

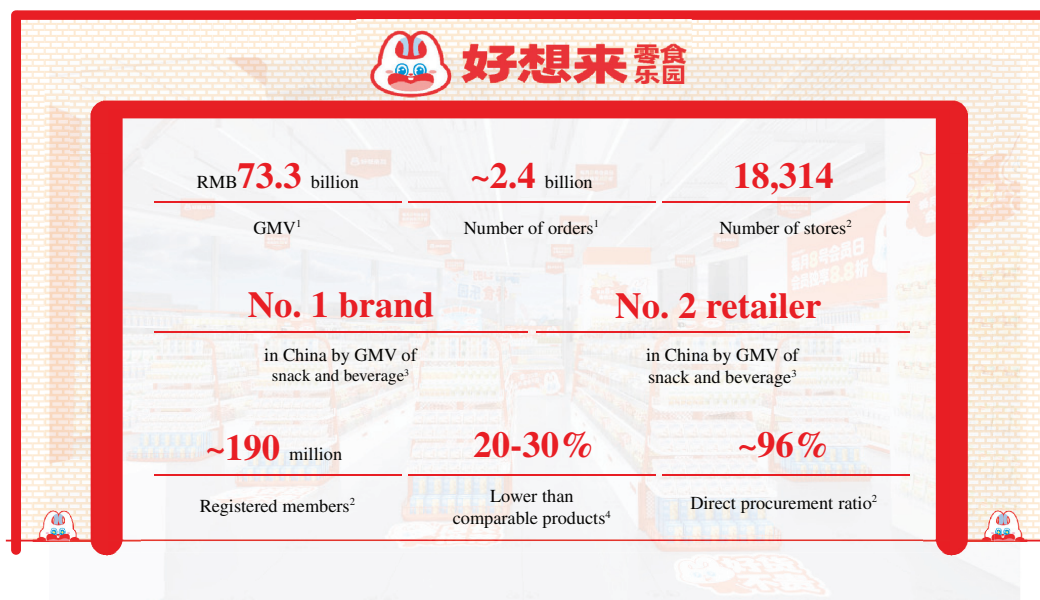
BUSINESS

OVERVIEW

We are a large-scale and fast-growing snack and beverage retailer, with our GMV increasing at a CAGR of 156.4% from 2023 to 2025. In terms of GMV of snack and beverage in 2025, our nationwide brand *Haoxianglai* ranked as the No. 1 snack and beverage retail brand in China, and was the first brand of value retail for snack and beverage to surpass 10,000 stores nationwide in 2024, with the second brand in the industry reaching this milestone in 2025, according to CIC. We also engage in the cultivation and sale of fresh edible fungi products to consumers nationwide. In 2025, we generated 98.8% of revenue from selling snacks and beverages and 1.2% from selling edible fungi products.

We mainly operate as a value retailer for snack and beverage, which refers to a retailer that offers multi-brand, multi-category snack and beverage products at competitive prices through a streamlined and cost-efficient supply chain. Building on this positioning, we are committed to offering consumer a shopping experience with a broad selection of affordable products of consistent quality through our advantages of scale and highly efficient supply chain.

- Our scale.** As of December 31, 2025, our network had 18,314 stores across 30 provinces, municipalities and autonomous regions in China. We hold a leading position in regions with strong consumer spending such as the Yangtze River Delta and in populous provinces including the Shanhe Four Provinces (namely Shandong, Shanxi, Henan and Hebei). According to CIC, in 2025, our Group was the largest value retailer for snack and beverage in both the Yangtze River Delta and the Shanhe Four Provinces, with market shares of approximately 63% and 55%, respectively, and GMV of 2.3 times and 1.6 times that of the respective second-largest competitors. We primarily employ a franchise model to grow our store network. In 2025, revenue from our franchised stores accounted for 98.0% of our total revenue. Our scale is further reinforced by a loyal consumer base. We had around 190 million registered members as of December 31, 2025 and over 144 million active members in 2025. In December 2025, the average monthly purchasing frequency of our active members was 3.0 times.
- Our efficiency.** Our costs of sales include costs for procuring snacks and beverages from suppliers. By streamlining layers of distribution and enhancing fulfillment, our supply chain achieves high efficiency. As of December 31, 2025, approximately 96% of our products were sourced directly from brand owners and distributed through 48 ambient and nine cold-chain warehouses nationwide. This model enables us to offer retail prices on average 20-30% lower than comparable products in hypermarkets, supermarkets and convenience stores, according to CIC, while allowing both our franchise partners and us to maintain healthy profit margins.



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Notes:

- (1) In 2025.
- (2) As of December 31, 2025.
- (3) Representing ranking of our Group and *Haoxianglai* in the snack and beverage retail market, in terms of GMV of snack and beverage in 2025, according to CIC.
- (4) On average 20-30% lower than comparable products in hypermarkets, supermarkets and convenience stores, according to CIC.

Our Market Opportunity

We currently focus on the snack and beverage market, a trillion-scale segment with strong growth momentum, and intend to extend our proven model across the wider value retail market for fast-moving consumer goods.

According to CIC, the overall snack and beverage market in China reached RMB4.3 trillion in 2025. Within the snack and beverage retail industry, value retail accounted for below 5%, significantly below penetration levels in mature markets such as the United States and Germany. At the same time, value retail for snack and beverage represents the fastest-growing channel, with a projected CAGR of 27.7% from 2025 to 2030. By 2030, such segment is expected to reach RMB725.9 billion, accounting for 13.0% of the overall snack and beverage market.

We believe that, with our nationwide store network, highly efficient supply chain, digital infrastructure, and a collaborative franchise ecosystem, we are well positioned to replicate our success beyond snack and beverage. Over time, we expect to further develop into a full-fledged value retail model, drive efficiency and upgrades in offline retail, and seize significant growth opportunities of the value retail industry. According to CIC, the market size of China’s value retail industry is expected to reach RMB1,145.7 billion by 2030, representing a CAGR of 25.0% from 2025 to 2030.

