27 February 2019, limited liability company	HK\$12,000,000	100%	100%	100%	100%	Store operations management, the HK	(ix)

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Shenzhen Fresh Food Tech Holding Co., Ltd. 深圳市鮮食科技控股有限公司.	PRC, 21 June 2019, limited liability company	RMB5,000,000	51%	51%	71%	71%	Investment holding, PRC	(i), (x)
Wuhan Qdama Fresh Food Chain Co., Ltd. 武漢市錢大媽生鮮食品連鎖有限公司 . .	PRC, 28 August 2019, limited liability company	RMB1,000,000	100%	100%	100%	100%	Store operations management and supply chain management, PRC	(i)
Changsha Qdama Fresh Food Chain Co., Ltd. 長沙市錢大媽生鮮食品有限公司.	PRC, 23 December 2019, limited liability company	RMB1,000,000	100%	100%	100%	100%	Store operations management, PRC	(i)
Chengdu Qdama Fresh Supermarket Co., Ltd. 成都市錢大媽生鮮超市有限公司.	PRC, 15 January 2020, limited liability company	RMB1,000,000	100%	100%	100%	100%	Store operations management and supply chain management, PRC	(i), (vi)
Chongqing Qdama Agricultural Products Co., Ltd. 重慶市錢大媽農副產品有限公司.	PRC, 15 February 2020, limited liability company	RMB8,000,000	100%	100%	100%	100%	Store operations management, PRC	(i)
Jiangsu Qdama Technology Co., Ltd. 江蘇錢大媽科技有限公司	PRC, 4 June 2020, limited liability company	RMB10,000,000	100%	100%	100%	100%	Store operations management, PRC	(i)
Chengdu Qdama supply chain Co., Ltd. 成都市錢大媽供應鏈有限公司	PRC, 3 March 2020, limited liability company	RMB5,000,000	100%	100%	N/A	N/A	Supply chain management, PRC	(i)

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Company name	Place and date of incorporation/ establishment	Registered/ issued capital	Effective interest of the Group as at 31 December 2023	Effective interest of the Group as at 31 December 2024	Effective interest of the Group as at 30 September 2025	Effective interest of the Group as at date of this report	Principal activities and place of operation	Note
Chongqing Qdama Supply Chain Co., Ltd. 重慶市錢大媽供應鏈管理有限公司 . . .	PRC, 20 February 2020, limited liability company	RMB35,000,000	100%	100%	100%	100%	Supply chain management, PRC	(i)
Changsha Qdama Agricultural Products Co., Ltd. 長沙市錢大媽農產品有限公司	PRC, 28 April 2020, limited liability company	RMB5,000,000	100%	100%	100%	100%	Supply chain management, PRC	(i)
Hefei Qdama Fresh Food Chain Co., Ltd. 合肥錢大媽生鮮食品有限公司	PRC, 5 August 2020, limited liability company	RMB1,000,000	100%	100%	100%	100%	Store operations management and supply chain management, PRC	(i)
Hangzhou Qdama Fresh Food Chain Co., Ltd. 杭州錢大媽生鮮食品連鎖有限公司 . . .	PRC, 6 August 2020, limited liability company	RMB1,000,000	100%	100%	100%	100%	Store operations management, PRC	(i)
Shanghai Qdama Supply Chain Co., Ltd. 上海錢大媽供應鏈管理有限公司	PRC, 22 January 2021, limited liability company	RMB1,000,000	100%	N/A	N/A	N/A	Supply chain management, PRC	(i)
Nanjing Qdama Fresh Food Chain Co., Ltd. 南京錢大媽生鮮食品有限公司	PRC, 7 December 2020, limited liability company	RMB1,000,000	100%	100%	100%	100%	Store operations management and supply chain management, PRC	(i)
Tianjin Qdama Fresh Food Chain Co., Ltd. 天津錢大媽生鮮食品連鎖有限公司 . . .	PRC, 15 December 2020, limited liability company	RMB1,000,000	100%	100%	100%	100%	Store operations management and supply chain management, PRC	(i)

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Company name	Place and date of incorporation/ establishment	Registered/ issued capital	Effective interest of the Group as at 31 December 2023	Effective interest of the Group as at 31 December 2024	Effective interest of the Group as at 30 September 2025	Effective interest of the Group as at date of this report	Principal activities and place of operation	Note
Xi'an Qdama Fresh Food Chain Co., Ltd. 西安錢大媽生鮮食品連鎖有限公司 . . .	PRC, 25 August 2020, limited liability company	RMB1,000,000	100%	100%	100%	100%	Store operations management and supply chain management, PRC	(i)
Zhengzhou Qdama Agricultural Products Co., Ltd. 鄭州錢大媽農產品有限公司	PRC, 31 August 2020, limited liability company	RMB1,000,000	100%	100%	100%	100%	Store operations management and supply chain management, PRC	(i)
Shenzhen Qdama Supply Chain Co., Ltd. 深圳市錢大媽供應鏈有限公司	PRC, 14 May 2020, limited liability company	RMB5,000,000	100%	100%	100%	100%	Supply chain management, PRC	(i)
Zhongshan Qdama Supply Chain Co., Ltd. 中山市錢大媽供應鏈管理 有限責任公司	PRC, 2 June 2020, limited liability company	RMB5,000,000	100%	100%	100%	100%	Supply chain management, PRC	(i)
Dongguan Qdama Supply Chain Co., Ltd. 東莞市錢大媽供應鏈管理 有限責任公司	PRC, 27 May 2020, limited liability company	RMB5,000,000	100%	100%	100%	100%	Supply chain management, PRC	(i)
Wuxi Qdama Supply Chain Co., Ltd. 無錫市錢大媽供應鏈有限公司	PRC, 6 July 2020, limited liability company	RMB5,000,000	100%	100%	100%	100%	Supply chain management, PRC	(i)
Shenzhen Qdama Port Management Co., Ltd. 深圳市錢大媽港務管理有限公司	PRC, 10 July 2020, limited liability company	RMB5,000,000	100%	100%	100%	100%	Supply chain management, PRC	(i), (vii)
Wuhan Qdama Supply Chain Co., Ltd. 武漢市錢大媽供應鏈有限公司	PRC, 10 June 2020, limited liability company	RMB5,000,000	100%	100%	100%	N/A	Supply chain management, PRC	(i)
Hangzhou Qdama Supply Chain Co., Ltd. 杭州錢大媽供應鏈有限公司	PRC, 28 October 2020, limited liability company	RMB5,000,000	100%	100%	N/A	N/A	Supply chain management, PRC	(i)

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Company name	Place and date of incorporation/ establishment	Registered/ issued capital	Effective interest of the Group as at 31 December 2023	Effective interest of the Group as at 31 December 2024	Effective interest of the Group as at 30 September 2025	Effective interest of the Group as at date of this report	Principal activities and place of operation	Note
Hefei Qdama Supply Chain Co., Ltd. 合肥錢大媽供應鏈管理有限公司	PRC, 2 November 2020, limited liability company	RMB5,000,000	100%	100%	100%	N/A	Supply chain management, PRC	(i)
Nanjing Qdama Supply Chain Co., Ltd. 南京錢大媽供應鏈有限公司	PRC, 29 March 2021, limited liability company	RMB5,000,000	100%	100%	N/A	N/A	Supply chain management, PRC	(i)
Shenzhen Fresh Food Technology Co., Ltd. 深圳鮮食科技有限公司	PRC, 16 April 2018, limited liability company	RMB5,000,000	51%	51%	71%	71%	Sales of fresh fruits, PRC	(i)
Shanghai Qdama Business Management Co., Ltd. 上海錢大媽企業管理有限公司	PRC, 25 June 2021, limited liability company	RMB100,000	100%	100%	N/A	N/A	Business management, PRC	(i)
Guangzhou Qinghe Zhiyun Technology Co., Ltd. 廣州青禾智雲科技有限公司	PRC, 23 May 2022, limited liability company	RMB15,000,000	100%	100%	100%	100%	Software development and data processing, PRC	(i), (viii)
Cadeia de Lojas de Alimentos Frescos de Macau Qdama, Sociedade Unipessoal Limitada 澳門錢大媽生鮮食品連鎖一人有限公司 .	Macau, 7 July 2021, limited liability company	Macau Pataca ("MOP") 25,000	100%	100%	100%	100%	Store operations management, the Macau	(iv)
Guangdong Qiantu Investment Holdings Co., Ltd.. 廣東錢途投資控股有限公司	PRC, 27 May 2024, limited liability company	RMB3,000,000	N/A	100%	100%	100%	Investment holding, PRC	(i)

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- (i) The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have official English names.
 - (ii) The subsidiaries were dissolved during the year ended 31 December 2024.
 - (iii) The subsidiaries were dissolved during the nine months ended 30 September 2025.
 - (iv) No audited statutory financial statements of the subsidiaries were issued as they are not required to issue audited financial statements under local statutory requirements of their respective places of incorporation.
 - (v) The statutory financial statements of the subsidiary for the years ended 31 December 2023 and 2024 were audited by Guangzhou Fuyang Jianda Certified Public Accountants. Ltd (廣州富陽健達會計師事務所).
 - (vi) The statutory financial statements of the subsidiary for the year ended 31 December 2023 were audited by Guangzhou Fuyang Jianda Certified Public Accountants. Ltd (廣州富陽健達會計師事務所).
 - (vii) The statutory financial statements of the subsidiary for the year ended 31 December 2024 were audited by Guangzhou Fuyang Jianda Certified Public Accountants. Ltd (廣州富陽健達會計師事務所).
 - (viii) The statutory financial statements of the subsidiary for the years ended 31 December 2023 and 2024 were audited by Guangdong Zhongguangrun Certified Public Accountants (General Partnership) (廣東中海粵會計師事務所 (普通合夥)).
 - (ix) The statutory financial statements of the subsidiary for the years ended 31 December 2023 and 2024 were audited by D & Partners Certified Public Accountants. Ltd (德博會計師事務所).
- All companies now comprising the Group have adopted 31 December as their financial year end date.
- (x) On 29 September 2025, the Group further acquired 20% equity interest in Shenzhen Fresh Food Tech Holding Company Limited (“**Shenzhen Fresh Food**”) at a consideration of RMB11,819,000. Shenzhen Fresh Food is an investment holding in the PRC. Non-controlling interest amounting to RMB777,000 was derecognised.

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13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Non-current asset			
[REDACTED] equity securities	5,000	8,000	8,000
	5,000	8,000	8,000

The movement of equity investments at fair value through other comprehensive income (“FVOCI”) is as follows:

	Year ended 31 December		Nine months ended 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
At the beginning of the year/period	–	5,000	8,000
Addition (Note a)	5,000	3,000	–
At the end of the year/period	5,000	8,000	8,000

- (a) On 10 April 2023, the Group acquired a 5% interest in Guangzhou Jinfeng Meat Union Food Co., Ltd, a limited liability company incorporated in the PRC, at a consideration of RMB5,000,000.

On 28 August 2024, the Group acquired a 10% interest of Guangzhou Qianxiansheng Supply Chain Technology Co., Ltd, a limited liability company incorporated in the PRC, at a consideration of RMB3,000,000.

14 INCOME TAX EXPENSES

(a) Cayman Islands income tax

The Cayman Islands currently levy no taxes on corporations based upon profits, income, gains, or appreciation, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for certain stamp duties that may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

(b) British Virgin Islands income tax

Under the current laws of the British Virgin Islands, entities incorporated in the British Virgin Islands are not subject to tax on their income or capital gains.

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(c) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits of the Group’s entities incorporated in Hong Kong for each of the Track Record Period.

The provision for Hong Kong profits tax for the years ended 31 December 2023, 2024 and nine months ended 30 September 2024 and 2025 are calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of corporation not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

(d) Macau profits tax

Macau profits tax has been provided for at the rate of 12% on the estimated assessable profits of the Group’s entities incorporated in Macau for the Track Record Period.

(e) PRC corporate income tax (“CIT”)

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% during the Track Record Period.

The income tax expense of the Group is analysed as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	(Unaudited)
Current income tax	22,022	21,721	18,815	25,647
Deferred income tax (<i>Note 30</i>)	(7,061)	2,746	1,086	(864)
	<u>14,961</u>	<u>24,467</u>	<u>19,901</u>	<u>24,783</u>

The Group has operation mainly in Chinese Mainland. It is within the scope of the OECD Pillar Two model rules. As of 30 September 2025, there is no public announcement in Chinese Mainland. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12.

In addition, since the Pillar Two legislation in the jurisdictions that the Group operates in was not enacted or substantively enacted as at 30 September 2025, and due to the uncertainty of the announcement of the legislation and the complexities in applying the legislation and calculating global income, the Group is in the process of assessing its exposure to the Pillar Two legislation when it comes into effect.

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The tax on the Group’s profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended 31 December 2023, 2024 and nine months ended 30 September 2024 and 2025, being the tax rate of the major subsidiaries of the Group. The difference is analysed as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000 (Unaudited)
Profit/(loss) before income tax.	183,524	312,856	247,345	(262,815)
Tax calculated at PRC statutory income tax rate of 25%	45,881	78,214	61,837	(65,704)
Tax effects of:				
– Expenses not deductible for tax purposes	7,554	5,269	4,416	5,419
– Temporary differences not recognised	144	8,251	7,971	(506)
– Tax losses not recognised	36,894	8,931	7,734	95,141
– Recognition of tax losses previously not recognised	–	(3,279)	(4,676)	(600)
– Utilization of tax losses previously not recognised	(37,118)	(24,445)	(18,989)	(29,409)
– Different tax rates applicable to different subsidiaries of the Group.	(24,900)	(51,680)	(42,969)	117,137
– Super deduction for research and development expenses	(560)	(572)	(435)	(381)
– Preferential income tax rates applicable to subsidiaries	(12,934)	3,778	5,012	(96,314)
Total income tax expenses.	<u>14,961</u>	<u>24,467</u>	<u>19,901</u>	<u>24,783</u>

Accounting policies of current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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15 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share is calculated on the profit/(loss) attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding (excluding the ordinary shares held by the Group under the Share option schemes) during the respective year/period.

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
			(Unaudited)	(Unaudited)
Profit/(loss) attributable to owners of the Company (RMB'000)	168,867	288,438	227,485	(287,844)
Weighted average number of ordinary shares in issue (thousand shares)	980,978	958,739	964,668	987,738
Basic earnings/(loss) per share (expressed in RMB cents)	17.21	30.09	23.58	(29.14)

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the years ended 31 December 2023 and 2024, and nine months periods ended 30 September 2024 and 2025, the Company had convertible redeemable preferred shares, warrants, and share options that could potentially dilute earnings/(loss) per share.

Convertible redeemable preferred shares and warrants issued before the TRP are considered to be potential ordinary shares and have been included in the determination of diluted earnings/(loss) per share start from the year/period. The CRPS and warrants have not been included in the determination of basic earnings per share.

The share options under the share option scheme have no dilutive impact on the diluted earnings/(loss) per share as they are considered as contingently issuable shares and the condition was not satisfied as at 31 December 2023 and 2024 and 30 September 2025.

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	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
			(Unaudited)	(Unaudited)
Profit/(loss) attributable to owners of the Company (RMB’000)	168,867	288,438	227,485	(287,844)
Less: fair value change of convertible redeemable preferred shares	(73,418)	(163,847)	(144,793)	(473,247)
Profit/(loss) used in calculating diluted earnings per share	<u>95,449</u>	<u>124,591</u>	<u>82,692</u>	<u>(761,091)</u>
Weighted average number of ordinary shares in issue (thousand shares)	980,978	958,739	964,668	987,738
Dilutive effect of convertible redeemable preferred shares and warrants (thousand shares)	651,758	647,840	642,761	646,091
Weighted average number of ordinary shares used in the diluted earnings per share calculation (thousand shares)	<u>1,632,736</u>	<u>1,606,579</u>	<u>1,607,429</u>	<u>1,633,829</u>
Diluted earnings/(loss) per share (expressed in RMB cents)	<u>5.85</u>	<u>7.76</u>	<u>5.14</u>	<u>(46.58)</u>

16 PROPERTY, PLANT AND EQUIPMENT

	Furniture and electronic equipment	Fixtures and equipment	Leasehold improvements	Construction in progress	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023					
Cost	40,595	71,868	193,925	543	306,931
Accumulated depreciation and impairment	<u>(26,919)</u>	<u>(31,920)</u>	<u>(127,250)</u>	<u>–</u>	<u>(186,089)</u>
Net book amount	<u>13,676</u>	<u>39,948</u>	<u>66,675</u>	<u>543</u>	<u>120,842</u>
Year ended 31 December 2023					
Opening net book amount	13,676	39,948	66,675	543	120,842
Additions	3,149	3,229	8,473	2,534	17,385
Transfers	–	–	1,718	(1,718)	–
Disposals	(1,270)	(1,621)	(2,555)	(991)	(6,437)
Depreciation	(7,456)	(11,026)	(29,618)	–	(48,100)
Impairment	(54)	(170)	(239)	–	(463)
Exchange differences	<u>(8)</u>	<u>(65)</u>	<u>(231)</u>	<u>–</u>	<u>(304)</u>
Closing net book amount	<u>8,037</u>	<u>30,295</u>	<u>44,223</u>	<u>368</u>	<u>82,923</u>
As at 31 December 2023					
Cost	38,713	69,837	187,560	368	296,478
Accumulated depreciation and impairment	<u>(30,676)</u>	<u>(39,542)</u>	<u>(143,337)</u>	<u>–</u>	<u>(213,555)</u>
Net book amount	<u>8,037</u>	<u>30,295</u>	<u>44,223</u>	<u>368</u>	<u>82,923</u>

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	Furniture and electronic equipment	Fixtures and equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
Opening net book amount	8,037	30,295	44,223	368	82,923
Additions	1,797	3,625	4,684	1,535	11,641
Transfers	–	–	904	(904)	–
Disposals	(723)	(4,951)	(9,165)	–	(14,839)
Depreciation	(5,060)	(9,900)	(21,492)	–	(36,452)
Reversal of impairment	4	39	85	–	128
Exchange differences	10	8	34	–	52
Closing net book amount	4,065	19,116	19,273	999	43,453
As at 31 December 2024					
Cost	37,440	61,992	173,088	999	273,519
Accumulated depreciation and impairment	(33,375)	(42,876)	(153,815)	–	(230,066)
Net book amount	4,065	19,116	19,273	999	43,453
	Furniture and electronic equipment	Fixtures and equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Nine months ended 30 September 2025 (Unaudited)					
Opening net book amount	4,065	19,116	19,273	999	43,453
Additions	1,534	4,540	2,749	238	9,061
Transfers	–	–	1,237	(1,237)	–
Disposals	(454)	(2,323)	(6,564)	–	(9,341)
Depreciation	(1,656)	(3,615)	(8,358)	–	(13,629)
Reversal of impairment/(impairment) . .	4	(260)	(112)	–	(368)
Exchange differences	(6)	(5)	(19)	–	(30)
Closing net book amount	3,487	17,453	8,206	–	29,146
As at 30 September 2025 (Unaudited)					
Cost	35,863	60,804	160,996	–	257,663
Accumulated depreciation and impairment	(32,376)	(43,351)	(152,790)	–	(228,517)
Net book amount	3,487	17,453	8,206	–	29,146

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Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000 (Unaudited)
Cost of sales	29,815	26,045	19,269	9,281
Selling and marketing expenses	11,110	6,003	5,024	3,016
Administrative expenses	7,175	4,404	3,966	1,332
	<u>48,100</u>	<u>36,452</u>	<u>28,259</u>	<u>13,629</u>

No property, plant and equipment is pledged as security for borrowings as at 31 December 2023, 2024 and 30 September 2025.

Depreciation methods and useful lives

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

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item would probably flow to the Group and the cost of the item could be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over the shorter of their estimated useful lives or, in case of leasehold improvements, the lease term, as follows:

– Furniture and electronic equipment	3 – 5 years
– Fixtures and equipment	3 – 10 years
– Leasehold improvements	Shorter of estimated useful lives or lease terms

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the [REDACTED] with the carrying amount and are recognised within “other losses – net” in the consolidated statements of comprehensive income.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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17 LEASE

(a) Amounts recognised in the consolidated statements of financial position

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Right-of-use assets			
– Leased premises	197,523	146,451	233,283
– Leased equipments	2,987	2,280	712
	<u>200,510</u>	<u>148,731</u>	<u>233,995</u>
Lease liabilities			
– Current	95,576	67,493	63,180
– Non-current	119,596	76,996	161,587
	<u>215,172</u>	<u>144,489</u>	<u>224,767</u>

(b) Amounts recognised in the consolidated statements of comprehensive income

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Depreciation of right-of-use assets (Note 10)	127,812	98,256	77,183	63,165
Provision for impairment losses on right-of-use assets (Note 10)	596	166	90	–
Interest expenses on lease liabilities (Note 9)	15,463	6,816	5,327	7,079
Short-term lease expense and related rental expenses (Note 10)	25,221	18,199	11,907	11,898
Net losses/(gains) on lease termination and modification (Note 8)	1,952	(4,865)	(4,405)	5,053

The total cash outflow for leases for the years ended 31 December 2023, 2024 and nine months ended 30 September 2024, 2025 were RMB165,912,000, RMB121,961,000, RMB93,095,000 and RMB72,808,000, respectively.

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(c) **The Group's leasing activities and how these are accounted for**

The Group leases various properties, including warehouses and stores. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security of borrowing purpose.

Leases are recognised as a right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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18 INTANGIBLE ASSETS

	Software
	<i>RMB’000</i>
As at 1 January 2023	
Cost	41,663
Accumulated amortisation	(10,430)
Net book amount	31,233
Year ended 31 December 2023	
Opening net book amount	31,233
Additions	6,642
Amortisation	(4,650)
Closing net book amount	33,225
As at 31 December 2023	
Cost	48,305
Accumulated amortisation	(15,080)
Net book amount	33,225
Year ended 31 December 2024	
Opening net book amount	33,225
Additions	2,398
Amortisation	(4,921)
Exchange difference	4
Closing net book amount	30,706
As at 31 December 2024	
Cost	50,707
Accumulated amortisation	(20,001)
Net book amount	30,706
Nine months ended 30 September 2025 (Unaudited)	
Opening net book amount	30,706
Additions	341
Amortisation	(3,807)
Exchange difference	(5)
Closing net book amount	27,235
As at 30 September 2025 (Unaudited)	
Cost	51,045
Accumulated amortisation	(23,810)
Net book amount	27,235

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Amortisation of intangible assets has been charged to administrative expenses in the consolidated statements of comprehensive income.

Accounting policies of intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets’ estimated useful lives. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are amortised over their estimated useful lives of 10 years based on contractual period.

19 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
Financial assets at amortised cost			
Trade receivables (<i>Note 21</i>)	6,791	2,568	3,524
Deposits and other receivables (excluding prepayments) (<i>Note 22</i>)	115,008	45,496	34,699
Restricted cash (<i>Note 23</i>)	282,288	290,242	143,620
Cash and cash equivalents (<i>Note 23</i>)	714,243	775,358	1,119,724
	<u>1,118,330</u>	<u>1,113,664</u>	<u>1,301,567</u>
Financial assets at fair value			
Financial assets at FVOCI (<i>Note 13</i>)	5,000	8,000	8,000
	<u>5,000</u>	<u>8,000</u>	<u>8,000</u>
Financial liabilities at amortised cost			
Trade payables (<i>Note 28</i>)	904,150	750,045	751,382
Accruals and other payables (excluding accrued payroll and other taxes payables) (<i>Note 29</i>)	371,105	349,841	326,842
Borrowings (<i>Note 31</i>)	390,674	519,945	517,234
Lease liabilities (<i>Note 17</i>)	215,172	144,489	224,767
	<u>1,881,101</u>	<u>1,764,320</u>	<u>1,820,225</u>
Financial liabilities at fair value			
Convertible redeemable preferred shares (<i>Note 26</i>) . . .	2,292,653	2,094,867	1,578,687
	<u>2,292,653</u>	<u>2,094,867</u>	<u>1,578,687</u>

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Accounting policies of financial assets

(a) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "finance costs-net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of comprehensive income.

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FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in finance costs-net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in “finance costs-net” and impairment expenses are presented as separate line item in the consolidated statements of comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net in profit or loss within “other (losses)/gains”, net in the period in which it arises.

(d) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

(e) *Impairment of financial assets*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1.2 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

20 INVENTORIES

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Products	27,001	32,119	27,887
Consumables	6,955	5,219	7,000
	<u>33,956</u>	<u>37,338</u>	<u>34,887</u>

Inventories of approximately RMB10,248,331,000, RMB10,259,784,000 and RMB7,206,382,000 were recognised as cost of sales during the years ended 31 December 2023, 2024 and nine months ended 30 September 2025, respectively.

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There was no provision of inventories during the years ended 31 December 2023, 2024 and nine months ended 30 September 2025.

Accounting policies of inventories

Inventories are stated at the lower of cost and net realisable value. The costs of inventories are determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

21 TRADE RECEIVABLES

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Trade receivables (<i>Note a</i>)	8,655	2,960	4,030
Less: allowance for impairment	(1,864)	(392)	(506)
	<u>6,791</u>	<u>2,568</u>	<u>3,524</u>

The directors of the Group considered that the carrying amounts of the trade receivables balances approximated their fair value as at 31 December 2023, 2024 and 30 September 2025.

- (a) Trade receivables were mainly from the franchisees. The franchisees were required to settle the payment with the Group on “T+1” basis. No credit terms were granted to franchisees. Ageing analysis based on invoice date of the trade receivables at the respective balance sheet dates is as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Within 1 month	6,290	2,644	3,384
1 to 3 months	671	77	293
3 to 6 months	678	—	68
6 to 12 months	293	10	51
Over 1 year	<u>723</u>	<u>229</u>	<u>234</u>
	<u>8,655</u>	<u>2,960</u>	<u>4,030</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2023, 2024 and 30 September 2025, provision of approximately RMB1,864,000, RMB392,000 and RMB506,000 was made against the gross amounts of trade receivables (Note 3.1.2), respectively.

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- (b) The carrying amounts of the Group’s trade receivables, net of loss allowance, were denominated in the following currencies:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
RMB	4,222	1,675	2,296
HK\$	2,569	865	1,186
MOP	–	28	42
	<u>6,791</u>	<u>2,568</u>	<u>3,524</u>

- (c) The maximum exposure to credit risk as at 31 December 2023, 2024 and 30 September 2025 was the carrying value of the trade receivables. The Group did not hold any collateral as security.

Accounting policies of trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1.2 for a description of the Group’s impairment policies.

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22 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Included in non-current assets			
Rental deposits	28,901	22,651	11,584
Prepayment for purchase of property, plant and equipment and intangible assets	783	289	392
Loan to a third party (<i>Note a</i>)	–	2,505	2,563
Other prepayments (<i>Note b</i>)	13	2,697	5,373
	<u>29,697</u>	<u>28,142</u>	<u>19,912</u>
Less: allowance for impairment	(574)	(463)	(188)
	<u>29,123</u>	<u>27,679</u>	<u>19,724</u>
Included in current assets			
Value added tax recoverable	138,246	123,235	113,430
Rental deposits	14,741	18,234	14,168
Prepayment to suppliers	3,668	7,013	12,303
Prepaid [REDACTED]	583	4,719	5,107
Amounts due from a related party (<i>Note 36(c)</i>)	69,971	–	–
Prepaid expenses	11,170	18,376	9,267
Others	5,234	5,970	8,579
	<u>243,613</u>	<u>177,547</u>	<u>162,854</u>
Less: allowance for impairment	(3,265)	(3,400)	(2,006)
	<u>240,348</u>	<u>174,147</u>	<u>160,848</u>
Total	<u>269,471</u>	<u>201,826</u>	<u>180,572</u>

- (a) The balance of loan to a third party is unsecured, with an effective annual interest rate of 4.54% and are not due for repayment within 12 months.
- (b) Other prepayments represent subsidies to certain franchisees for pre-opening support services provided to the franchisees. The subsidies are recognised on a straight-line basis over the expected life cycle, aligns with the franchisee’s access to the franchise rights.
- (c) The carrying amounts of the Group’s deposits, prepayments and other receivables, net of loss allowance, were denominated in the following currencies:

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The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
RMB	264,323	194,940	173,388
HK\$	4,720	6,200	6,523
MOP	428	686	661
	<u>269,471</u>	<u>201,826</u>	<u>180,572</u>

Accounting policies of other receivables

If collection of other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. See Note 3.1.2 for a description of the Group’s impairment policies.

23 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Cash on hand	302	100	95
Cash at banks	<u>996,229</u>	<u>1,065,500</u>	<u>1,263,249</u>
	<u>996,531</u>	<u>1,065,600</u>	<u>1,263,344</u>
Less: Restricted cash (Note a)	<u>(282,288)</u>	<u>(290,242)</u>	<u>(143,620)</u>
	<u>714,243</u>	<u>775,358</u>	<u>1,119,724</u>

- (a) As at 31 December 2023, the restricted cash mainly comprised (i) guaranteed deposits amounted to RMB141,654,000 that are restricted in use for certain banking arrangement of the Group (Note 31(a)), (ii) guaranteed deposits amounted to RMB130,000,000 that are issuing bank acceptance bills (Note 31(a)), (iii) the restricted deposits amounted to RMB8,073,000 for freeze of property protection of certain litigation cases which was adjudicated after year end, (iv) the restricted deposits amounted to RMB1,000,000 for receipts in advance of prepaid cards in accordance with relevant regulations issued by Ministry of Commerce of the People’s Republic of China, (v) other restricted deposits represented the frozen bank account as the process of changing seals not completed.

As at 31 December 2024, the restricted cash mainly comprised (i) guaranteed deposits amounted to RMB143,768,000 that are restricted in use for certain banking arrangement of the Group (Note 31(a)), (ii) guaranteed deposits amounted to RMB141,660,000 that are issuing bank acceptance bills (Note 31(a)), (iii) the restricted deposits amounted to RMB3,719,000 for freeze of property protection of certain litigation cases which was adjudicated after year end, (iv) the restricted deposits amounted to RMB1,005,000 for receipts in advance of prepaid cards in accordance with

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relevant regulations issued by Ministry of Commerce of the People’s Republic of China, (v) other restricted deposits represented the frozen bank account as the process of changing seals not completed.

As at 30 September 2025, the restricted cash mainly comprised (i) guaranteed deposits amounted to RMB142,110,000 that are restricted in use for certain banking arrangement of the Group, (ii) the restricted deposits amounted RMB501,000 represented the frozen bank account due to pending litigation, (iii) the restricted deposits amounted to RMB1,008,000 for receipts in advance of prepaid cards in accordance with relevant regulations issued by Ministry of Commerce of the People’s Republic of China.

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
Cash at banks	301	1,594	358
	<u>301</u>	<u>1,594</u>	<u>358</u>

(b) Cash and cash equivalents and restricted cash were denominated in the following currencies:

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
RMB	738,310	651,014	705,884
US\$	203,851	371,013	406,766
HK\$	53,756	38,832	144,036
MOP	614	4,741	6,658
	<u>996,531</u>	<u>1,065,600</u>	<u>1,263,344</u>

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
RMB	50	5	5
US\$	251	1,589	353
	<u>301</u>	<u>1,594</u>	<u>358</u>

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Funds of the Group as at 31 December 2023, 2024 and 30 September 2025 of RMB855,227,000, RMB924,060,000 and RMB1,005,158,000 are kept in the bank accounts opened with banks in the PRC where the remittance of funds is subject to foreign exchange control.

Accounting policies of cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include cash in hand, cash at bank, short-term deposit with initial terms within three months and cash held in accounts managed by online payment platform that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

24 SHARE CAPITAL

The Group and Company

	Number of shares	Par value US\$	Nominal value of shares US\$'000	Equivalent nominal value of value of shares RMB'000
Authorised:				
As at 31 December 2023, 2024 and 30 September 2025 (Unaudited)	5,000,000,000	0.00001	50	321
Issued and fully paid:				
As at 1 January 2023	1,172,797,000	0.00001	11	72
Cancellation of treasury shares in 2023 (<i>Note a</i>)	(5,276,935)	0.00001	*	*
As at 31 December 2023	1,167,520,065	0.00001	11	72
As at 1 January 2024	1,167,520,065	0.00001	11	72
Cancellation of treasury shares in 2024 (<i>Note b</i>)	(39,899,441)	0.00001	*	(3)
As at 31 December 2024	1,127,620,624	0.00001	11	69
(Unaudited)				
As at 1 January 2025	1,127,620,624	0.00001	11	69
Issuance of shares (<i>Note c</i>)	618,917,203	0.00001	6	44
As at 30 September 2025	1,746,537,827	0.00001	17	113

* The amount is less than US\$/RMB1,000.