Our Growth Engine

Our growth engine is built on five self-reinforcing elements that together power a development process of scalability and efficiency.

Expansion of store network with nationwide brand. As of December 31, 2025, we operated 18,314 stores nationwide, achieving both broad coverage and deep penetration. We have secured our strong market presence in the Yangtze River Delta, one of China’s regions with high income level, and established a stronghold in the Shanhe Four Provinces, some of the regions with large population bases with strong consumption potential. This dual focus on regions with high disposable income and populous provinces provides a solid foundation for sustainable growth. Our flagship brand *Haoxianglai*, now with over 17,000 stores, embodies our positioning of “unified brand, nationwide network”, amplifying the impact of nationwide marketing and ensuring a consistent consumer experience.

Bargaining power through scaled procurement. Leveraging the scale of our nationwide store network, we are able to adopt a centralized and large-scale procurement model. As of December 31, 2025, approximately 96% of our products are sourced directly from brand owners, eliminating layers of intermediaries, reducing costs and improving efficiency. Our scale strengthens our bargaining power with suppliers. At the same time, we help upstream manufacturers align product development more closely with market demand, reduce trial-and-error costs and improve production efficiency.

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Providing affordable products. Our cost advantages are passed directly to consumers. According to CIC, our retail prices are on average 20-30% lower than comparable products in hypermarkets, supermarkets and convenience stores. With competitive prices and a wide selection tailored to local tastes, we ensure that consumers enjoy both quality and affordability in their daily purchases.

Delivering value to consumers. By offering assortments at affordable prices and a unified shopping experience, we served around 2.4 billion transactions in 2025, doubling the 1.2 billion transactions in 2024. Through effective marketing and membership programs, we have strengthened interaction and connection with consumers, building an extensive and loyal member base. We had around 190 million registered members as of December 31, 2025 and over 144 million active members in 2025. In December 2025, the average monthly purchasing frequency of our active members was 3.0 times.

Partnership with franchisees. Our strong brand equity and proven store economics enable us to attract and retain franchise partners. In 2025, our franchised store closure rate was only 3.0%, significantly lower than the industry average of over 10% according to CIC, demonstrating both the resilience of our business model and the confidence of our franchise partners.

Together, these five elements form a self-reinforcing cycle. Store network expansion generates the initial momentum, which supports centralized procurement and stronger bargaining power with suppliers. This lowers costs and creates a durable cost advantage, allowing us to provide affordable products of consistent quality that deliver greater consumer value and strengthen brand loyalty. Strong consumer stickiness and solid store economics enhance brand equity, attracting selected franchise partners for long-term cooperation. Their participation drives further store expansion, completing the cycle.

There are three enablers that accelerate and sustain growth:

Digital infrastructure. Our self-developed digital systems serve as the intelligent engine of our business. We support every part of the value chain from site selection and product assortment to warehousing and logistics, distribution, store operations and consumer engagement. With advanced analytics, the systems improve site selection, sharpen product curation, reduce supply chain costs through intelligent logistics, and strengthen consumer interaction with precision marketing. By embedding data-driven decision-making, our digital infrastructure reduces friction and ensures efficient execution across the network.

Consumer insights. With one of the broadest consumer reaches in China’s value retail for snack and beverage, we have accumulated rich transaction data. Our dedicated consumer insights team applies AI-driven analysis and tracks real-time transaction data and industry benchmarks to identify trends, capture unmet demand and enhance product and marketing strategies. Leveraging data insights, we improve the precision of assortment planning and differentiated marketing, ensuring responsiveness to consumer needs.

Operational efficiency. We pursue operational excellence as a key competitive driver. Our streamlined, end-to-end supply chain and flat management structure have simplified distribution layers and unlocked logistics and fulfillment capacity. As of December 31, 2025, we operated a nationwide logistics network comprising 48 leased ambient warehouses and nine leased cold-chain warehouses. Our asset-light and flexible logistics network enables cost-efficient operations and allows us to replenish approximately 80% of our stores on a T+1 basis. Supported by our digital systems, we also achieve standardized and optimized store operations. Cost savings translate into lower prices for consumers and higher profitability for franchisees, reinforcing both elements of our development process.

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Our Financial Performance

During the Track Record Period, we achieved rapid growth and scaled profitability. Our revenue increased by 247.9% from RMB9.3 billion in 2023 to RMB32.3 billion in 2024 and further by 59.2% to RMB51.5 billion in 2025. We recorded adjusted net loss (non-IFRS measure) of RMB28.2 million in 2023, adjusted net profit (non-IFRS measure) of RMB830.3 million in 2024 and adjusted net profit (non-IFRS measure) of RMB2.6 billion in 2025. Our adjusted net loss (non-IFRS measure) in 2023 was primarily attributable to (i) lower gross profit and gross margin compared with 2024, when supply-chain efficiency improved through store growth expansion and higher order volume, and (ii) biological assets fair value adjustments, which resulted in a loss of RMB31.5 million in 2023 versus a gain of RMB8.9 million in 2024, mainly driven by market conditions and shift in supply and demand dynamics. During the Track Record Period, our store network increased from 4,726 stores as of December 31, 2023 to 18,314 stores as of December 31, 2025 and the gross profit margin from our snack and beverage retail business grew from 9.5% in 2023 to 12.3% in 2025. Looking ahead, we expect revenue and gross profit from our snack and beverage business to continue to increase, supported by the expansion of our store network, which enhances bargaining power with suppliers through centralized procurement, enables bulk purchasing at more favorable terms, and reduces per-store delivery costs by spreading transportation and logistics expenses across a wider base of stores, thereby improving overall operational efficiency. In addition, since our edible fungi business contributes only a small percentage of total revenue, we do not expect biological asset fair value adjustments to have a significant impact on profitability going forward.