- (a) On 10 April 2023, the Company cancelled 5,276,935 shares held by Qdama Talent Holding Limited.
- (b) On 11 June 2024, the Company repurchased 39,899,441 ordinary shares held by Mr. Feng in the consideration of RMB110,000,000.
- (c) On 8 September 2025, the Company issued 618,917,203 new ordinary shares to holders of convertible redeemable preferred shares as consideration for revising certain clauses in the convertible redeemable preferred shares agreement. The related modification was accounted for in accordance with HKFRS 2, amounting to RMB954,563,000, refer to Note 27 for the relevant accounting policies.

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Accounting policies of share capital

Ordinary shares are classified as equity. Convertible redeemable preferred shares are classified as liabilities.

Incremental costs directly attributable to the [REDACTED] are shown in equity as a deduction, net of tax, from the [REDACTED].

Where any group company purchases the Company’s equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

25 OTHER RESERVES AND RETAINED EARNINGS

The Group

	Statutory reserves	Share premium	Share-based compensation	Currency translation differences	Treasury shares	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023 . . .	9,462	1,068	37,672	929	(159)	(5,357)	43,615
Appropriation of statutory reserves	1,461	-	-	-	-	-	1,461
Fair value gains of convertible redeemable preferred shares due to own credit risk (Note 26)	-	-	-	-	-	41,657	41,657
Share-based payment to employees (Note 27)	-	-	18,147	-	-	-	18,147
Currency translation differences	-	-	-	(2)	-	-	(2)
Balance at 31 December 2023 .	<u>10,923</u>	<u>1,068</u>	<u>55,819</u>	<u>927</u>	<u>(159)</u>	<u>36,300</u>	<u>104,878</u>
Balance at 1 January 2024 . .	10,923	1,068	55,819	927	(159)	36,300	104,878
Appropriation of statutory reserves	818	-	-	-	-	-	818
Repurchases of ordinary shares (Note 24)	-	-	-	-	(110,000)	-	(110,000)
Cancellation of treasury shares (Note 24)	-	-	-	-	3	-	3
Fair value gains of convertible redeemable preferred shares due to own credit risk (Note 26)	-	-	-	-	-	3,939	3,939
Share-based payment to employees (Note 27)	-	-	51,735	-	-	-	51,735
Currency translation differences	-	-	-	435	-	-	435
Balance at 31 December 2024 .	<u>11,741</u>	<u>1,068</u>	<u>107,554</u>	<u>1,362</u>	<u>(110,156)</u>	<u>40,239</u>	<u>51,808</u>

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	Statutory reserves	Share premium	Share-based compensation	Currency translation differences	Treasury shares	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)							
Balance at 1 January 2025 . . .	11,741	1,068	107,554	1,362	(110,156)	40,239	51,808
Fair value gains of convertible redeemable preferred shares due to own credit risk	-	-	-	-	-	42,933	42,933
Share-based payment to employees (Note 27)	-	-	19,256	-	-	-	19,256
Acquisition of ownership interests in a subsidiary without change in control .	-	-	-	-	-	(11,042)	(11,042)
Issuance of shares	-	-	-	-	-	954,519	954,519
Currency translation differences	-	-	-	(575)	-	-	(575)
Balance at 30 September 2025	<u>11,741</u>	<u>1,068</u>	<u>126,810</u>	<u>787</u>	<u>(110,156)</u>	<u>1,026,649</u>	<u>1,056,899</u>

The Company

	Share premium	Other reserves	Total reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023	1,068	110,795	111,863	416,791	528,654
Profit for the year	-	-	-	85,255	85,255
Fair value gains of convertible redeemable preferred shares due to own credit risk . . .	-	41,657	41,657	-	41,657
Share-based payment to employees (Note 27) .	-	18,147	18,147	-	18,147
Balance at 31 December 2023	<u>1,068</u>	<u>170,599</u>	<u>171,667</u>	<u>502,046</u>	<u>673,713</u>
Balance at 1 January 2024	1,068	170,599	171,667	502,046	673,713
Profit for the year	-	-	-	142,604	142,604
Repurchases of ordinary shares	-	(110,000)	(110,000)	-	(110,000)
Cancellation of treasury shares	-	3	3	-	3
Fair value gains of convertible redeemable preferred shares due to own credit risk . . .	-	3,939	3,939	-	3,939
Share-based payment to employees (Note 27) .	-	51,735	51,735	-	51,735
Balance at 31 December 2024	<u>1,068</u>	<u>116,276</u>	<u>117,344</u>	<u>644,650</u>	<u>761,994</u>
(Unaudited)					
Balance at 1 January 2025	1,068	116,276	117,344	644,650	761,994
Loss for the period	-	-	-	(486,894)	(486,894)
Issuance of shares	-	954,519	954,519	-	954,519
Fair value gains of convertible redeemable preferred shares due to own credit risk . . .	-	42,933	42,933	-	42,933
Share-based payment to employees (Note 27) .	-	19,256	19,256	-	19,256
Balance at 30 September 2025	<u>1,068</u>	<u>1,132,984</u>	<u>1,134,052</u>	<u>157,756</u>	<u>1,291,808</u>

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26 CONVERTIBLE REDEEMABLE PREFERRED SHARES

The Group

The movements of the convertible redeemable preferred shares and warrants are set out as follows:

	Convertible redeemable preferred shares and warrants
	<i>RMB’000</i>
Balance at 1 January 2023	2,407,728
Change in fair value through profit or loss (<i>Note (iii)</i>)	(73,418)
Change in fair value due to own credit risk recognised in other comprehensive income	(41,657)
Balance at 31 December 2023	<u>2,292,653</u>
Balance at 1 January 2024	2,292,653
Settlement of warrants (<i>Note (i)</i>)	(30,000)
Change in fair value through profit or loss	(163,847)
Change in fair value due to own credit risk recognised in other comprehensive income	(3,939)
Balance at 31 December 2024	<u>2,094,867</u>
(Unaudited)	
Balance at 1 January 2025	2,094,867
Change in fair value through profit or loss (<i>Note (iii)</i>)	(473,247)
Change in fair value due to own credit risk recognised in other comprehensive income	(42,933)
Balance at 30 September 2025	<u>1,578,687</u>

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The Company

The movements of the convertible redeemable preferred shares and warrants are set out as follows:

	Convertible redeemable preferred shares and warrants
	RMB’000
Balance at 1 January 2023	2,407,728
Change in fair value through profit or loss (<i>Note (iii)</i>)	(73,418)
Change in fair value due to own credit risk recognised in other comprehensive income	(41,657)
Balance at 31 December 2023	2,292,653
Balance at 1 January 2024	2,292,653
Settlement of warrant (<i>note i</i>)	(30,000)
Change in fair value through profit or loss	(163,847)
Change in fair value due to own credit risk recognised in other comprehensive income	(3,939)
Balance at 31 December 2024	2,094,867
(Unaudited)	
Balance at 1 January 2025	2,094,867
Change in fair value through profit or loss (<i>Note (iii)</i>)	(473,247)
Change in fair value due to own credit risk recognised in other comprehensive income	(42,933)
Balance at 30 September 2025	1,578,687

The details of “fair value gains and modification adjustments on convertible redeemable preferred shares – net” of the Group are set out in the table below:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000 (Unaudited)
Fair value gains on convertible redeemable preferred shares charged to profit or loss	73,418	163,847	144,793	473,247
Share-based payment expenses to CRPS holders related to the modification (<i>Note 24(c)</i>)	–	–	–	(954,563)
	73,418	163,847	144,793	(481,316)

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The particulars of the convertible redeemable preferred shares issuance are set out in the table below:

Series	Date of issuance/effective date	Exercise period	Number of shares	Purchase price per convertible redeemable preferred shares	Exercise price per convertible redeemable preferred shares	Total cash consideration	
						US\$'000	RMB'000
Series A CRPS of GZ Qdama/Series A CRPS of the Company	17 April 2015/ 26 January 2022	N/A	Preferred shares: 64,778,000 (note i)	RMB0.20	N/A	2,056	13,000
Series B CRPS of GZ Qdama/Series B CRPS of the Company	13 April 2017/ 26 January 2022	N/A	Preferred shares: 125,186,670 (note i)	RMB0.48	N/A	9,487	60,000
Series B+ CRPS of GZ Qdama/Series B+ CRPS of the Company	8 November 2017/ 26 January 2022	N/A	Preferred shares: 39,321,330 (note i)	RMB0.64	N/A	3,953	25,000
Series C CRPS of GZ Qdama/Series C CRPS of the Company	3 May 2018/ 26 January 2022	N/A	Preferred shares: 131,886,000 (note i)	RMB1.33	N/A	27,671	175,000
Series D CRPS of GZ Qdama/Series D CRPS of the Company	26 November 2019/ 26 January 2022	N/A	Preferred shares: 113,349,000 (note i)	RMB5.29	N/A	94,873	600,000
Series Pre-A CRPS of GZ Qdama/Series Pre-A CRPS of the Company	26 November 2019/ 26 January 2022	N/A	Preferred shares: 10,495,000 (note i)	RMB4.76	N/A	7,906	50,000
Series E CRPS of the Company	26 January 2022	N/A	Preferred shares: 116,038,169 (note ii)	US\$0.84	N/A	97,124	614,239
Series E warrants of the Company (note (iii))	26 January 2022	From 26 January 2022 to 31 March 2024	Warrants to subscribe for preferred shares: 50,704,131	N/A	US\$0.84	N/A	N/A
Series E CRPS conversion	25 March 2024	N/A	Preferred shares: 45,036,724	US\$0.84	N/A	37,696	238,399
						<u>280,766</u>	<u>1,775,638</u>

Note (i)

In April 2015, Guangzhou Qdama entered into an investment agreement with several independent investors (the “**Series A Investment**”), pursuant to which the investors made a total investment of RMB13,000,000 in Guangzhou Qdama as the consideration for subscription of Guangzhou Qdama’s paid-in capital of RMB111,111. The Series A Investment was completed in May 2015.

In April 2017, Guangzhou Qdama entered into an investment agreement with several independent investors (the “**Series B Investment**”), pursuant to which the investors made a total investment of RMB60,000,000 in Guangzhou Qdama as the consideration for subscription of Guangzhou Qdama’s paid-in capital of RMB137,174. The Series B Investment was completed in July 2017.

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In November 2017, Guangzhou Qdama further entered into an investment agreement with an independent investor (the “**Series B+ Investment**”), pursuant to which the investor made a total investment of RMB25,000,000 in Guangzhou Qdama as the consideration for subscription of Guangzhou Qdama’s paid-in capital of RMB39,317. The Series B+ Investment was completed in November 2017.

In May 2018, Guangzhou Qdama entered into an investment agreement with several independent investors (the “**Series C Investment**”), pursuant to which the investors made a total investment of RMB175,000,000 in Guangzhou Qdama as the consideration for subscription of Guangzhou Qdama’s paid-in capital of RMB74,941. The Series C Investments was completed in May 2018.

In November 2019, Guangzhou Qdama entered into an investment agreement with several independent investors (the “**Series D Investment**”), pursuant to which the investors made a total investment of RMB600,000,000 in Guangzhou Qdama as the consideration for subscription of Guangzhou Qdama’s paid-in capital of RMB113,349. At the same time, Guangzhou Qdama entered into an investment agreement with one of the in interest of the Series D Investment (the “**Series Pre-A Investment**”), pursuant to which the investors made a total investment of RMB50,000,000 in Guangzhou Qdama as the consideration for subscription of Guangzhou Qdama’s paid-in capital of RMB10,495. The Series D and Pre-A Investment was completed in November 2019.

Pursuant to the agreement dated 26 January 2022, all issued registered capital to the investors of Guangzhou Qdama were cancelled. In consideration, the Company issued the following convertible redeemable preferred shares on 26 January 2022 to Guangzhou Qdama’s then investors:

- 10,495,000 Series Pre-A Convertible Redeemable Preferred Shares of the Company to the then holders of Series Pre-A Investment to Guangzhou Qdama;
- 64,778,000 Series A Convertible Redeemable Preferred Shares of the Company to the then holders of Series A Investment to Guangzhou Qdama;
- 125,186,670 Series B Convertible Redeemable Preferred Shares of the Company to the then holders of Series B Investment to Guangzhou Qdama;
- 39,321,330 Series B+ Convertible Redeemable Preferred Shares of the Company to the then holders of Series B+ investment to Guangzhou Qdama;
- 131,886,000 Series C Convertible Redeemable Preferred Shares of the Company to the then holders of Series C investment to Guangzhou Qdama; and
- 80,289,000 Series D Convertible Redeemable Preferred Shares of the Company to the then holders of Series D investment to Guangzhou Qdama.

On 27 June 2023, the Company issued 33,060,000 Convertible Redeemable Preferred Shares of the Company to the then holders of Series D investment to Guangzhou Qdama at consideration of RMB175,000,000. And RMB175,000,000 was immediately refunded by Guangzhou Qdama.

Note (ii)

On 26 January 2022, the Company issued (i) 116,038,169 Series E Convertible Redeemable Preferred Shares and (ii) warrants to subscribe for 50,704,131 Series E Convertible Redeemable Preferred Shares to investors for total considerations of USD 97,124,000 (equivalent to RMB614,239,000) and USD 42,439,000 (equivalent to RMB268,399,000), respectively. The holders of the warrants and Guangzhou Qdama also entered into loan agreements totaling RMB268,399,000.

Each warrant and the corresponding loan agreement entered into with individual investors were collectively treated as a single combined instrument, which was considered equivalent to Series E Convertible Redeemable Preferred Shares deemed to have been issued by the Company.

On 25 March 2024, partial holders of warrants obtained all necessary approvals from the PRC authorities and issued a notice of exercise to the Company to subscribe for 45,036,724 Series E CRPS in accordance with the terms of the warrants, for a total consideration of RMB238,399,000.

The same amount was immediately refunded by Guangzhou Qdama to the warrant holders, who then paid it to the Company. The remaining warrants have expired and been forfeited, and the related proceeds amounting to RMB30,000,000 were refunded to the warrant holders.

Note (iii)

Change in fair value through profit or loss included the fair value changes on original CRPS and the modification adjustments on CRPS.

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Pursuant to the agreement dated 26 January 2022, the key terms of each series of convertible redeemable preferred shares of the Company are summarized as follows:

(a) Conversion

Each convertible redeemable preferred share shall be convertible, at the option of the holder thereof, into such number of fully paid and non-assessable ordinary shares as determined by dividing the relevant deemed issue price by the then-effective relevant Conversion Price. The conversion price for, the Series Pre-A Shares, the Series A Convertible Redeemable Preferred Shares, the Series B Convertible Redeemable Preferred Shares, the Series B+ Convertible Redeemable Preferred Shares, the Series C Convertible Redeemable Preferred Shares, the Series D Convertible Redeemable Preferred Shares and the Series E Convertible Redeemable Preferred Shares shall initially be equal to the Series Pre-A issue price, Series A issue price, the Series B issue price, the Series B+ issue price, the Series C issue price, the Series D issue price and the Series E issue price, respectively, resulting in an initial conversion ratio of 1:1, and shall be subject to adjustment and readjustment from time to time as hereinafter provided.

Any convertible redeemable preferred shares may, at the option of the holder of thereof, be converted at any date of issuance of such shares, without the payment of any additional consideration into fully-paid and non-assessable Ordinary Shares based on the then effectively relevant Conversion Price.

In addition, each convertible redeemable preferred share shall automatically be converted, based on the then-effective Conversion Price for such convertible redeemable preferred share, without the payment of any additional consideration, into fully-paid and non-assessable Ordinary Shares upon the earlier of

- (i) the closing of an [REDACTED], or
- (ii) with respect to any class of convertible redeemable preferred shares, the written notice signed by the holders representing one-hundred percent (100%) of the voting power of the outstanding convertible redeemable preferred shares of such class, voting as a separate class and calculated on an as-converted basis.

(b) Redemption right

Upon the written request of each series investments holders, the Company shall redeem all or a portion of all the previously issued paid-in capital, at any time after the occurrence of any of the following events, whichever is earlier:

- (i) the Company has not consummated a Qualified [REDACTED] on or prior to 31 December 2024, and which was modified to 1 January 2027 by the holders of convertible redeemable preferred shares on 8 September 2025;
- (ii) there is a material breach or violation of any of the transaction documents by any group companies, any founder or any founder's company that has not been rectified within thirty days after the first receipt of the notice from such investments holders; and
- (iii) only as for the Series E CRPS, there is any cash shortage of the Group. Cash shortage means the average daily cash balance in the account of the Group within any ten consecutive days is less than RMB50 million.

For Series Pre-A to D CRPS, the redemption price shall be paid by the Company to each series investments holder in an amount equal to: (i) one hundred percent (100%) of the original investment amount on each series investment, plus (ii) an eight percent (8%) compound annum interest of the original issue price on each convertible redeemable preferred share accrued during the period from the issue date of each convertible redeemable preferred share until the date on which the redemption price is paid in full, and (iii) any declared but unpaid dividends thereon.

For Series E CRPS, the redemption price shall be paid by the Company to Series E investments holder in an amount equal to: (i) one hundred percent (100%) of the original investment amount on each series investment, plus (ii) a fifteen percent (15%) simple annum interest of the original issue price on each convertible redeemable preferred share accrued during the period from the issue date of each convertible redeemable preferred share until the date on which the redemption price is paid in full, and (iii) any declared but unpaid dividends thereon.

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(c) *Voting rights*

Each convertible redeemable preferred share has voting rights equivalent to the number of ordinary shares into which such convertible redeemable preferred shares could then be convertible.

(d) *Liquidation preferences*

For the Series Pre-A to D CRPS, in the event of any liquidation, dissolution or winding up of the Company, each series investment holder 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 other equity holders, the liquidation preference amount is equal to: (i) one hundred percent (100%) of the original investment amount on each series investments, plus (ii) a compound interest rate of eight percent (8%) per annum of the original investment amount on each series investment, and (iii) any declared but unpaid dividends thereon up to the date of liquidation.

For the Series E CRPS, in the event of any liquidation, dissolution or winding up of the Company, the Series E Convertible Redeemable Preferred Shares investment holder 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 other equity holders, the liquidation preference amount is equal to: (i) two hundred percent (200%) of the original investment amount on Series E investments, plus (ii) any declared but unpaid dividends thereon up to the date of liquidation.

The liquidation preference amount will be paid to the each series investment holder in the following order: first to holders of the Series E Investment, second to holders of the Series D Investment, third to holders of the Series C, forth to holders of the Series B+ and the Series B Investment, fifth to holders of Series A Investment and lastly to holders of Series Pre-A Investment. After distributing or paying in full the liquidation preference amount to all of each series investments holders, the remaining assets of the Company available for distribution to member, if any, shall be distributed to the other ordinary equity holders and each series investments holders on a pro rata basis, based on the paid-in capital then held by each shareholder on an as converted basis. If the value of the remaining assets of the Company is less than aggregate liquidation preference amount payable to the holders of a particular series of investment, then remaining assets of the Company shall be distributed pro rata amongst the holders of all paid-in capital of that series.

The Group applied the discounted cash flow method to determine the underlying equity value of the Group and adopted Binomial option-pricing method and equity allocation model to determine the fair value of the convertible redeemable preferred shares and warrants. Key assumptions are set as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Discount rate	13.50%	13.00%	12.00%
Risk-free interest rate	2.21%	1.09%	1.40%
DLOM	15.00%	15.00%	15.00%
Expected volatility	53.40%	66.73%	63.73%

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Discount rate was estimated by weighted average cost of capital as of each appraisal date. The Group estimated the risk-free interest rate based on the yield of treasury yield with a maturity life equal to period from the respective appraisal dates to expected liquidation date. Volatility was estimated at the dates of appraisal based on average of historical volatilities of the comparable companies in the same industry for a period from the respective appraisal dates to expected liquidation date. In addition to the assumptions adopted above, the Company’s projections of future performance were also factored into the determination of the fair value of Series A, Series B, Series B+, Series C, Series D and Series E Investment on each appraisal date.

Increasing/decreasing expected volatility by 5% would decrease the fair value of convertible redeemable preferred shares by RMB11,981,000, RMB6,808,000 and RMB11,318,000 or increase the fair value of convertible redeemable preferred shares by RMB10,738,000, RMB6,269,000 and RMB11,069,000 as at 31 December 2023, 2024 and 30 September 2025, respectively. Increasing/decreasing discount rate by 5% would decrease/increase the fair value by RMB134,862,000, RMB123,228,000 and RMB92,864,000 as at 31 December 2023, 2024 and 30 September 2025, respectively.

Accounting policies of convertible redeemable preferred shares

Convertible redeemable preferred shares issued by the Group are redeemable upon the occurrence of certain conditions.

The Group designated the convertible redeemable preferred shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised as finance costs in profit or loss. Subsequent to initial recognition, the convertible redeemable preferred shares are carried at fair value. The component of fair value changes relating to the Company’s own credit risk is recognised in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in profit or loss, but are transferred to retained earnings when realised. Fair value changes relating to market risk are recognised in profit or loss.

The Group’s convertible redeemable preferred shares were classified as current liabilities as the convertible redeemable preferred shares may be converted into ordinary shares at the option of the preferred shareholders at any time and the conversion feature does not meet the “fixed-for-fixed” criteria.

27 SHARE-BASED PAYMENTS

Share option schemes

The Group adopted a share incentive plan (the “**Pre-[REDACTED] Share Incentive Plan**”), an equity-settled share-based compensation plan for the purpose of providing incentives and rewards to its senior managements and key employees (“**Grantees**”) of the Group. Under the **Pre-[REDACTED] Share Incentive Plan**, the Company issued 251,633,875 ordinary shares to Qdama Talent Holding Limited (“**Qdama Talent**”), the employee stock ownership platform which is controlled by the Company.

The share options have graded vesting terms, and will be vested immediately or over two to four years from the grant date on the condition that employees remain in service together with a performance requirement.

The options may be exercised at any time after the [REDACTED] of the Company provided the options have vested and subject to the terms of the **Pre-[REDACTED] Share Incentive Plan**.

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Set out below are summaries of options granted under the plan:

	No. of share options	Weighted average exercise price
		<i>RMB cents</i>
Outstanding at 1 January 2023	155,405,213	0.73
Granted	13,558,888	0.73
Forfeited	(4,644,635)	0.73
Cancelled	(5,063,996)	0.73
Outstanding at 31 December 2023	<u>159,255,470</u>	<u>0.73</u>
Outstanding at 1 January 2024	159,255,470	0.73
Granted	37,141,775	0.73
Forfeited	(1,061,548)	0.73
Cancelled	(2,028,212)	0.73
Outstanding at 31 December 2024	<u>193,307,486</u>	<u>0.73</u>
(Unaudited)		
Outstanding at 1 January 2025	193,307,486	0.73
Granted	9,136,536	0.73
Forfeited	(967,471)	0.73
Cancelled	(6,015,488)	0.73
Outstanding at 30 September 2025	<u>195,461,063</u>	<u>0.73</u>

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Share options outstanding at the end of the year/period have the following exercise price and vesting year.

Grant date	Exercise price	Vesting year	As at 31 December		As at 30 September
			2023	2024	2025
	<i>RMB cents</i>				(Unaudited)
26 January 2017	0.73	4 years from grant date	31,995,793	31,995,793	31,995,793
9 January 2018	0.73	4 years from grant date	23,964,698	23,964,698	22,455,823
9 March 2019	0.73	4 years from grant date	22,500,544	22,500,544	21,373,231
2 March 2020	0.73	Up to 4 years from grant date*	20,449,924	19,853,111	19,140,251
1 March 2021	0.73	Up to 4 years from grant date*	21,293,084	19,875,091	18,206,503
1 March 2022	0.73	Up to 4 years from grant date*	25,492,539	24,519,711	23,193,739
1 March 2023	0.73	Up to 4 years from grant date*	6,393,093	6,333,505	6,082,435
7 April 2023	0.73	Up to 4 years from grant date*	3,547,423	3,547,423	3,547,423
2 July 2023	0.73	Up to 4 years from grant date*	2,483,197	2,483,197	2,483,197
24 July 2023	0.73	Up to 4 years from grant date*	603,062	603,062	603,062
8 August 2023	0.73	Up to 4 years from grant date*	532,113	532,113	532,113
24 January 2024	0.73	Up to 4 years from grant date*	–	68,702	68,702
1 March 2024	0.73	Immediately	–	23,985,798	23,985,798
1 March 2024	0.73	Up to 4 years from grant date*	–	6,056,739	5,668,458
23 July 2024	0.73	Up to 4 years from grant date*	–	4,256,908	4,256,908
30 July 2024	0.73	Up to 4 years from grant date*	–	2,128,454	2,128,454
20 November 2024	0.73	Up to 4 years from grant date*	–	188,324	188,324
22 November 2024	0.73	Up to 4 years from grant date*	–	188,324	188,324
17 December 2024	0.73	Up to 4 years from grant date*	–	225,989	225,989
1 March 2025	0.73	Up to 4 years from grant date*	–	–	1,694,916
2 March 2025	0.73	Up to 4 years from grant date*	–	–	941,620
30 September 2025	0.73	Immediately	–	–	6,500,000
			<u>159,255,470</u>	<u>193,307,486</u>	<u>195,461,063</u>

* 50%, 25% and 25% of the share options will be vested in 2, 3 and 4 years after the grant date, respectively.

For the years ended 31 December 2023, 2024 and nine months ended 30 September 2024 and 2025, expenses arising from share-based payment transaction are as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)	(Unaudited)
Equity settled share-based payments to employee	18,147	51,735	46,822	19,256
Equity settled share-based payment to CRPS holders (<i>Note 24(c)</i>).	–	–	–	954,563
	<u>18,147</u>	<u>51,735</u>	<u>46,822</u>	<u>973,819</u>

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Accounting policies of share-based payments

Equity-settled share-based payment transactions

The Group operates share options granted to directors and employees, under which the entity receives services from employees as consideration for equity instruments of the Group. Information relating to the share options plan is set out in Note 27.

The fair value of the employee services received in exchange for the grant of options is recognised as an expense on the consolidated statements of financial position. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity’s share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

Non-marketing performance and services conditions are included in the calculation of the number of the options expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

The grant by the Company of options over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution in the separate financial statements of the Company. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

28 TRADE PAYABLES

Trade payables primarily include payables for inventories. As at 31 December 2023, 2024 and 30 September 2025, the carrying amounts of trade payables were primarily denominated in RMB.

Trade payables and their ageing analysis based on the invoice date are as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
Up to 3 months	893,396	743,255	740,372
3 to 6 months	4,139	3,920	5,412
6 months to 1 year	1,732	1,297	3,451
Over 1 year	4,883	1,573	2,147
	<u>904,150</u>	<u>750,045</u>	<u>751,382</u>

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	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
RMB	891,916	729,604	735,819
HK\$	10,736	14,322	12,361
MOP	1,498	6,119	3,202
	<u>904,150</u>	<u>750,045</u>	<u>751,382</u>

As at 31 December 2023, 2024 and 30 September 2025, the carrying amounts of trade payables approximated their fair values.

29 ACCRUALS AND OTHER PAYABLES

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Non-current			
Deposits from franchise stores (<i>Note b</i>)	<u>96,558</u>	<u>73,063</u>	<u>82,591</u>
	<u>96,558</u>	<u>73,063</u>	<u>82,591</u>
Current			
Employee benefits payable	81,960	88,857	64,949
Deposits from franchise stores (<i>Note b</i>)	20,560	46,156	38,845
Deposits from suppliers	87,879	81,862	75,939
Net receipt of sale proceeds on behalf of franchisees (<i>Note c</i>)	30,545	28,420	28,573
Receipt on behalf of franchisees for prepaid cards (<i>Note d</i>)	56,580	56,771	47,505
Logistics expenses payables	44,455	24,360	24,758
Other taxes payables	30,129	23,197	20,430
Accrued [REDACTED]	3,368	8,071	5,364
Accrued other expenses	24,365	24,646	17,387
Others	<u>6,795</u>	<u>6,492</u>	<u>5,880</u>
	<u>386,636</u>	<u>388,832</u>	<u>329,630</u>
Total (<i>Note a</i>)	<u>483,194</u>	<u>461,895</u>	<u>412,221</u>

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- (a) The carrying amounts of the Group's other payables were denominated as:

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
RMB	468,711	445,867	396,158
HK\$	14,125	15,096	15,221
MOP	358	932	842
	<u>483,194</u>	<u>461,895</u>	<u>412,221</u>

- (b) The balance represents the refundable initial deposit received from franchisees upon entering into franchising agreements. The deposit will be refunded to the franchisees at the end of franchise period net of any penalties incurred.
- (c) The amount would normally be repaid to the franchisees on a daily basis, subject to provisions set out in the franchising agreements.
- (d) The balance represents the advance receipts from the consumer who add value to their stored value accounts and prepaid cards.

As at 31 December 2023, 2024 and 30 September 2025, the carrying amounts of other payables approximated their fair values.

Accounting policies of accruals and other payables

Accruals and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Accruals and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

30 DEFERRED INCOME TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

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 purpose:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Net deferred tax assets recognised in the consolidated statements of financial position	12,372	9,414	11,006
Net deferred tax liabilities recognised in the consolidated statements of financial position	<u>(792)</u>	<u>(580)</u>	<u>(1,308)</u>
	<u>11,580</u>	<u>8,834</u>	<u>9,698</u>

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Movements in deferred income tax assets and liabilities during the Track Record Period, without taking into consideration the offsetting of balance within the same tax jurisdiction, are as follows:

	Deferred tax assets – tax losses	Deferred tax assets – lease liabilities	Deferred tax assets – unrealised gains from internal transfers of intangible assets	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023	–	93,763	–	93,763
Credited/(charged) to the consolidated statements of comprehensive income	6,955	(45,381)	–	(38,426)
As at 31 December 2023	<u>6,955</u>	<u>48,382</u>	<u>–</u>	<u>55,337</u>
Offset of deferred tax liabilities pursuant to set-off provisions	–	(42,965)	–	(42,965)
Net deferred tax assets at 31 December 2023 . .	<u>6,955</u>	<u>5,417</u>	<u>–</u>	<u>12,372</u>
As at 1 January 2024	6,955	48,382	–	55,337
Credited/(charged) to the consolidated statements of comprehensive income	1,538	(29,425)	–	(27,887)
As at 31 December 2024	<u>8,493</u>	<u>18,957</u>	<u>–</u>	<u>27,450</u>
Offset of deferred tax liabilities pursuant to set-off provisions	–	(18,036)	–	(18,036)
Net deferred tax assets at 31 December 2024 . .	<u>8,493</u>	<u>921</u>	<u>–</u>	<u>9,414</u>
(Unaudited)				
As at 1 January 2025	8,493	18,957	–	27,450
Charged to the consolidated statements of comprehensive income	(2,524)	22,708	4,952	25,136
As at 30 September 2025	<u>5,969</u>	<u>41,665</u>	<u>4,952</u>	<u>52,586</u>
Offset of deferred tax liabilities pursuant to set-off provisions	–	(41,580)	–	(41,580)
Net deferred tax assets at 30 September 2025 . .	<u>5,969</u>	<u>85</u>	<u>4,952</u>	<u>11,006</u>

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	Deferred tax liabilities – right-of-use assets	Total
	RMB’000	RMB’000
As at 1 January 2023	89,244	89,244
Credited to the consolidated statements of comprehensive income	(45,487)	(45,487)
As at 31 December 2023	<u>43,757</u>	<u>43,757</u>
Offset of deferred tax assets pursuant to set-off provisions	(42,965)	(42,965)
Net deferred tax liabilities at 31 December 2023	<u>792</u>	<u>792</u>
As at 1 January 2024	43,757	43,757
Credited to the consolidated statements of comprehensive income	(25,141)	(25,141)
As at 31 December 2024	<u>18,616</u>	<u>18,616</u>
Offset of deferred tax assets pursuant to set-off provisions	(18,036)	(18,036)
Net deferred tax liabilities at 31 December 2024	<u>580</u>	<u>580</u>
(Unaudited)		
As at 1 January 2025	18,616	18,616
Charge to the consolidated statements of comprehensive income	24,272	24,272
As at 30 September 2025	<u>42,888</u>	<u>42,888</u>
Offset of deferred tax assets pursuant to set-off provisions	(41,580)	(41,580)
Net deferred tax liabilities at 30 September 2025	<u>1,308</u>	<u>1,308</u>

The Group has recognised deferred tax assets in respect of cumulative tax losses, as it is probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

As at 31 December 2023, 2024 and 30 September 2025, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB2,137,136, RMB2,050,045 and RMB1,943,778, respectively as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. The tax losses shall expire in five years from the year of occurrence under current tax legislation.