According to CIC, the value retailers for snack and beverage industry typically experience high order volume and relatively lower margin. To maintain and further improve profitability, we have implemented and will continue to pursue the following measures: (i) reduce procurement costs through improved bargaining power driven by our growing order volume; (ii) co-develop products with suppliers to achieve mutually beneficial business development and stronger bargaining power; (iii) deepen collaboration with suppliers and develop differentiated private label products to further improve gross profit margin; (iv) achieve economies of scale and reduce operating expenses along with the growth of our store network, as logistics, branding and IT costs can be shared across more stores; (v) boost membership outreach and launch more marketing activities, leading to more frequent revisits and more consumer purchases and (vi) upgrade digitalization to improve effectiveness and efficiency across all stages of business, such as logistics, inventory management, consumer insights and market analysis.

OUR STRENGTHS

We believe that the following competitive advantages contribute to our success and distinguish us from competitors:

Largest Snack and Beverage Retail Brand and the Second-largest Snack and Beverage Retailer in China

We currently focus on China’s trillion-scale snack and beverage market and have emerged as the leading player in its fastest-growing segment, the market of value retail for snack and beverage. In terms of GMV of snack and beverage in 2025, we ranked as the second-largest snack and beverage retailer in China and our nationwide brand *Haoxianglai* ranked as the No. 1 snack and beverage retail brand in China, according to CIC. As of December 31, 2025, the *Haoxianglai* network comprised 17,248 stores across 30 provinces, municipalities and autonomous regions in China. Among the large-scale snack and beverage retail brands in China, *Haoxianglai* also recorded the fastest GMV CAGR from 2023 and 2025, according to CIC. Our GMV grew from RMB11.2 billion in 2023 to RMB73.3 billion in 2025, representing a CAGR of 156.4%.

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Our nationwide presence combines broad coverage with deep penetration in core regions. Our market leadership was first established in the Yangtze River Delta, one of China’s regions with high income level economically developed regions where per capita disposable income is significantly higher than the national average. Furthermore, we extended into some of China’s regions with large population bases, particularly the Shanhe Four Provinces, which had a combined population of approximately 310 million in 2024, accounting for nearly one-quarter of China’s total population. According to CIC, in 2025, our Group was the largest value retailer for snack and beverage in both the Yangtze River Delta and the Shanhe Four Provinces, with market shares of approximately 63% and 55%, respectively, and GMV of 2.3 times and 1.6 times that of the respective second-largest competitors.

A Unified Shopping Experience Enabled by Curated Assortments and Affordable Product Offerings

We continuously optimize our product assortment to deliver affordable products of consistent quality and a unified shopping experience that drives repurchases and brand loyalty.

Data-driven and expert-led product selection. We utilize one of the industry’s first self-developed product selection systems, which track real-time sales data across our nationwide network and industry benchmarks to monitor sell-through performance and analyze market trends. We served around 2.4 billion transactions in 2025, doubling the 1.2 billion transactions in 2024. This large transaction volume provides us with unmatched visibility into flavor trends and shopping preference, enabling us to improve product selection and strengthen consumer engagement. These insights are further enhanced by a procurement team of over 300 personnel, who bring years of procurement expertise and market insights. Together, data and expertise allow us to significantly improve the success rate of new product launches.

A rich and affordable product matrix. We provide consumers with a wide choice of affordable products of consistent quality that meet diverse and evolving needs. We review a broad range of SKUs and narrow them down to a curated national assortment of over 4,000 SKUs, with each store typically carrying around 1,800-2,000 SKUs. In 2025, we launched an average of approximately 220 new SKUs per month while regularly phasing out underperforming SKUs, keeping freshness of offerings while maintaining operational efficiency through constant optimization. Our portfolio now spans across 12 core categories, including beverages, dairy products, meat snacks, puffed snacks and baked goods. According to CIC, our retail prices are on average 20-30% lower than comparable products in hypermarkets, supermarkets and convenience stores, underscoring the strength of our value propositions.

Product innovation and private labels. Leveraging our consumer insights, we collaborate with upstream manufacturers and develop private-label products that translate consumer demand into differentiated offerings. This not only enables us to adapt to ever-evolving market trends with agility, but also allows us to deliver products that are either priced with affordability or differentiated in quality and features. As of the Latest Practicable Date, approximately 30% of our SKUs were unique offerings not typically found in traditional retail stores, giving consumers a sense of novelty and exclusivity when shopping with us. We have launched two private-label series under *Haoxianglai*: *Haoxianglai Value* (好想來超值), which focuses on essential categories with affordability, exemplified by our natural drinking water sourced from Qiandao Lake retailed at just RMB0.6 per bottle and quickly becoming a nationwide bestseller with average monthly growth of approximately 250% from its launch in May 2025 and accumulated sales reaching around 120 million bottles as of December 31, 2025; and *Haoxianglai Select* (好想來甄選), which offers premium and differentiated items such as green grape jasmine beer, a unique fusion of oriental flavors and craft brewing that achieved strong sales among and acceptance by young consumers. Together, these initiatives strengthen our brand positioning, unlock additional revenue potential for suppliers, and enhance franchisee competitiveness through higher margins and stronger consumer appeal.

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A unified and engaging shopping experience. We aim to create a “snack fairyland at your doorstep” that combines product variety with an engaging environment and unified experience. Our stores feature bright, spacious and standardized designs to ensure a consistent experience nationwide. At the same time, we adopt differentiated display strategies tailored to local consumer preferences and shopping habits. For example, campus locations may prioritize affordable snacks, while community stores highlight healthier categories. We also step into new categories such as cold-chain food and beverage, bakery with short shelf life of around 10 days on average and licensed IP products, enhancing both the breadth and the depth of our consumer offerings.

Strong Consumer Engagement through Membership Operations and Integrated Marketing

We have built up a carefully designed consumer journey that integrates our nationwide store network, membership programs and marketing initiatives to deliver unified shopping experiences, deepen loyalty, and improve brand visibility.

At the core of this journey is our large, active and fast-growing membership base. We convert the offline traffic from over 18,000 stores into long-lasting online membership assets. Signing up is simple — consumers may scan QR codes and immediately gain access to a series of benefits, such as *8.8 Members’ Day* for monthly discounts and *Crazy Wednesday* with weekly lucky draws. Regular member-exclusive offers, online interactions and limited-time promotions further enhance consumer engagement and strengthen brand loyalty. Our registered members increased from 38 million at the end of 2023 to around 190 million at the end of 2025. The purchasing frequency of our monthly active members rose from 2.1 times in December 2023 to 2.4 times in December 2024 and further to 3.0 times in December 2025. Members have become key drivers of our business, contributing approximately 79% of GMV in 2025.

In addition, since 2025 we have operated a private-domain membership program under *Haoxianglai*, allowing more direct and personalized interaction with consumers, offering exclusive benefits and tailored engagement that drive stronger retention and higher purchasing activity. See “— Marketing and Brand Building — Our Membership Program”. As of December 31, 2025, private-domain members almost reached 29 million, and in December 2025, private-domain monthly active members exceeded 16 million with an average purchasing frequency of 3.9 times, demonstrating their exceptional loyalty and consumer value.

We further strengthen consumer engagement and brand influence with diverse and integrated marketing:

- **Social media marketing.** Our marketing touchpoints include Douyin, RedNote, Kuaishou, WeChat and Weibo, with tailored strategies for different user communities. As of December 31, 2025, our *Haoxianglai* WeChat official account had more than 42 million followers. By reinforcing a youthful, unified and engaging brand image, *Haoxianglai* has become a powerful engine for new consumer acquisition, while also strengthening retention and reactivation of existing consumers, continuously driving growth in scale and activity.
- **Seasonal and event-based campaigns.** We run large-scale, scenario-based events. For example, during the 2025 Chinese New Year, we co-launched a viral campaign song with Lay’s, “*Haolang Le Shi Lai*” by Tengger, which generated over 320 million views across all online platforms. In spring 2025, Olympic champion Xu Mengtao joined our “Snacking Amusement Park” livestream and offline events, while in summer 2025, we initiated “Ice Festival” and “Braised Snack Festival” campaigns, boosting purchase frequency, basket size and cross-category sales.

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- **Celebrity endorsement.** In April 2025, we appointed Mr. Tan Jianci as *Haoxianglai's* first brand ambassador, aiming to leverage celebrity influence to further enhance *Haoxianglai's* national exposure. This campaign spanned across 16 cities and over 30,000 buildings in April 2025, generating over 1.0 billion online exposures, over 20 million social media interactions, and further increasing average daily sales value of themed stores by over 100% in the first week of launch.
- **IP collaborations.** We frequently collaborated with top-tier IPs, such as China's most-popular mobile IP, Sanrio, Disney, Ultraman, My Little Pony, Lotso, to launch thematic marketing campaigns and to release authentic IP-licensed products. These collaborations generate excitement, broaden consumer reach and reinforce our brand positioning.

Efficient, Scalable and Integrated Supply Chain

We have built up a sophisticated and integrated supply chain that supports the rapid expansion of our nationwide store network while continuously improving efficiency. By adopting an end-to-end, direct-to-store sourcing model, we simplify the traditionally fragmented distribution structure of the snack and beverage retail industry. Together with our efficient and intelligent warehousing and logistics system, this allows us to reliably support a large-scale store network and ensure timely delivery across China.

Direct and scaled procurement. As of December 31, 2025, we sourced approximately 96% of our products directly from brand owners, eliminating intermediaries and controlling procurement costs. This approach has enabled us to establish long-term partnerships with leading domestic and international food and beverage companies as well as regional specialty suppliers. To ensure product quality, we engage third-party testing agencies and implement a dynamic phase-out mechanism for underperforming suppliers. Our procurement team combines expertise in systematic cost analysis with on-site inspections of supplier production lines, allowing us to identify cost optimization opportunities at sources and strengthen our bargaining power. As a result, our products consistently deliver a significant price advantage, with selected categories retailed at prices that are on average 20-30% lower than comparable products in hypermarkets, supermarkets and convenience stores.

Warehousing and logistics. We operated 48 ambient warehouses with a total area of over 980,000 square metres, as well as nine cold-chain warehouses, as of December 31, 2025. Our network follows an asset-light model, with all of our warehouses operated under flexible rental arrangements rather than self-owned properties. This structure provides high flexibility and scalability, while supporting both ambient and cold-chain products. As of December 31, 2025, with an average distance of 128 kilometers between our stores and warehouses, the network was strategically aligned with our nationwide store expansion, enabling delivery from warehouses to approximately 80% of our stores within 24 hours. On the logistics side, we leverage advanced technologies such as route optimization algorithms and in-transit visibility systems to reduce costs and improve fulfillment timeliness, ensuring products are delivered accurately and efficiently to stores across regions.

Operational management. Our digital systems, including a warehouse management system (WMS) and a transportation management system (TMS), provide real-time oversight across the entire supply chain, from warehouses to stores. These systems monitor inventory levels and turnover efficiency at both category and SKU levels, supported by intelligent alerts that automatically generate replenishment suggestions. For example, high-priority items are replenished based on safety stock thresholds, while standard products are tracked against zero-stock ratios. At the same time, our team has real-time access to end-to-end data covering procurement, warehousing, logistics and sales, providing strong supports for decision-making and operational optimization.

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Through our supply chain, we consistently deliver consistent and efficient fulfillment performance. In December 2025, our average order fulfillment rate under *Haoxianglai* exceeded 99%, above the industry average of 90%-95%, according to CIC. This robust backbone enables us to seize the benefits of scale and reinforce our market position in the value retail for snack and beverage sector.

Comprehensive Franchise Support and Long-term Partnerships

We view our franchisees as strategic long-term partners and are committed to building up stable and mutually beneficial relationships. Our rigorous franchisee selection process ensures alignment with our brand values and long-term positioning, paving the way for sustainable cooperation.