For each of the years ended December 31, 2023 and 2024 and nine months ended September 30, 2025, the Group had deductible temporary differences of approximately RMB2,221,000, RMB21,106,000 and RMB3,216,000 mainly arising from impairment of right-of-use assets and property, plant and equipment, retirement benefit obligations and allowance on doubtful debts. No deferred tax assets has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available again which the deductible temporary differences can be utilized.

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In accordance with the Corporation Income Tax Law of the People’s Republic of China and its implementation rules (the “CIT Law”), non-resident enterprises shall pay enterprise income tax on income derived from China, and the applicable tax rate is 10.0%. Deferred taxation has not been provided for the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of reversal of the temporary differences.

Unused tax losses for which no deferred tax asset was recognised as follows:

Expiry year	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
2024	25,385	–	–
2025	531,447	479,453	309,331
2026	1,051,830	971,888	705,666
2027	322,301	310,068	249,299
2028	193,878	193,472	190,345
2029	–	89,966	88,661
2030	–	–	400,262
No expiry dates	12,295	5,198	214
	2,137,136	2,050,045	1,943,778

Accounting policies of deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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31 BANK BORROWINGS

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Secured			
Short-term bank borrowings (<i>Note a</i>)	260,268	369,660	232,000
Long-term bank borrowings (<i>Note a</i>)	–	–	85,000
	<u>260,268</u>	<u>369,660</u>	<u>317,000</u>
Unsecured			
Short-term bank borrowings (<i>Note a</i>)	130,000	150,000	199,900
Interest payables	406	285	334
	<u>130,406</u>	<u>150,285</u>	<u>200,234</u>
	<u>390,674</u>	<u>519,945</u>	<u>517,234</u>

- (a) As at 31 December 2023, borrowings of RMB260,268,000 were secured by certain restricted cash with the carrying amount of RMB271,654,000 (Note 23), and the remaining bank borrowings of RMB130,000,000 were interest bearing, unsecured and repayable within one year.

As at 31 December 2024, borrowings of RMB369,660,000 were secured by certain restricted cash with the carrying amount of RMB285,428,000 (Note 23), and the remaining bank borrowings of RMB150,000,000 were interest bearing, unsecured and repayable within one year.

As at 30 September 2025, borrowings of RMB317,000,000 were secured by certain restricted cash with the carrying amount of RMB142,110,000 (Note 23), and the remaining bank borrowings of RMB199,900,000 were interest bearing, unsecured and repayable within one year.

As at 31 December 2023, 2024 and 30 September 2025, the Group had unutilized facility amount of RMB1,000,000,000, RMB122,000,000 and RMB250,100,000, respectively.

As at 31 December 2023, 2024 and 30 September 2025, the carrying amount of the borrowings approximated their respective fair values. For the years ended 2023, 2024, and nine months ended 2025, the weighted average interest rates per annum were 2.61%, 3.49% and 2.66%, respectively.

The carrying amounts of the Group’s borrowings were denominated in RMB.

Accounting policies of borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the [REDACTED] (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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Borrowings are removed from the consolidated statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

32 DIVIDEND

No dividends have been paid or declared by the Company during each of the years ended 31 December 2023, 2024 and nine months ended 30 September 2025.

33 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Profit/(loss) before income tax	183,524	312,856	247,345	(262,815)
Adjustments for:				
Depreciation of property, plant and equipment (Note 16)	48,100	36,452	28,259	13,629
Amortisation of intangible assets (Note 18)	4,650	4,921	3,662	3,807
Depreciation of right-of-use assets (Note 17)	127,812	98,256	77,183	63,165
Fair value gains and modification adjustments on convertible redeemable preferred shares, net (Note 26)	(73,418)	(163,847)	(144,793)	481,316
Net provision for/(reversal of) impairment losses on financial assets (Note 3.1.2)	528	(555)	(474)	(468)
Net provision for non-financial assets (Note 10)	1,059	38	160	368
Net losses on disposal of property, plant and equipment (Note 8)	157	8,793	7,364	5,456
Net (gains)/losses on lease termination and modification	(2,327)	(5,515)	(4,784)	2,092
Share-based payment to employees (Note 27)	18,147	51,735	46,822	19,256
Interest expenses on lease liabilities (Note 9)	15,463	6,816	5,327	7,079
Unwinding of discount on deposits from franchisees (Note 9)	4,226	4,604	3,639	2,748
Interest income from bank deposits (Note 9)	(9,948)	(13,811)	(10,829)	(13,481)
Unwinding of discount from rental deposits (Note 9)	(1,281)	(1,126)	(935)	(558)
Net gains on disposal of an associate	(101)	—	—	—
Interest income on loans to a related party (Note 7)	(6,126)	(2,575)	(2,575)	—
Interest income on loans to a third party	—	(5)	—	(58)
Interest expense on the borrowings (Note 9)	10,341	10,043	7,539	11,088
	<u>320,806</u>	<u>347,080</u>	<u>262,910</u>	<u>332,624</u>

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	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Changes in working capital:				
– Inventories	13,270	(3,349)	(4,134)	2,428
– Trade receivables	(3,054)	4,883	3,345	(1,085)
– Prepayments, deposits and other receivables . .	33,228	641	(1,665)	(3,660)
– Restricted cash	(10,480)	5,820	9,452	3,304
– Trade payables	(107,520)	(158,481)	(87,102)	4,605
– Accruals and other payables	(99,418)	(28,847)	(35,662)	(51,046)
– Contract liabilities	(2,587)	(9,315)	(6,814)	1,960
Cash generated from operations	144,245	158,432	140,330	289,130

(b) Reconciliation of proceeds from disposal of property, plant and equipment:

	As at 31 December		As at 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Net book amount	6,437	14,839	11,136	9,341
Net losses on disposal of property, plant and equipment (<i>Note 8</i>)	(157)	(8,793)	(7,364)	(5,456)
Proceeds from disposal of property, plant and equipment	6,280	6,046	3,772	3,885

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(c) Net debt reconciliation

	Bank borrowings	Other borrowings	Convertible redeemable preferred shares	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	160,000	104	2,407,728	424,767	2,992,599
Interest payments on borrowings	(10,039)	–	–	–	(10,039)
Other changes from financing					
cash flows	230,268	–	–	(140,691)	89,577
Lease addition	–	–	–	85,848	85,848
Other changes (i)	10,250	91	(115,075)	(155,000)	(259,734)
Exchange differences	–	–	–	248	248
As at 31 December 2023	390,479	195	2,292,653	215,172	2,898,499
As at 1 January 2024	390,479	195	2,292,653	215,172	2,898,499
Interest payments on borrowings	(9,946)	(218)	–	–	(10,164)
Other changes from financing					
cash flows	129,392	–	(30,000)	(103,762)	(4,370)
Lease addition	–	–	–	110,156	110,156
Other changes (i)	10,020	23	(167,786)	(77,647)	(235,390)
Exchange differences	–	–	–	570	570
As at 31 December 2024	519,945	–	2,094,867	144,489	2,759,301
(Unaudited)					
As at 1 January 2024	390,479	195	2,292,653	215,172	2,898,499
Interest payments on borrowings	(7,582)	(218)	–	–	(7,800)
Other changes from financing					
cash flows	(190,268)	–	(30,000)	(81,188)	(301,456)
Lease addition	–	–	–	87,907	87,907
Other changes (i)	7,516	23	(139,796)	(64,618)	(196,875)
Exchange differences	–	–	–	(175)	(175)
As at 30 September 2024	200,145	–	2,122,857	157,098	2,480,100
(Unaudited)					
As at 1 January 2025	519,945	–	2,094,867	144,489	2,759,301
Interest payments on borrowings	(11,039)	–	–	–	(11,039)
Other changes from financing					
cash flows	(2,760)	–	–	(60,910)	(63,670)
Lease addition	–	–	–	240,401	240,401
Other changes (i)	11,088	–	(516,180)	(98,747)	(603,839)
Exchange differences	–	–	–	(466)	(466)
As at 30 September 2025	517,234	–	1,578,687	224,767	2,320,688

(i) Other changes include non-cash movements, such as accrued interest expense, early termination of lease contract and fair value changes.

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34 COMMITMENTS

(a) Capital commitments

During the Track Record Period, the Group’s capital commitments mainly related to the purchase of property, plant and equipment and intangible assets.

The details of commitments relating to property, plant and equipment are set as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
Within 1 year	237	1,707	172
1-2 years	18	124	7
2-3 years	–	24	6
	<u>255</u>	<u>1,855</u>	<u>185</u>

The details of commitments relating to intangible assets are set as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
Within 1 year	225	155	145
1-2 years	252	–	–
	<u>477</u>	<u>155</u>	<u>145</u>

The Group and the Company have recognised right-of-use assets for leases, except for short-term leases, see Note 17 for further information.

Minimum lease payments under non-cancellable short-term leases not recognised in the consolidated statement of financial position are payables as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
Within 1 year	<u>12,677</u>	<u>6,910</u>	<u>7,469</u>

35 CONTINGENCIES

There was no significant contingent liabilities as at 31 December 2023, 2024 and 30 September 2025.

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36 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the Track Record Period.

Name	Relationship
Mr. Feng	A former Ultimate Controlling Shareholder (Note .1.1)
Yangjiang Chuan Popo Food Co., Ltd. (Chuan Popo Food)	The company is jointly controlled by a former non-executive director

(b) Significant transactions with related parties

The following significant transactions were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated at arm’s length basis between the Group and the respective related parties.

During the Track Record Period, the following transactions were carried out with related parties:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000 (Unaudited)
Loans to a related party				
– Mr. Feng	–	4,500	4,500	N/A
Total	–	4,500	4,500	N/A
Interest income on loans to a related party				
– Mr. Feng	6,126	2,575	2,575	N/A
Total	6,126	2,575	2,575	N/A
Purchase from a related party				
– Chuan Popo Food	–	1,336	–	41,010
Total	–	1,336	–	41,010

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(c) Balances with related parties

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
Amounts due from a related party:			
Non-trade			
– Mr. Feng	69,971	–	N/A
	<u>69,971</u>	<u>–</u>	<u>N/A</u>

The amounts due from Mr. Feng was unsecured, interest-bearing at 2.4%-5% per annum and repayable on demand and in non-trade nature. The balances have been fully settled in July 2024.

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
Trade payables:			
Trade			
– Chuan Popo Food	–	1,521	1,470
	<u>–</u>	<u>1,521</u>	<u>1,470</u>
Other payables:			
Trade			
– Chuan Popo Food	–	200	200
	<u>–</u>	<u>200</u>	<u>200</u>

The ageing analysis of the trade payables to a related party based on invoice dates is as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
Up to 3 months	–	1,521	1,470

As at 31 December 2024 and 30 September 2025, trade payables and other payables are unsecured, interest-free, repayable on demand and the carrying amounts of balances with the related party approximate their fair values and are denominated in RMB.

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As at 31 December 2023 and 2024 and 30 September 2025, amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand. The carrying amounts of balances with subsidiaries approximate their fair values and are denominated in RMB.

37 DIRECTORS’ BENEFITS AND INTERESTS

(a) Directors’ emoluments

The remuneration shown below represented remunerations received by the directors in their capacity as employees/directors of the companies now comprising the Group during the Track Record Period.

None of the directors of the Company and of the companies comprising the Group waived any emoluments during the Track Record Period. All of these directors have not received any emoluments from the Group as an inducement to join or upon join the Group or as compensation for the loss of office during the Track Record Period.

Details of the emoluments paid and payable to the directors of the Company are as follows:

Name	Year ended 31 December 2023					
	Director’s fee	Salaries	Discretionary bonuses	Housing allowances and contributions to a retirement benefit scheme	Share-based payment expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive Director						
Ms. Feng Weihua (“Ms. Feng”) (Note (i))	–	1,403	–	27	–	1,430
Mr. Feng Jisheng (“Mr. Feng”) (Note (ii))	–	1,400	–	24	–	1,424
Total	–	2,803	–	51	–	2,854
Non-executive Director						
Mr. Feng Qin (Note (v))	–	–	–	–	–	–
Mr. Han Rui (“Mr. Han”) (Note (vi))	–	–	–	–	–	–
Ms. Ma Chuqiao (“Ms. Ma”) (Note (vii)).	–	–	–	–	–	–
Ms. Xiao Qiongchan (“Ms. Xiao”) (Note (viii))	–	–	–	–	–	–
Mr. Zhang Xinzhaoh (“Mr. Zhang”) (Note (ix))	–	–	–	–	–	–
Ms. Huang Jianhui (“Ms. Huang”) (Note (x))	–	–	–	–	–	–
Mr. Lin Ling (“Mr. Lin”) (Note (xi)).	–	–	–	–	–	–
Total	–	–	–	–	–	–

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Year ended 31 December 2024

Name	Director's fee	Salaries	Discretionary bonuses	Housing allowances and contributions to a retirement benefit scheme	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Director						
Ms. Feng Weihua (“Ms. Feng”) (Note (i))	–	1,125	280	27	27,482	28,914
Mr. Feng Jisheng (“Mr. Feng”) (Note (ii))	–	1,120	280	27	–	1,427
Total	–	2,245	560	54	27,482	30,341
Non-executive Director						
Mr. Feng Weiguo (Note (iv))	–	–	–	–	–	–
Mr. Feng Qin (Note (v))	–	–	–	–	–	–
Mr. Han Rui (“Mr. Han”) (Note (vi))	–	–	–	–	–	–
Ms. Ma Chuqiao (“Ms. Ma”) (Note (vii))	–	–	–	–	–	–
Ms. Xiao Qiongchan (“Ms. Xiao”) (Note (viii))	–	–	–	–	–	–
Mr. Zhang Xinzhaoh (“Mr. Zhang”) (Note (ix))	–	–	–	–	–	–
Ms. Huang Jianhui (“Ms. Huang”) (Note (x))	–	–	–	–	–	–
Mr. Lin Ling (“Mr. Lin”) (Note (xi))	–	–	–	–	–	–
Total	–	–	–	–	–	–

Nine months ended 30 September 2024 (Unaudited)

Name	Director's fee	Salaries	Discretionary bonuses	Housing allowances and contributions to a retirement benefit scheme	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Director						
Ms. Feng Weihua (“Ms. Feng”) (Note (i))	–	960	210	20	27,482	28,672
Mr. Feng Jisheng (“Mr. Feng”) (Note (ii))	–	957	210	20	–	1,187
Total	–	1,917	420	40	27,482	29,859
Non-executive Director						
Mr. Feng Qin (Note (v))	–	–	–	–	–	–
Mr. Han Rui (“Mr. Han”) (Note (vi))	–	–	–	–	–	–
Ms. Ma Chuqiao (“Ms. Ma”) (Note (vii))	–	–	–	–	–	–
Ms. Xiao Qiongchan (“Ms. Xiao”) (Note (viii))	–	–	–	–	–	–
Mr. Zhang Xinzhaoh (“Mr. Zhang”) (Note (ix))	–	–	–	–	–	–
Ms. Huang Jianhui (“Ms. Huang”) (Note (x))	–	–	–	–	–	–
Mr. Lin Ling (“Mr. Lin”) (Note (xi))	–	–	–	–	–	–
Total	–	–	–	–	–	–