We help franchisees achieve sustainable profitability. We currently do not charge any franchise fees for franchisees joining *Haoxianglai*, and franchisees have access to our self-developed digital systems, which enable enhanced store management and operational efficiency. Supported by our nationwide warehousing and logistics network, franchisees benefit from next-day delivery to approximately 80% of our stores without paying any storage or distribution fees.

We provide comprehensive supports covering the full lifecycle of store operations. Our one-stop services include assistance with site selection, store design and decoration, opening and ongoing training, inventory management, and performance analysis. This standardized approach lowers the entry barrier for new franchisees while enhancing daily operating efficiency.

We maintain strict management and supervision to ensure brand consistency and operational quality. Through the online systems, we deploy our intelligent inspection system to monitor real-time franchised store operations. Through onsite inspection, our dedicated supervisors conduct monthly on-site visits to check store performance and offer guidance on store operations. These measures ensure that every store delivers a consistent consumer experience and maintains the standards of our brand.

As a result, we have built up a loyal and ever-enlarging franchise base. As of December 31, 2025, we had over 11,000 franchisees. According to a franchisee survey conducted by CIC, over 97% of our franchise partners reported satisfaction with the comprehensive supports we provided, including site selection, staff training, product quality, logistics and distribution, store management and ordering systems. In 2025, our franchised store closure rate was only 3.0%, significantly lower than the industry average of over 10% according to CIC, demonstrating both the resilience of our business model and the confidence of our franchise partners.

End-to-end Digitalization Driving Scalability and Efficiency

Digitalization is one of the core enablers of our business model. According to CIC, we are the first company in China’s value retail snack and beverage sector to digitalize all core processes through self-developed digital systems, including smart site selection, while many industry peers remain at an earlier stage of digital transformation. Our self-developed digital systems, connecting individual stores with our corporate headquarter and integrated with selected third-party solutions, empower the entire value chain — throughout site selection and store setup, product procurement, warehousing and logistics, franchisee management, store operations, marketing and membership management. In addition, our self-developed digital systems can be flexibly reconfigured to meet evolving business needs and continuously adapt to demands in new consumer scenarios. These systems provide the foundation for optimized, standardized and highly efficient operations, supporting the quality and scalability of our nationwide expansion. To sustain this capability, we continue to invest heavily in system development and talent. The core members of our digital team came from leading retail enterprises and have brought extensive practical experience in digitalization of retailers.

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Site selection. We are the first company in China’s industry of value retail for snack and beverage to apply a digital system for automated and intelligent site selection, while many industry peers still rely on manual approach for site selection and record-keeping, or use basic digital tools without high degree of automation or intelligence in their processes, according to CIC. Powered by AI-driven algorithms, our self-developed digital systems process data such as real-time geographic information, foot traffic volume, peer presence and rental rates to recommend optimal store locations, thereby improving the success rates and investment returns of new stores. Franchisees can further complete pre-opening procedures online, lowering entry barriers and shortening opening cycles.

Product selection and procurement. Leveraging real-time sales data from our nationwide stores and membership base, our digital systems identify high-potential categories, track product trends and spot regional taste preferences. This enhances success rate of product launch, assortment optimization and SKU replacement. Supplier management, from onboarding to settlement, is fully digitalized, improving efficiency, traceability and resource allocation.

Warehousing and logistics. Our digital systems empower our 48 ambient and nine cold-chain warehouses. In warehousing, we deploy AGVs and image recognition technologies to automate sorting, improving efficiency and reducing labor costs. In logistics, we assign delivery tasks to third-party carriers through smart algorithms and plan real-time optimal delivery routes to achieve T+1 delivery from warehouses to approximately 80% of our stores.

Store operations. We and our franchisees access real-time dashboards covering sales, orders and SKU movements. These insights enable franchisees to dynamically optimize shelf displays and product offerings, improving store performance and profitability. In inventory management, we combine automated real-time monitoring with predictive modeling based on historical sales and market data. The systems dynamically adjust safety stock levels and generate replenishment alerts when thresholds are reached, maintaining healthy stock levels.

Marketing and membership management. Our self-developed digital systems record abundant transaction data. This supports effective marketing activities and campaigns, such as special coupons and loyalty rewards, improving ROI, ARPU, boosting repurchase rates among others and strengthening consumer loyalty.

Seasoned Leadership Team Driving Transformational Growth

Our growth is led by Mr. Wang Zening, who combines sharp commercial instincts with forward-looking vision. Under his leadership, *Haoxianglai* has achieved transformational growth and become the first value retail brand for snack and beverage in China to surpass 10,000 stores nationwide in 2024.

Supporting Mr. Wang is a management team that assembles diverse strengths. At its core, our leadership is shaped by three distinct groups of talents. First, seasoned executives from leading global consumer and retail companies bring disciplines, professionalism and operational know-how that support the scaling of our nationwide store network. Second, emerging talents from the new consumer sector infuse creativity, agility and innovation, keeping us ahead of fast-changing consumer preferences and competitive trends. Third, entrepreneurial talents who have grown with us ensure strong on-the-ground execution and continuity of our corporate culture. These groups are further complemented by professionals from leading internet and data-driven consumer businesses, who enhance our digital and analytical capabilities across site selection, supply chain, store operations and marketing.

Together, our leadership and talent pool provide us with the vision to anticipate market evolution, the experience to execute, and the energy to sustain our rapid growth in the fast-growing value retail for snack and beverage sector.

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OUR STRATEGIES

Scaling and Upgrading Our Store Network

We will accelerate the expansion of our nationwide store network by leveraging our logistics and fulfillment capabilities and optimized operations. In our existing core markets, especially the regions with large population base and high purchasing power, we aim to leverage our existing advantages of scale to further strengthen our leadership by increasing store density. At the same time, we will further tap into underpenetrated regions to broaden our consumer reach and attract new consumers. Our site selection system helps us identify high-potential locations with precision, ensuring disciplined and effective expansion.

Alongside new store openings, we are committed to upgrading existing stores to enhance consumer experience and optimize store economics. Using data and insights from our self-developed digital systems, we will further optimize product assortments, improve store layouts and upgrade brand image. We are also adding interactive features to deepen emotional connections with consumers. These initiatives help us drive higher basket size and repurchase rates, while reinforcing brand loyalty.

Looking ahead, we see strong opportunities in overseas markets where value retail formats are still evolving. We strategically plan to start with Southeast Asia, drawing on our market insights and international resources. This will allow us to go beyond China and grow into a leading global value retailer.

Continuously Refining Product Offerings through Consumer Insights

We aim to strike the optimal balance between price and quality, ensuring consumers always receive real value for money. By sourcing directly from large-scale manufacturers and minimizing distribution costs, we bring retail prices closer to the intrinsic values of products, offering consumers compelling shopping experiences. At the same time, we plan to diversify our private-label portfolios, starting with high-frequency, widely-adopted categories such as bottled water and other daily essentials, and exploring more SKUs in categories of beverages, puffed snacks, meat snacks, baked goods, dairy products and selected non-food items such as personal care products. The strategy of developing private-label products allows us to ensure quality control, eliminate unnecessary brand premiums and provide consumers with superior values at competitive prices, enhancing both our market position and consumer loyalty.

To address rising product homogeneity in the value retail for snack and beverage sector, we are strengthening our consumer insight capabilities. We have established a dedicated analytics and research team and will continue working with third-party research institutions to identify emerging preferences and unmet needs. These insights feed directly into our product strategies. In particular, we will broaden our pipeline of customized products, co-developing with selected suppliers to launch differentiated offerings that not only meet current consumer demand but also seize future needs.

Having proven the effectiveness of our value retail model for snack and beverage, we intend to extend it into additional categories with high cross-selling potential. Looking ahead, we plan to explore new formats such as “value-oriented supermarkets” and to further tap into adjacent categories including chilled products such as dairy products with an average shelf life of around 10 days and fresh bakery, personal care, as well as household cleaning.

Empowering Suppliers and Franchisees for Mutual Growth

Suppliers and franchisees are our key partners, and we are committed to cultivating long-term, mutually beneficial relationships with them. Together, we strive to deliver affordable products of consistent quality and a unified shopping experience for consumers.

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For suppliers, we leverage our nationwide store network and large consumer base to offer an efficient sales and marketing channel. We also combine consumer insights with regional consumer preferences, such as taste profiles, packaging formats and price sensitivity, to support product development and innovation. This close collaboration shortens product launch cycles, enhances production planning and enables suppliers to allocate resources more effectively.

For franchisees, we provide comprehensive supports across full lifecycle of store operations. Leveraging digital management tools, training programs, logistics services and nationwide marketing campaigns, we strive to help franchisees operate efficiently and sustainably. These initiatives solidify franchisee confidence and strengthen their long-term commitment to our brand.

Through mutually beneficial partnerships, we not only empower suppliers and franchisees to grow sustainably, but also enhance our own efficiency, responsiveness and competitiveness.

Strengthening Warehousing and Logistics Efficiency

To match the breadth, depth and density of our nationwide store network, we plan to further upgrade and enhance our warehousing infrastructure. This includes consolidating existing facilities while adding more warehouses to strengthen our multi-layered national distribution network. These enhancements will enable next-day delivery to more stores, including those in lower-tier cities, significantly improving inventory turnover and overall fulfillment efficiency.

In addition, we are developing a dedicated cold-chain logistics system to support new product initiatives. By building end-to-end cold-chain capabilities, we ensure that temperature-sensitive categories, such as chilled foods and products with short shelf life of approximately 10 days on average, are stored and transported under optimal conditions. This will allow us to offer consumers a wider and higher-quality product selection, meeting their increasingly diverse and sophisticated needs.

Upgrading Digital Infrastructure to Drive Intelligent Operations

We plan to continue investing in the upgrade of our self-developed digital systems, enhancing data integration, interaction and collaboration across all business functions. Through ongoing technological updates and model optimization, our goal is to strengthen data-driven and intelligent decision-making, covering the following key functions:

- **Consumer engagement.** We are enhancing our membership system by applying advanced analytics to support precision marketing and membership lifecycle. For example, we may issue coupons to reactivate members and encourage new purchases, or engage members through community-based campaigns to increase conversion and repurchases.
- **Supply chain efficiency.** We are developing AI-driven forecasting and replenishment tools to improve demand prediction, inventory allocation and delivery routing. We aim to reduce stock-outs, accelerate turnover and optimize logistics costs, while ensuring fulfillment for franchise partners.
- **Store operations.** We continue to digitalize store management by upgrading our systems to support intelligent site selection, real-time operational dashboards and data-enabled management tools. These upgrades empower franchisees to operate more efficiently, shorten store opening cycles and standardize execution across our ever-expanding store network.

These initiatives will not only raise our overall operational efficiency but also ensure scalability and resilience alongside our network expansion.

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Pursuing Strategic Investments and Acquisitions

To seize emerging opportunities and strengthen our market leadership, we intend to selectively pursue investments and acquisitions that complement our existing businesses. By combining external growth with organic expansion, we aim to create synergies that enhance scale, improve fulfillment efficiency and broaden our consumer offerings. Potential targets will be assessed based on their strategic fit with our long-term objectives and ability to strengthen our value propositions to consumers. As of the Latest Practicable Date, we had not identified any specific investment or acquisition target.

OUR OFFERINGS

We are primarily engaged in the snack and beverage retail business, offering consumers a unified shopping experience that turns snacking into a daily affordable pleasure. Our stores feature a broad selection of food and beverage products, selected based on consumer insights and primarily sourced directly from brand owners. By making these products available to consumers without unnecessary intermediaries, we ensure that we provide consumers with quality products at affordable prices.