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Nine months ended 30 September 2025 (Unaudited)						
Name	Director’s fee	Salaries	Discretionary bonuses	Housing allowances and contributions to a retirement benefit scheme	Share-based payment expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive Director						
Ms. Feng Weihua (“Ms. Feng”) (Note (i))	-	739	252	21	-	1,012
Total	-	739	252	21	-	1,012
Non-executive Director						
Mr. Feng Weiguo (Note (iv))	-	-	-	-	-	-
Mr. Feng Qin (Note (v))	-	-	-	-	-	-
Mr. Han Rui (“Mr. Han”) (Note (vi))	-	-	-	-	-	-
Ms. Ma Chuqiao (“Ms. Ma”) (Note (vii)).	-	-	-	-	-	-
Ms. Xiao Qiongchan (“Ms. Xiao”) (Note (viii))	-	-	-	-	-	-
Mr. Zhang Xinzhaoh (“Mr. Zhang”) (Note (ix))	-	-	-	-	-	-
Ms. Huang Jianhui (“Ms. Huang”) (Note (x))	-	-	-	-	-	-
Mr. Lin Ling (“Mr. Lin”) (Note (xi)).	-	-	-	-	-	-
Total	-	-	-	-	-	-

- (i) Ms. Feng was appointed as the Company’s executive director on 12 May 2021.
- (ii) Mr. Feng was appointed as the Company’s executive director on 12 May 2021 and was resigned on 25 December 2024.
- (iii) Mr Zhou Lin was appointed as the Company’s executive director on 11 January 2026.
- (iv) Mr. Feng Weiguo was appointed as the Company’s non-executive director on 25 December 2024 and was resigned on 11 January 2026.
- (v) Mr. Feng Qin was appointed as the Company’s non-executive director on 26 January 2022 and was resigned on 11 January 2026. No emolument was paid/payable during the Track Record Period.
- (vi) Mr. Han was appointed as the Company’s non-executive director on 26 January 2022 and was resigned on 11 January 2026. No emolument was paid/payable during the Track Record Period.
- (vii) Ms. Ma was appointed as the Company’s non-executive director on 26 January 2022 and was resigned on 11 January 2026. No emolument was paid/payable during the Track Record Period.
- (viii) Ms. Xiao was appointed as the Company’s non-executive director on 26 January 2022 and was resigned on 11 January 2026. No emolument was paid/payable during the Track Record Period.
- (ix) Mr. Zhang was appointed as the Company’s non-executive director on 26 January 2022 and was resigned on 11 January 2026. No emolument was paid/payable during the Track Record Period.
- (x) Ms. Huang was appointed as the Company’s non-executive director on 11 February 2022 and was resigned on 11 January 2026. No emolument was paid/payable during the Track Record Period.
- (xi) Mr. Lin was appointed as the Company’s non-executive director on 1 September 2022 and was resigned on 11 January 2026. No emolument was paid/payable during the Track Record Period.
- (xii) Mr. Lee Wai Kong Albert, Mr. Shi Kangping and Mr. Chung Chong Sun’s appointment will effective from the date of this Document.

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(b) Retirement benefits of directors

There were no retirement benefits was paid to or receivable by directors during the Track Record Period by defined benefit pension plans operated by the Group.

(c) Termination benefits of directors

There were no director's termination benefits subsisted during the Track Record Period.

(d) Consideration provided to third parties for making available the services of directors

There was no consideration provided to third parties for making available directors' services subsisted during the Track Record Period.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 December 2023, 2024 and nine months ended 30 September 2024 and 2025 there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors.

(f) Material interests of directors in transactions, arrangements or contracts

During the years ended 31 December 2023, 2024 and nine months ended 30 September 2024 and 2025, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had interests, whether directly or indirectly, subsisted at the end of the Track Record Periods or at any time during the Track Record Periods.

(g) Key management compensation

The directors consider the key management personnel to be the members of the Board of Directors of the Company who have the responsibilities for planning, directing and controlling the activities of the Group. Their compensations are disclosed in Note 37(a).

38 SUBSEQUENT EVENTS

On 31 December 2025, the Group granted an aggregate of 72,672,912 share options under Pre-[REDACTED] Share Incentive Plan respectively to eligible directors, employees of the Group to the Group, with the exercise price of RMB0.0073 under the vesting period of zero to four years. The Company is in the process of assessing the fair value of the options as at the respective grant dates and expect to recognise a share-based payment expenses over its vesting period.

39 SUMMARY OF OTHER ACCOUNTING POLICIES

39.1 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully combined from the date on which control is transferred to the Group. They are separated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position respectively.

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(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. All investments in associates in the form of ordinary shares with significant influence are accounted for using the equity method of accounting, after initially being recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that investments accounted for using the equity method are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in "other (losses)/gains — net" in the consolidated statements of comprehensive income.

If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to retained earnings.

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39.2 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

39.3 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The functional currency of the Company is RMB. The Company’s primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB (unless otherwise stated).

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised within “other gain/loss” in the consolidated statements of comprehensive income on a net basis.

Transaction differences on non-monetary financial assets and liabilities are recognised in profit or loss as part of the fair value changes.

(c) *Group companies*

The results and financial position of all the Group’s entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

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39.4 Accounting policies of separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

39.5 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

39.6 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

39.7 Earnings/(loss) per share

(a) *Basic earnings/(loss) per share*

Basic earnings/(loss) per share is calculated by dividing:

- the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) *Diluted earnings/(loss) per share*

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(loss) per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

39.8 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

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39.9 Research and development expenditures

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalised as intangible assets when recognition criteria are fulfilled. These criteria includes: (i) it is technically feasible to complete the software so that it will be available for use; (ii) management intends to complete the software and use or sell it; (iii) there is an ability to use or sell the software; (iv) it can be demonstrated how the software will generate probable future economic benefits; (v) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (vi) the expenditure attributable to the software during its development can be reliably measured. Other development expenditures that do not meet those criteria are recognised as expenses as incurred. During the Track Record Period, there were no development costs meeting these criteria and capitalised as intangible assets.

Development costs previously recognised as expenses are not recognised as assets in subsequent periods. Capitalised development costs are amortised from the point at which the assets are ready for use on a straight-line basis over their useful lives.

Research and development expenses consist primarily of salary and benefits for the Group's research and development personnel.

During the Track Record Period, all research and development expenditures were recognised in the consolidated statements of comprehensive income as dissatisfaction of the recognition criteria for [REDACTED].

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2024 and up to the date of this report.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on [[●], 2026] and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix V in the section headed "Documents delivered to the Registrar of Companies and Available on Display".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on [[●], 2026] and include provisions to the following effect:

2.1 *Directors*

(a) *Power to allot and issue Shares*

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

(b) *Power to dispose of the assets of the Company or any subsidiary*

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(c) *Compensation or payment for loss of office*

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

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(d) Loans to Directors

There are no provisions in the Articles of Association relating to making of loans to Directors.

(e) Financial assistance to purchase Shares

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall the Director be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i)* the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

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- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an [REDACTED], debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the [REDACTED] or [REDACTED] of the [REDACTED];
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
 - (B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

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(g) Remuneration

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all traveling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director's ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to their remuneration as a Director.

(h) Retirement, appointment and removal

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

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There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

- (i) the Director gives notice in writing to the Company that he resigns the office of Director;
- (ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;
- (iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (iv) the Director is found to be or becomes of unsound mind; or
- (v) the Director is removed from office by notice in writing served upon such Director 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 then in office (including such Director).

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or 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 by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

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2.2 *Alteration to constitutional documents*

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.3 *Variation of rights of existing shares or classes of shares*

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorized representative at least one-third of the voting rights of the issued shares of that class.

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.4 *Alteration of capital*

The Company may by ordinary resolution:

- (a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the net

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proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

- (c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and
- (d) cancel any shares that at the date of the passing of the ordinary resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so canceled.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Companies Act.

2.5 *Special resolution – majority required*

A "special resolution" is defined in the Articles of Association to have the same meaning as in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

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2.6 *Voting rights*

Subject to any rights or restrictions attached to any shares, at any general meeting every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have (a) the right to speak; (b) one vote on a show of hands; and (c) one vote for every share of which he is the holder on a poll.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorized representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorized shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

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If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which that person represents as that recognized clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorization, including the right to speak and, where a show of hands is allowed, the right to vote individually on a show of hands.

2.7 *Annual general meetings and extraordinary general meetings*

The Company shall hold a general meeting as its annual general meeting for each financial year within six months (or such other period as may be permitted by the Listing Rules or the Stock Exchange) after the end of such financial year. An annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

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2.8 *Accounts and audit*

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act or authorized by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law.

2.9 *Auditors*

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

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2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice and any extraordinary general meeting shall be called by not less than 14 days' notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Every notice shall specify the place (which, in the case of a virtual meeting, includes a virtual place), the day and the hour of the meeting, particulars of the resolutions and the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

- (a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and
- (b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place (whether physical or virtual) specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place (whether physical or virtual).

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is canceled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

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Where a general meeting is postponed:

- (a) the Company shall endeavor to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;
- (b) the Directors shall fix the date, time and place (whether physical or virtual) for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place (which, in the case of a virtual meeting, includes a virtual place) at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and
- (c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.11 *Transfer of shares*

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard form of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and 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 of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

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- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favor of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on at least 10 business days' notice (or on at least 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

2.12 *Power of the Company to purchase its own shares*

Subject to the provisions of the Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorized by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

2.13 *Power of any subsidiary of the Company to own shares*

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

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2.14 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorize payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realized or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company 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 Directors may think fit on the basis that the shares so allotted are to be of

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the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by check or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct. Every such check or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

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The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorized representative.

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner (including by electronic means) by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

2.16 *Calls on shares and forfeiture of shares*

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days' notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

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If any call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancelation the certificate for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person's liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

2.17 Inspection of register of members

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Companies Act. The Directors may, on giving 10 business days' notice (or 6 business days' notice in the case of a rights issue) by advertisement published on the Stock Exchange's website or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

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2.18 *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorized representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorized representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

2.19 *Rights of minorities in relation to fraud or oppression*

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 *Procedure on liquidation*

Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

- (a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company's paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;
- (b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

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If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 *Untraceable members*

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all checks or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net [REDACTED] of any such sale shall belong to the Company and upon receipt by the Company of such net [REDACTED] it shall become indebted to the former member for an amount equal to such net [REDACTED].

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SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 May 2021 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The 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 size of its authorized share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preferred shares, redeemable shares or any combination thereof.

The 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 premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The 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 such manner as the company may from time to time determine including, but without limitation:

- (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) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);
- (d) writing-off the preliminary expenses of the company;

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- (e) writing-off the expenses of, or the commission paid or [REDACTED] allowed on, any [REDACTED] or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

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 Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors 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 member of the company holding 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.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act 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.

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4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands 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 Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands 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.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

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7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) 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.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the 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.

10 Inspection of Books and Records

Members of a company will have no general right under the 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 of association.

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11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

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14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand 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 and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand 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.

16 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 Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

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17 Restructuring

A company may present a petition to the Grand Court of the Cayman Islands 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; and
- (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

18 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

19 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.

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20 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The undertaking is for a period of twenty years from 21 May 2025.

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. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

21 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

22 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisors on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in the section headed "Documents delivered to the Registrar of Companies and Available on Display" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

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FURTHER INFORMATION ABOUT THE COMPANY

Incorporation

The Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on May 12, 2021. The registered office address of our Company is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Accordingly, our Company’s corporate structure and Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles of Association is set out in Appendix III to this document.

The Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on February 17, 2022. The place of business of the Company in Hong Kong is at Flat 01, 21/F, China Shipbuilding Tower, 650 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong. Mr. Wong Keith Shing Cheung (王承鐸先生) has been appointed as the Company’s authorized representative for the acceptance of service of process and notices in Hong Kong. The address for service of process is Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

As of the date of this document, the Company’s head office was located at Building 69, Zone A, Guangzhou Venture Town, Nos. 1601-1603, Guangzhou Avenue South, Haizhu District, Guangzhou, PRC.

Changes in the Share Capital

A summary of the corporate information and the particulars of the subsidiaries of our Company are set out in the Accountant’s Report in Appendix I to this document. For details of the major subsidiaries and operating entities of our Company, see “History, Reorganization and Corporate Structure — Our Major Subsidiaries”.

The following are the changes in the share capital of the members of our Group that took place during the two years immediately preceding the date of this document:

Guangzhou Qdama Information Technology

On December 20, 2024, the registered capital of Guangzhou Qdama Information Technology Co., Ltd. (廣州市錢大媽信息科技有限公司), currently known as Guangzhou Qinghe Zhiyun Technology Co., Ltd. (廣州青禾智雲科技有限公司), was increased from RMB10 million to RMB15 million.

Chongqing Qdama Supply Chain

On December 31, 2025, the registered capital of Chongqing Qdama Supply Chain Management Co., Ltd. (重慶市錢大媽供應鏈管理有限公司) was increased from RMB5 million to RMB35 million.

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Save as disclosed above, there has been no alteration in the share capital of the subsidiaries of the Company within two years immediately preceding the date of this document.

Resolutions of the Shareholders

On [[●], 2026], resolutions of the Company were passed by the Shareholders that, among other things, conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "Structure of the [REDACTED] — Conditions of the [REDACTED]" and pursuant to the terms set out therein:

- (a) the Company approved and adopted the Memorandum and Articles of Association with effect conditional and immediately upon the [REDACTED];
- (b) the [REDACTED] and the grant of the [REDACTED] were approved and any one Director or one joint company secretary of our Company from time to time or (if applicable), any of his/her/their duly authorized attorney (the "Authorized Signatory") were authorized to allot, issue and transfer the Shares pursuant to the [REDACTED] and the exercise of the [REDACTED];
- (c) the [REDACTED] was approved and any Authorized Signatory would be authorized to implement the [REDACTED];
- (d) subject to the "lock-up" provisions under Rule 10.08 of the Listing Rules, a general unconditional mandate would be granted to the Directors to approve, confirm and ratify that the Company allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers whether during or after the end of the Relevant Period (as defined below), provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to a (i) rights issue, (ii) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares; and (iii) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:
 - (A) [REDACTED]% of the total number of 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
 - (B) the aggregate number of Shares repurchased by the Company (if any) under the general mandate to repurchase Shares referred to in paragraph below.

Such mandate to remain in effect during the period from the passing of the resolution until the earliest of (i) the conclusion of the next annual general meeting the Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or

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subject to conditions, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and Articles of Association or any applicable laws to be held, and (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**"); and

- (e) a general unconditional mandate would be granted to the Directors to exercise all the powers of the Company to repurchase the Shares 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) not exceeding in aggregate 10% of the total number of Shares in issue immediately following the completion of the [REDACTED] but excluding (where applicable) any Shares which may be issued pursuant to the exercise of the [REDACTED] of the Company in accordance with all applicable laws and the requirements of the Listing Rules, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (i) the conclusion of the next annual general meeting of the Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and Articles of Association or any applicable laws to be held, and (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Repurchase of Our Own Shares

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary [REDACTED] is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarized below:

(i) Shareholders' Approval

All proposed repurchases of our Shares (which must be fully paid up) by a company with a primary [REDACTED] on the Stock Exchange must be approved in advance by an ordinary resolution of our Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

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Pursuant to a resolution passed by our Shareholders on [●], 2026, a general mandate (the "**Repurchase Mandate**") was given to our Directors authorizing them to exercise all powers of our Company to repurchase Shares 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, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the [REDACTED] (excluding any Shares which may be issued under the [REDACTED]), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Memorandum and Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of Funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman Islands law, any purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act.

(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 number of shares in issue. A 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 if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed

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minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically canceled and the relative certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as canceled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Companies Act.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive 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 publication of an announcement of a listed company's 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), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Procedural and 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 annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

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(vii) Core Connected Persons

The Listing Rules prohibit a company from knowingly purchasing 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 a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his/her securities to the company.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

(c) Funding of Repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make repurchases with profits of the Company or out of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles of Association and subject to Cayman Companies Act, out of capital.

However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), could accordingly result in up to approximately [REDACTED] Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

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- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

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 in the Cayman Islands.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to our Company.

No core connected person (as defined in the Listing Rules) has notified us that he/she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above.