We are a large-scale and fast-growing snack and beverage retailer. We ranked as the second-largest value retailer for snack and beverage in China, in terms of GMV of snack and beverage in 2025. Our GMV achieved a CAGR of 156.4% from 2023 to 2025, the highest among China’s large-scale snack and beverage retailers, according to CIC. In terms of GMV of snack and beverage in 2025, Our nationwide brand *Haoxianglai* ranked as the No. 1 snack and beverage retail brand in China, and was the first brand of value retail for snack and beverage to surpass 10,000 stores nationwide in 2024, according to CIC.

We primarily employ a franchise model to grow our store network, and generated 98.0% of our total revenue from sales of goods to our franchised stores in 2025. We also generated 0.6% of our total revenue from self-operated stores in the same year, which allow us to explore new markets and business models, as well as from wholesale sales, where we supply products in bulk to enterprise customers. The growth of our store network and number of orders was primarily due to the organic growth after acquisitions, benefited from our strategic site selection, product selection and franchisee management. In each year during the Track Record Period, 70.5%, 100.0% and 100.0% of opened stores was attribute to the organic growth of stores, rather than through acquisitions, respectively.

In addition to our snack and beverage retail business, we also generate revenue from the sale of edible fungi products. The table below sets forth a breakdown of our revenue by business segments for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
(RMB in thousands, except percentages)						
Snack and beverage						
retail business	8,759,025	94.2	31,790,207	98.3	50,856,923	98.8
Edible fungi business	534,715	5.8	538,623	1.7	602,226	1.2
Total	9,293,740	100.0	32,328,830	100.0	51,459,149	100.0

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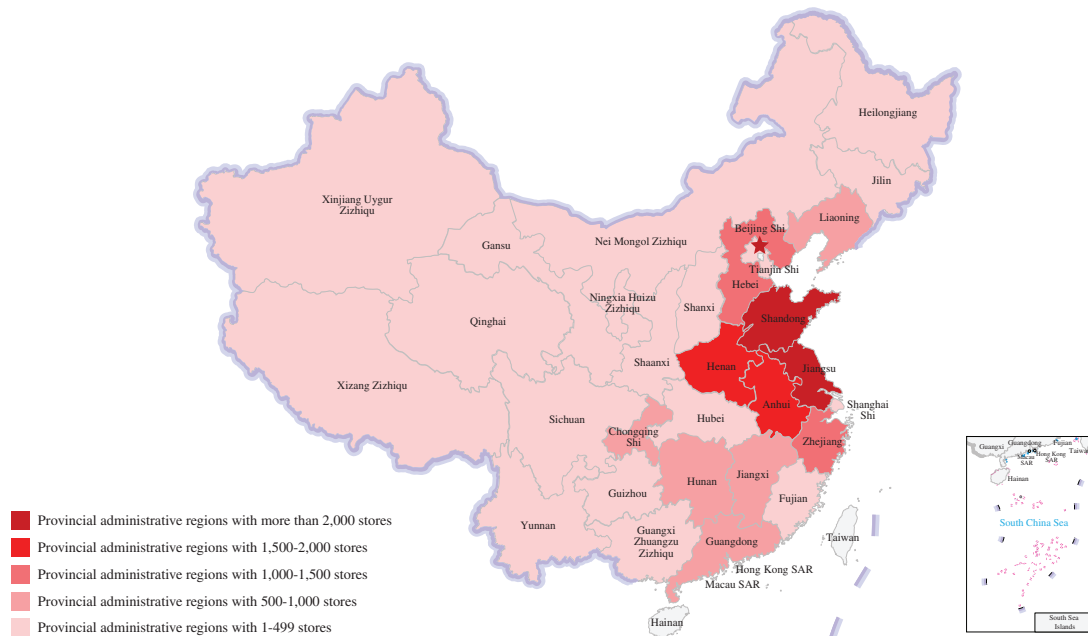
Our revenue from snack and beverage retail business increased during the Track Record Period, primarily due to the growth of our store network and the number of orders. The changes in revenue of our edible fungi business were primarily due to the changes of sales volume as a result of market conditions. See “Financial Information — Period-to-period Comparison of Results of Operations.”

SNACK AND BEVERAGE RETAIL BUSINESS

Our Store

Our Store Network

As of December 31, 2025, our store network had 18,314 offline stores spanning across 30 provinces, municipalities and autonomous regions. We currently do not operate any on-line stores or conduct any direct sales activities online. Orders placed through third-party delivery platforms, if any, are fulfilled by our offline stores. Our nationwide presence combines broad coverage with deep penetration in core regions, as demonstrated by high store density in the Yangtze River Delta, one of China’s regions with high income level, and the Shanhe Four Provinces, one of China’s regions with large population bases. Jiangsu province featured most stores among all our covered provinces, amounting to approximately 3,000 stores as of December 31, 2025. The following map illustrates the presence of our stores across China as of the same date:



Note: For illustrative purpose only, the map (Map Review Number (審圖號): GS(2016)2885) is presented to demonstrate our store network in China.

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Our store network encompasses all city tiers in China. During the Track Record Period, while third-tier cities represented the largest portion of our network, our presence in other areas increased as well. With a focus on core regions, we strive to seize market opportunities across all city tiers. The following table sets forth the number of our stores by city tier as of the dates indicated:

	As of December 31,					
	2023		2024		2025	
	<i>Count</i>	<i>%</i>	<i>Count</i>	<i>%</i>	<i>Count</i>	<i>%</i>
	<i>(count, except percentages)</i>					
First-tier city	43	0.9	340	2.4	588	3.2
New first-tier city	1,042	22.1	2,413	17.0	3,374	18.4
Second-tier city	1,074	22.7	2,993	21.1	3,709	20.2
Third-tier city	1,763	37.3	5,175	36.4	6,237	34.1
Other lower-tier city	804	17.0	3,275	23.1	4,406	24.1
Total	4,726	100.0	14,196	100.0	18,314	100.0