FURTHER INFORMATION ABOUT THE BUSINESS

Summary of Material Contracts

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

- (a) the supplemental agreement to the shareholders agreement of Qdama International Holding Ltd. (《錢大媽國際控股有限公司有限公司股東協議》之補充協議) dated January 11, 2026 entered into among Qdama International Holding Ltd. (錢大媽國際控股有限公司) (our Company), Qdama International Investment Holding Ltd., Qdama (Hong Kong) Investment Holding Limited, Guangzhou Qdama Agricultural Products Co., Ltd. (廣州市錢大媽農產品有限公司), JS Feng Ltd., Ms. Feng, FWH Holding Ltd., WH Feng Ltd., Qdama Talent Holding Limited, Guangzhou Qdama Supply Chain Co., Ltd. (廣州市錢大媽供應鏈有限公司), Guangzhou Qdama E-commerce Co., Ltd. (廣州市錢大媽

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電子商務有限公司), Guangzhou Caiba Technology Co., Ltd. (廣州市菜吧科技有限公司), Shenzhen Qdama Agricultural Products Co., Ltd. (深圳市錢大媽農產品有限公司), Shanghai Qdama Agricultural Products Co., Ltd. (上海錢大媽農產品有限公司), Shanghai Qdama Enterprise Management Co., Ltd. (上海錢大媽企業管理有限公司), Guangzhou Qdama Fresh Food Chain Co., Ltd. (廣州市錢大媽生鮮食品連鎖有限公司), Qingyuan Qdama Agricultural Products Co., Ltd. (清遠市錢大媽農產品有限公司), Zhuhai Qian Cunchang Agricultural Products Co., Ltd. (珠海市錢村長農產品有限公司), Zhongshan Qdama Agricultural Products Co., Ltd. (中山市錢大媽農產品有限公司), Foshan Qian Cunchang Agricultural and Sideline Products Co., Ltd. (佛山市錢村長農副產品有限公司), Dongguan Qdama Agricultural Products Co., Ltd. (東莞市錢大媽農產品有限公司), Shenzhen Fresh Food Technology Holdings Co., Ltd. (深圳市鮮食科技控股有限公司), Hong Kong Qdama Fresh Foods Chain Store Co., Limited (香港錢大媽生鮮食品連鎖有限公司), JG Queens Holding Limited, HJRY Holding Limited, HJHY Holding Limited, Generation Alpha Investment Ltd., JG Queens Holding Limited, HHZY Holding Limited, Gaorong QDM Holding Limited, Super Fresh Ltd., SHENZHEN LINGYU CO-STONE PRIVATE EQUITY PARTNERSHIP (LIMITED PARTNERSHIP) (深圳市領譽基石股權投資基金合夥企業(有限合夥)), Shenzhen Linghui Cornerstone Equity Investment Fund Partnership (Limited Partnership) (深圳市領匯基石股權投資基金合夥企業(有限合夥)), Taikang Life Insurance Co., Ltd. (泰康人壽保險有限公司), Lighthouse Gotrays Limited, Generation Alpha Omega Investment Ltd., STARSEA INTERNATIONAL LIMITED, Yunrui Capital, Immensus Capital China PE Fund II LP - SPV I, Hezhi Fresh Food (Shenzhen) Enterprise Chain Management Partnership Enterprise (Limited Partnership) (和智鮮食(深圳)企業連鎖管理合夥企業(有限合夥)), Guangzhou Hezhi Fresh Enterprise Management Center (Limited Partnership) (廣州和智鮮生企業管理中心(有限合夥)), Shenzhen Hanyuan Investment Center (Limited Partnership) (深圳瀚源投資中心(有限合夥)) pursuant to which Shareholders' special rights were to be terminated accordingly; and

(b) the [REDACTED].

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Intellectual Property

As of the Latest Practicable Date, the following intellectual property rights are material to the Group’s business:

Trademarks

As of the Latest Practicable Date, the Group had registered the following trademarks which are material to its business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1. . .	钱大妈	16	Guangzhou Qdama	Chinese Mainland	70806822	December 6, 2033
2. . .	钱大妈	29	Guangzhou Qdama	Chinese Mainland	70830824	December 13, 2033
3. . .	钱大妈	9	Guangzhou Qdama	Chinese Mainland	70805835	December 13, 2033
4. . .	钱大妈 钱大妈心选厨	35	Guangzhou Qdama	Chinese Mainland	70796814	November 20, 2033
5. . .	钱大妈	25	Guangzhou Qdama	Chinese Mainland	70797908	December 13, 2033
6. . .	钱大妈	35	Guangzhou Qdama	Chinese Mainland	70817573	December 6, 2033

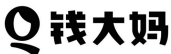
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No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
7. . .		29	Guangzhou Qdama	Chinese Mainland	66932756	November 6, 2033
8. . .		9	Guangzhou Qdama	Chinese Mainland	66931862	November 6, 2033
9. . .		35	Guangzhou Qdama	Chinese Mainland	66373987	November 6, 2033
10. . .		29	Guangzhou Qdama	Chinese Mainland	64491025	August 27, 2033
11. . .		29	Guangzhou Qdama	Chinese Mainland	63008700	August 27, 2033
12. . .		43	Guangzhou Qdama	Chinese Mainland	61071661	May 27, 2032
13. . .		35	Guangzhou Qdama	Chinese Mainland	61021016	July 6, 2033
14. . .		29	Guangzhou Qdama	Chinese Mainland	61048654	November 6, 2033
15. . .		31	Guangzhou Qdama	Chinese Mainland	61008564	November 6, 2033

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No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
16. . .		16	Guangzhou Qdama	Chinese Mainland	61065945	May 27, 2032
17. . .		35	Guangzhou Qdama	Chinese Mainland	53669985	September 13, 2031
18. . .		30	Guangzhou Qdama	Chinese Mainland	48441348	April 6, 2031
19. . .		35	Guangzhou Qdama	Chinese Mainland	12922347	December 13, 2034
20. . .		29	Guangzhou Qdama	Chinese Mainland	8970330	December 27, 2031
21. . .		35	Guangzhou Qdama	Chinese Mainland	73452708	November 20, 2034
22. . .		29	Guangzhou Qdama	Chinese Mainland	82052636	June 27, 2035
23. . .		31	Guangzhou Qdama	Chinese Mainland	82041479	July 20, 2035
24. . .		16	Guangzhou Qdama	Chinese Mainland	80735983	September 6, 2035
25. . .		30	Guangzhou Qdama	Chinese Mainland	57819028	May 20, 2032
26. . .		39	Guangzhou Qdama	Chinese Mainland	73613471	April 20, 2034
27. . .		35	Guangzhou Caiba Technology Co., Ltd. (廣州市菜吧科技有限公司)	Chinese Mainland	79094404	December 6, 2034

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No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
28. . .		29	Guangzhou Caiba Technology Co., Ltd. (廣州市菜吧科技有限公司)	Chinese Mainland	79107631	December 6, 2034
29. . .		31	Guangzhou Caiba Technology Co., Ltd. (廣州市菜吧科技有限公司)	Chinese Mainland	79115318	December 6, 2034
30. . .		35	Guangzhou Caiba Technology Co., Ltd. (廣州市菜吧科技有限公司)	Chinese Mainland	79100774	December 6, 2034

Domain Name

As of the Latest Practicable Date, the Group had registered the following domain name which is material to its business:

No.	Domain Name	Registered Owner	Expiry Date
1. . . .	qdama.com	Guangzhou Qdama	October 3, 2030
2. . . .	qdm.com	Guangzhou Qdama	May 6, 2031
3. . . .	qdama.com.cn	Guangzhou Qdama	April 10, 2034
4. . . .	qdama.net	Guangzhou Qdama	April 10, 2034
5. . . .	錢大媽.cn	Guangzhou Qdama	August 5, 2033
6. . . .	錢大媽.com	Guangzhou Qdama	March 17, 2031
7. . . .	錢大媽.net	Guangzhou Qdama	August 5, 2030
8. . . .	錢大媽.中國	Guangzhou Qdama	August 5, 2030
9. . . .	qiandama.cn	Guangzhou Qdama	January 24, 2031
10. . .	qiandama.com	Guangzhou Qdama	April 14, 2030
11. . .	qdama.cn	Guangzhou Qdama	April 2, 2028

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No.	Domain Name	Registered Owner	Expiry Date
12. . .	qdm.mall.com	Guangzhou Qdama E-commerce Company Limited (廣州市錢大媽電子商務有限公司)	January 11, 2031
13. . .	qdm.mall.cn	Guangzhou Qdama E-commerce Company Limited	January 11, 2031
14. . .	qdm-mall.cn	Guangzhou Qdama E-commerce Company Limited	January 11, 2031
15. . .	qdm-mall.com	Guangzhou Qdama E-commerce Company Limited	January 11, 2031

Patents

As of the Latest Practicable Date, the Group had registered the following patents which are material to its business:

No.	Patent Holder	Patent Name	Patent Number	Type	Date of Application	Patent Term	Jurisdiction of Registration
1. . .	Guangzhou Qdama	A pesticide safety interval monitoring system and method (一種打藥安全間隔期監管系統及方法)	ZL202311092350.0	Invention	August 28, 2023	20 years	Chinese Mainland
2. . .	Guangzhou Qdama	Storefront (門店門面)	ZL202330221685.2	Design	April 20, 2023	15 years	Chinese Mainland
3. . .	Guangzhou Qdama	A shelf (一種貨架)	ZL202122458425.5	Utility model	October 12, 2021	10 years	Chinese Mainland
4. . .	Guangzhou Qdama	A method and system for handling fresh product inventory (一種生鮮商品的庫存處理方法及系統)	ZL202011357411.8	Invention	November 27, 2020	20 years	Chinese Mainland
5. . .	Guangzhou Qdama	Mascot doll (black fur) (吉祥物公仔 (黑毛))	ZL201830099060.2	Design	March 16, 2018	10 years	Chinese Mainland
6. . .	Guangzhou Qdama	Label (beef) (標貼 (黃牛肉))	ZL201730270733.1	Design	June 27, 2017	10 years	Chinese Mainland
7. . .	Guangzhou Qdama	Label (premium fresh meat) (標貼 (優鮮肉))	ZL201730270691.1	Design	June 27, 2017	10 years	Chinese Mainland
8. . .	Guangzhou Qdama	Label (fresh lamb) (標貼 (新鮮羊肉))	ZL201730270731.2	Design	June 27, 2017	10 years	Chinese Mainland

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No.	Patent Holder	Patent Name	Patent Number	Type	Date of Application	Patent Term	Jurisdiction of Registration
9. . .	Guangzhou Qdama	Toy (black fur) (玩具(黑毛))	ZL202430226185.2	Design	April 22, 2024	15 years	Chinese Mainland
10. .	Guangzhou Qdama	Fresh-keeping partition board (保鮮隔板)	ZL202430518370.9	Design	August 15, 2024	15 years	Chinese Mainland
11. .	Guangzhou Qdama Supply Chain	Label (seafood) (標貼(海產品))	ZL201730270698.3	Design	June 27, 2017	10 years	Chinese Mainland
12. .	Guangzhou Qdama Information Technology Company Limited (廣州市錢大媽信息科技有限公司)	Intelligent scheduling method, device, computer equipment and storage medium (智能調度方法、裝置、計算機設備及存儲介質)	ZL202111191387.X	Invention	October 13, 2021	20 years	Chinese Mainland
13. .	Guangzhou Qdama Information Technology Company Limited	Method and device for controlling moving average price when creating material vouchers in SAP system (SAP系統創建物料憑證控制移動平均價的方法及裝置)	ZL202111135674.9	Invention	September 27, 2021	20 years	Chinese Mainland
14. .	Shenzhen Qdama Agricultural	Label (selected vegetables) (標貼(精選蔬菜))	ZL201730270732.7	Design	June 27, 2017	10 years	Chinese Mainland
15. .	Shenzhen Qdama Agricultural	Label (freshwater fish) (標貼(淡水魚))	ZL201730270680.3	Design	June 27, 2017	10 years	Chinese Mainland
16. .	Shenzhen Fresh Food Technology Company Limited (深圳鮮食科技有限公司)	Method and system for monitoring temperature during fresh food transportation using IoT (一種用於生鮮食品運輸的物聯網監控溫度的方法和系統)	ZL202111671146.5	Invention	December 31, 2021	20 years	Chinese Mainland

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No.	Patent Holder	Patent Name	Patent Number	Type	Date of Application	Patent Term	Jurisdiction of Registration
17.	Guangzhou Qdama	Toy (White-brow Elder) (公仔(白眉長老))	ZL202030727984.X	Design	November 27, 2020	10 years	Chinese Mainland
18.	Guangzhou Qdama	Toy (mascot doll Hua Xiaobao) (公仔(吉祥物花小豹))	ZL202030720489.6	Design	November 26, 2020	10 years	Chinese Mainland
19.	Guangzhou Qdama	Mascot doll (La Xiaofei) (吉祥物公仔(辣小飛))	ZL201830101610.X	Design	March 19, 2018	10 years	Chinese Mainland
20.	Guangzhou Qdama	Mascot doll (Bai Tuo) (吉祥物公仔(白陀))	ZL201830098871.0	Design	March 16, 2018	10 years	Chinese Mainland
21.	Guangzhou Qdama	Mascot doll (Li Bai) (吉祥物公仔(里白))	ZL201830099068.9	Design	March 16, 2018	10 years	Chinese Mainland
22.	Guangzhou Qdama	Mascot doll (Sha Gu) (吉祥物公仔(沙姑))	ZL201830098854.7	Design	March 16, 2018	10 years	Chinese Mainland
23.	Guangzhou Qdama	Mascot doll (Qing Yishan) (吉祥物公仔(青一山))	ZL201830099067.4	Design	March 16, 2018	10 years	Chinese Mainland
24.	Guangzhou Qdama	Mascot doll (Master Calculator) (吉祥物公仔(神算子))	ZL201830098862.1	Design	March 16, 2018	10 years	Chinese Mainland
25.	Guangzhou Qdama	Mascot doll (Mao Tou) (吉祥物公仔(毛頭))	ZL201830098865.5	Design	March 16, 2018	10 years	Chinese Mainland
26.	Guangzhou Caiba Technology Co., Ltd. (廣州市菜吧科技有限公司)	Toy (big orange) (公仔(大橘))	ZL202230514259.3	Design	August 8, 2022	15 years	Chinese Mainland

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Copyrights

As of the Latest Practicable Date, the Group had registered the following copyrights which are material to its business:

No.	Copyright	Copyright type	Registered Owner	Registration Number	Registration Date
1. . .	Qdama Data Service Development Platform (錢大媽數據服務開發平台)	Computer Software	Guangzhou Qdama	2022SR0010807	January 4, 2022
2. . .	Qdama Data Visualization Dashboard System (錢大媽數據可視化大屏系統)	Computer Software	Guangzhou Qdama	2021SR2005504	December 6, 2021
3. . .	Qdama Smart Store Location Selection System (錢大媽門店智慧選址系統)	Computer Software	Guangzhou Qdama	2021SR2005520	December 6, 2021
4. . .	Qdama Fresh Produce Quality Control System (錢大媽生鮮品控系統)	Computer Software	Guangzhou Qdama	2021SR0546377	April 12, 2021
5. . .	Qdama Store Management System (錢大媽門店管理系統)	Computer Software	Guangzhou Qdama	2021SR0324943	February 18, 2021
6. . .	Qdama Supply Chain Assistant System (錢大媽供應鏈助手系統)	Computer Software	Guangzhou Qdama	2021SR0253114	February 19, 2021
7. . .	Qdama Order Management System (錢大媽訂單管理系統)	Computer Software	Guangzhou Qdama	2021SR0253076	February 19, 2021
8. . .	Qdama Product Management System (錢大媽商品管理系統)	Computer Software	Guangzhou Qdama	2021SR0251182	February 18, 2021
9. . .	Qdama Fresh Warehouse Material Management System (錢大媽生鮮倉物料倉管理系統)	Computer Software	Guangzhou Qdama Information Technology Company Limited	2023SR1030457	September 8, 2023
10. .	Smart Middle Platform Store Inspection System (智慧中台巡店系統)	Computer Software	Guangzhou Qdama Information Technology Company Limited	2023SR0497318	April 24, 2023

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No.	Copyright	Copyright type	Registered Owner	Registration Number	Registration Date
11.	Supplier Settlement Automation Platform (供應商結算自動化平台)	Computer Software	Guangzhou Qdama Information Technology Company Limited	2023SR0376072	March 21, 2023
12.	Qdama Fresh Warehouse Smart WMS Efficiency Management System (錢大媽生鮮倉智慧WMS人效管理系統)	Computer Software	Guangzhou Qdama Information Technology Company Limited	2023SR0375236	March 21, 2023
13.	Event Data Analysis Platform (事件數據分析平台)	Computer Software	Guangzhou Qdama Information Technology Company Limited	2023SR0275699	February 23, 2023
14.	Qdama ITSM Work Order Platform (錢大媽ITSM工單平台)	Computer Software	Guangzhou Qdama Information Technology Company Limited	2023SR0128723	January 20, 2023
15.	Qdama Real-Time Data Dashboard System (錢大媽實時數據大屏系統)	Computer Software	Guangzhou Qdama Information Technology Company Limited	2023SR0113148	January 18, 2023
16.	Qdama Franchisee Management Platform (錢大媽加盟商管理平台)	Computer Software	Guangzhou Qdama Information Technology Company Limited	2023SR0089150	January 16, 2023
17.	Smart Middle Platform AI Inspection System (智慧中台AI巡檢系統)	Computer Software	Guangzhou Qdama Information Technology Company Limited	2025SR0335132	February 26, 2025

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No.	Copyright	Copyright type	Registered Owner	Registration Number	Registration Date
18.	Qian Nong Hui Monitoring Management System (錢農慧監控管理系統)	Computer Software	Guangzhou Qdama	2025SR0365277	March 3, 2025
19.	Qdama Indicator Management Platform (錢大媽指標管理平台)	Computer Software	Guangzhou Qdama	2022SR0010830	January 4, 2022
20.	Qdama TMS Intelligent Dispatch System (錢大媽TMS智能調度系統)	Computer Software	Guangzhou Qdama	2021SR2213061	December 29, 2021
21.	Qdama E-commerce WMS System Picking Wall Platform (錢大媽電商WMS系統播種牆平台)	Computer Software	Guangzhou Qdama	2021SR2213062	December 29, 2021
22.	Qdama Price Information Platform (錢大媽價格資訊平台)	Computer Software	Guangzhou Qdama	2021SR2213065	December 29, 2021
23.	Qdama Supply Chain Assistant PC System (錢大媽供應鏈助手PC系統)	Computer Software	Guangzhou Qdama	2021SR0520547	April 15, 2021
24.	Qdama Smart Fresh Warehouse Management System (錢大媽智慧生鮮倉庫管理系統)	Computer Software	Guangzhou Qdama	2021SR0251169	February 18, 2021
25.	Qdama Omnichannel Middle Platform Price Strategy Platform (錢大媽全渠道中台系統價格策略平台)	Computer Software	Guangzhou Qdama	2020SR1044564	September 4, 2020

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No.	Copyright	Copyright type	Registered Owner	Registration Number	Registration Date
26.	Qdama Omnichannel Middle Platform Store Promotion Management Platform (錢大媽全渠道中台系統門店促銷管理平台)	Computer Software	Guangzhou Qdama	2020SR1044538	September 4, 2020
27.	Qdama Omnichannel Middle Platform Store Ordering Management Platform (錢大媽全渠道中台系統門店訂購管理平台)	Computer Software	Guangzhou Qdama	2020SR0658602	June 22, 2020
28.	Qdama Store 2.0 New Image Design (錢大媽門店2.0版本新形象設計)	Copyright of Works	Guangzhou Qdama	國作登字-2023-F-00136257	July 6, 2023
29.	Qdama (Store Song) – Fresh Life Defined by Me Sheet Music (錢大媽(門店曲)——新鮮生活我定義歌譜)	Copyright of Works	Guangzhou Qdama Fresh Food Chain Co., Ltd., (廣州市錢大媽生鮮食品連鎖有限公司)	國作登字-2020-B-01215196	December 29, 2020
30.	Qdama (Store Song) – Fresh Life Defined by Me Lyrics (錢大媽(門店曲)——新鮮生活我定義歌詞)	Copyright of Works	Guangzhou Qdama Fresh Food Chain Co., Ltd.,	國作登字-2020-A-01215195	December 29, 2020
31.	Qdama “Fresh” Clock (錢大媽「鮮」時鐘)	Copyright of Works	Guangzhou Qdama	國作登字-2025-F-00333909	November 14, 2025

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

DISCLOSURE OF INTERESTS

Disclosure of Interests of Directors and Chief Executive in the Company and Associated Corporations

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the interests or short positions of our Directors and chief executives in the Shares, underlying shares and debentures of our Company, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Name of Director or chief executive	Nature of interest ⁽¹⁾	Number of Shares as of the Latest Practicable Date	Approximate percentage of interest in our Company immediately after [REDACTED]
Ms. FENG ⁽²⁾⁽³⁾⁽⁴⁾	Interest in controlled corporations	1,211,858,719	[REDACTED]%

Notes:

- (1) All interests stated are long positions.
- (2) As of the Latest Practicable Date, JS Feng Ltd. was wholly owned by FWH Holding Ltd., which in turn was wholly owned by Ms. Feng. Therefore, each of Ms. Feng and FWH Holding Ltd. is deemed to be interested in the Shares held by JS Feng Ltd. in the Company under the SFO.
- (3) Qdama Talent is a platform holding the underlying incentive Shares under the Pre-[REDACTED] Share Incentive Scheme. A total of 251,633,875 Shares were allotted and issued to Qdama Talent for the purpose of the Pre-[REDACTED] Share Incentive Scheme. As of the Latest Practicable Date, Qdama Talent is legally owned by TMF Trust (HK) Limited as trustee of the QDM Employee Trust, which was established by the Company as the settlor for the purpose of the Pre-[REDACTED] Share Incentive Scheme. Qdama Talent is ultimately controlled by Ms. Feng. As such, each of TMF Trust (HK) Limited and Ms. Feng is deemed to be interested in the 251,633,875 Shares held by TMF Trust (HK) Limited. See “Statutory and General Information — Further Information about the Directors — The Pre-[REDACTED] Share Incentive Scheme” in Appendix IV to this document.
- (4) As of the Latest Practicable Date, WH Feng Ltd. held 74,016,285 Shares of the Company. As of the Latest Practicable Date, WH Feng Ltd. was wholly owned by FWH Holding Ltd., which in turn was wholly owned by Ms. Feng. Therefore, each of Ms. Feng and FWH Holding Ltd. is deemed to be interested in the Shares held by WH Feng Ltd. in the Company under the SFO.

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Disclosure of Interests of Substantial Shareholders in Other Members of The Company

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors or chief executive of our Company) were 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 other member of our Group:

	<u>Name of Members of our Group</u>	<u>Name of Shareholder</u>	<u>Percentage of Shareholding</u>
1	Shenzhen Fresh Food Technology Holdings Co., Ltd. (深圳市鮮食科技控股有限公司)	Mr. XUE Junnan (薛俊男先生)	20.00%

So far as set out above, as of the Latest Practicable Date, our Directors are not aware of any persons who would, immediately following the completion of the [REDACTED], be directly or indirectly interested in 10% or more of the issued voting Shares of the other members of the Company (other than our Company).

FURTHER INFORMATION ABOUT THE DIRECTORS

Particulars of Directors’ Service Contracts

(a) *Executive Directors*

Each of our executive Directors [has entered into] a service contract with us pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from the date of his/her appointment as a Director or since the [REDACTED] Date (whichever ends earlier). Either party has the right to give not less than three months’ written notice to terminate the agreement. Details of the Company’s remuneration policy is described in section headed “Directors and Senior Management — Compensation of Directors and Senior Management.”

(b) *Non-executive Directors and independent non-executive Directors*

The non-executive Director has entered into an appointment letter with us pursuant to which he agreed to act as an non-executive Director for an initial term for his appointment letter shall commence from the date of his/her appointment as a Director or since the [REDACTED] (whichever ends earlier) and shall continue for three years (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month’s prior notice in writing.

Each of the independent non-executive Directors has entered into an appointment letter with our Company on January 11, 2026. The initial term for their appointment letters shall be three years from January 11, 2026 (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month’s prior notice in writing.

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Remuneration of Directors

- Save as disclosed above, none of our Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).
- Save as disclosed in "Directors and Senior Management" and the Accountants' Report set out in Appendix I to this document, none of our Directors received other remunerations or benefits in kind from us for the two financial years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025.
- Under the arrangements currently in force, the aggregate amount of remuneration (including any discretionary bonus which may be paid) payable by our Group to our Directors for the financial year ending December 31, 2026 is expected to be approximately RMB42.3 million.
- No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or has been received by, our Directors, former Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.
- Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

Disclaimers

- (a) None of the Directors nor any of the experts referred to in "— Other Information — Qualifications and Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group;
- (b) Save in connection with the [REDACTED], none of the Directors nor any of the experts referred to in "— Other Information — Qualifications and Consents of Experts" below, is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group;
- (c) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this document to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the [REDACTED] or related transactions as mentioned;

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- (d) Taking no account of any Shares which may be taken up under the [REDACTED], so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following completion of the [REDACTED], have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), 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 the Group;
- (e) None of the Directors or chief executives of the Company has any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange once the Shares are listed thereon; and
- (f) So far as is known to our Directors, none of our Directors, their respective close associates or our Shareholders who are interested in more than 5% of the share capital of our Group has any interests in the five largest customers or the five largest suppliers of our Group.

THE PRE-[REDACTED] SHARE INCENTIVE PLAN

The below is a summary of the principal terms of the Share Incentive Scheme adopted by the Company on November 30, 2021. The Pre-[REDACTED] Share Incentive Scheme was the continuation of the then share incentive scheme adopted by Guangzhou Qdama, our main operating entity in the PRC. The terms of the Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of shares or options over our shares of our Company after [REDACTED].

Given that all the underlying Shares of the options under the Pre-[REDACTED] Share Incentive Scheme have been issued and allotted to Qdama Talent Holdings Limited (the “**ESOP Platform**”) for future exercise of the options, there will not be any dilutive effect to the total issued Shares upon the exercise of the options under the Pre-[REDACTED] Share Incentive Scheme.

As of the Latest Practicable Date, the total number of underlying Shares of all the options granted under the Pre-[REDACTED] Share Incentive Scheme shall not in aggregate exceed 251,633,875 Shares, equivalent to 10.52% of the total issued Shares of the Company. For details of the ESOP Platform, see “History, Reorganization and Corporate Structure.”

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(a) Purposes

The purpose of the Pre-[REDACTED] Share Incentive Schemes is to recognize the contribution of our employees to the Group and motivate them to further promote the development of our Group.

(b) Eligible participants

Persons eligible to participate in the Pre-[REDACTED] Share Incentive Schemes are the management members and key employees of our Group.

The Board, or the general manager of the Company duly authorised by the Board, may, make an offer of the grant of option to the Directors, employees or other persons who have contributed or will contribute to the Group (the “Participants”).

(c) Grant of the Option

As of the Latest Practicable Date, all the options under the Pre-[REDACTED] Share Incentive Scheme have been granted to 297 selected Participants.

(d) Vesting Period

The major vesting period arrangements are as follows.

	<u>Vesting period</u>	<u>Maximum percentage that can be vested</u>
First vesting period	24 months after the grant date	50%
Second vesting period	36 months after the grant date	25%
Third vesting period	48 months after the grant date	25%

The Advisory Committee may set vesting conditions, including performance targets. The Board may waive or accelerate any vesting requirement for any outstanding and unexercised options.

(e) Exercise of Options

The exercise price of the option is RMB0.007332 per Share. The options may be exercised only after the [REDACTED].

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(f) Maximum Number of Shares Available under the Pre-[REDACTED] Share Incentive Scheme

The total number of Shares underlying all the options granted under the Pre-[REDACTED] Share Incentive Scheme shall not in aggregate exceed 251,633,875 Shares, equivalent to 10.52% of the total issued Shares of the Company as of the Latest Practicable Date and being [REDACTED]% of the enlarged total issued Shares in the Company immediately after completion of the [REDACTED] (assuming that the [REDACTED] are not exercised), which have been issued and allotted to the ESOP Platform in full. The maximum number of Shares may be adjusted, in the event of a [REDACTED] issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company, provided that any such adjustment shall comply with the Listing Rules and the guidance from the Stock Exchange from time to time.

OTHER INFORMATION

Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group.

Litigation

As of the Latest Practicable Date, the Company was not engaged in any outstanding litigation or arbitration which may have material adverse effect on the [REDACTED] and, so far as the Directors are aware, no material litigation or claim was pending or threatened by or against the Company.

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Stock Exchange for the [REDACTED] of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the [REDACTED] (including any Shares which may be issued pursuant to the exercise of the [REDACTED]). All necessary arrangements have been made enabling the Shares to be admitted into [REDACTED].

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

Our Company has entered into an engagement agreement with the Joint Sponsors, pursuant to which our Company agreed to pay each Joint Sponsor a fee of US\$500,000 to act as a sponsor to our Company in connection with the [REDACTED].

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STATUTORY AND GENERAL INFORMATION

Preliminary Expenses

The Company has not incurred any material preliminary expenses.

No Material Adverse Change

Our Directors confirm that up to Latest Practicable Date, there has been no material adverse change in our financial, operational or trading positions or prospects since September 30, 2025, being the end of the period reported on as set out in the Accountant’s Report in Appendix I to this document.

Qualifications and Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with inclusion of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they respectively appear.

As of the Latest Practicable Date, none of the experts named below has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this document are as follows:

Name of Expert	Qualifications
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
ABCI Capital Limited	A licensed corporation under the SFO for type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Cap. 588)
Jingtian & Gongcheng	Legal advisor to our Company as to PRC law

APPENDIX IV

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Name of Expert

Qualifications

Maples and Calder (Hong Kong) LLP Legal advisor as to Cayman Islands laws

China Insights Consultancy Independent industry consultant

Each of the experts listed above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which they respectively appear.

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.

Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon 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).

Miscellaneous

Save as otherwise disclosed in this document,

- (a) within the two years preceding the date of this document:
 - a. no share or loan capital of the Company or any of its subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - b. no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - c. no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share of our Company or any of our subsidiaries; and
 - d. no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company.

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- (b) there are no founder, management or deferred shares or any debentures in our Company or any of our subsidiaries;
- (c) there has not been any interruption in the business of the Company which may have or has had a significant effect on the financial position of the Company in the 12 months preceding the date of this document;
- (d) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (e) our Company has no outstanding convertible debt securities or debentures;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived;
- (g) none of our equity and debt securities is [REDACTED] or dealt with in any other stock exchange nor is any [REDACTED] or permission to deal being or proposed to be sought.

APPENDIX V	DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of the material contracts referred to in “Appendix IV — Statutory and General Information — Further Information about the Business — Summary of Material Contracts”; and
- (b) the written consents referred to in “Appendix IV — Statutory and General Information — Other Information — Qualifications and Consents of Experts.”

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company’s website at www.qdama.com during a period of 14 days from the date of this document:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the Accountant’s Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this document;
- (c) the report from PricewaterhouseCoopers on the unaudited [REDACTED] financial information, the text of which is set out in Appendix II to this document;
- (d) the audited consolidated financial statements of the Group for [the years ended December 31, 2023, 2024 and 2025];
- (e) the legal opinion from Jingtian & Gongcheng, the Company’s PRC Legal Advisor, in respect of, among other things, the general matters and property interests of the Group under the PRC laws;
- (f) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisor as to Cayman Islands law, summarizing certain aspects of the Cayman Islands company law referred to in Appendix III to this document;
- (g) the Cayman Companies Act;
- (h) the industry report prepared by China Insights Consultancy referred to in the section headed “Industry Overview” in this document;
- (i) the service contracts between each of the Directors and the Company referred to in “Appendix IV — Statutory and General Information — Further Information about the Directors — Particulars of Directors’ Service Contracts”;

APPENDIX V

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

- (j) each of the material contracts referred to in “Appendix IV — Statutory and General Information — Further Information about the Business — Summary of Material Contracts”;
- (k) the written consents referred to in “Appendix IV — Statutory and General Information — Other Information — Qualifications and Consents of Experts”; and
- (l) the PRC Company Law, the PRC Securities Law and the Overseas Listing Trial Measures together with their unofficial English translations.