The following table sets forth the revenue from our stores by city tier for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(RMB in thousands, except percentages)</i>					
First-tier city	49,808	0.6	588,660	1.9	1,531,760	3.0
New first-tier city	2,114,445	24.1	6,955,614	21.9	11,413,748	22.5
Second-tier city	1,831,098	20.9	6,979,854	22.0	10,726,848	21.1
Third-tier city	3,166,608	36.2	10,989,781	34.5	16,752,320	32.9
Other lower-tier city	1,597,066	18.2	6,276,298	19.7	10,432,247	20.5
Total	8,759,025	100.0	31,790,207	100.0	50,856,923	100.0

We mainly operate our snack and beverage business under the franchise model, authorizing our franchisees to sell snack and beverage through franchised stores under our brands. Our franchise model enables rapid, capital-efficient growth. As franchisees are fully responsible for store performance, they have a direct economic incentive to maintain good store operation and grow sales. By partnering with carefully selected franchisees whose interests align with ours, we delegate day-to-day store operations and thereby concentrate our resources on optimizing product assortment, quality control, site selection and brand building. Driven by a growing store network, we have accumulated large purchase volume which creates procurement leverage that lowers costs for both us and our franchisees. In addition, our self-developed digital systems and training programs accelerate franchisee onboarding and continuously help improve store performance. According to CIC, franchise model has been proven successful in the snack and beverage industry in China, as top five value retailers for snack and beverage in China primarily use the franchise model. In addition, we strategically operate self-operated stores to enhance brand recognition and gain market intelligence. During the Track Record Period, our store network experienced significant growth, primarily driven by the increase in the number of our franchised stores.

The growth is attributed to our effective recruitment and management of franchisees and our strengths in overall business operation. We effectively attract and recruit franchisees whose interests align with our values and business model. After onboarding, we empower our franchisees with comprehensive trainings and access to our self-developed digital systems, which present inventory level, shelf life and sales volume clearly to enable easy and real-time tracking. With a belief that our sustainable growth should be driven by sales of carefully selected products, we

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generate revenue primarily from sales of products to franchisees. For franchisees joining *Haoxianglai*, we currently do not charge any franchise fees, and only charge deposits and a one-time account opening fee to use our self-developed digital systems and access to other supports, including system upgrade and software support. For new franchisees joining to operate under the *Laopo Daren* brand after June 2024, we currently do not charge franchise fees. Our growth is also fueled by our strong brand building, along with a rich, affordable, and adaptive product matrix that is well-received by consumers. We have also established an efficient, scalable and integrated supply chain powered by our digitalization capabilities, which is pivotal to quality products at affordable prices.

The number of our franchised stores grew significantly during the Track Record Period. This rapid expansion occurred as we were in the early stages of growth, with a large, untapped market offering vast potential for expansion. In 2025, the growth trajectory to certain extent moderated. After building a large network of franchised stores, we have focused more on empowering existing franchisees and laying a solid foundation for future growth. Leveraging our technological capabilities, we grant our franchisees full access to our self-developed digital systems and enhance trainings in store operation strategies to help them drive sales volume. In addition, we are more cautious in our site selection process, focusing on the right market opportunities while avoiding unhealthy competition. Going forward, we see growth opportunities in both mature populous markets and other regions with unfulfilled needs, and expect to continue growing our store network.

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

	As of December 31,					
	2023		2024		2025	
	<i>Count</i>	<i>%</i>	<i>Count</i>	<i>%</i>	<i>Count</i>	<i>%</i>
	<i>(count, except percentages)</i>					
Franchised stores	4,560	96.5	14,098	99.3	18,282	99.8
Self-operated stores	166	3.5	98	0.7	32	0.2
Total	4,726	100.0	14,196	100.0	18,314	100.0

The following table sets forth the revenue from our stores by sales channel, in absolute amounts and as percentages of our total revenue from the snack and beverage retail business, for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(RMB in thousands, except for percentages)</i>					
Franchised stores	8,320,591	95.0	31,150,071	98.0	50,425,059	99.2
Self-operated stores	390,966	4.5	524,048	1.6	324,047	0.6
Wholesale	47,468	0.5	116,088	0.4	107,817	0.2
Total	8,759,025	100.0	31,790,207	100.0	50,856,923	100.0

We achieved rapid growth in both scale of network and GMV during the Track Record Period. Our store count increased from 4,726 as of December 31, 2023 to 18,314 as of December 31, 2025. *Haoxianglai*, with 17,248 stores as of December 31, 2025, became the first brand of value retail for snack and beverage in China to surpass 10,000 stores in 2024, according to CIC. Our GMV grew from RMB11.2 billion in 2023 to RMB73.3 billion in 2025, representing a CAGR of 156.4%. The following table sets forth the key operating metrics relating to our stores as of the dates or for the years indicated.

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	For the Year Ended/As of December 31,		
	2023	2024	2025
Total GMV (<i>RMB in million</i>)	11,151	42,596	73,316
Total number of orders (<i>in million</i>)	306	1,198	2,390
Total number of stores (count)	4,726	14,196	18,314
Average monthly GMV per store (<i>RMB in thousand</i>) ¹	406	412	382 ³
Average daily order volume per store ²	394	402	419

Notes:

- (1) The average monthly GMV per store is calculated by dividing the total GMV for a particular year by the aggregate number of months of operation of our stores during the same year.
- (2) The average daily order volume per store is calculated by dividing the aggregate number of orders placed by consumers for a particular year by the aggregate number of days of operation of stores within our store network during the same year.
- (3) The average monthly GMV per store in 2025 reflects an improvement during the second half of 2025, with the average monthly GMV per store increasing from approximately RMB371 thousand in the first half of 2025 to approximately RMB392 thousand in the second half of 2025.

The following table sets forth the total GMV generated from stores within our store network by store cohort, organized by the year in which stores were opened, for the years indicated:

	For the Year Ended December 31		
	2023	2024	2025
	<i>(RMB in millions)</i>		
Stores opened in or before 2023	11,151	26,713	27,269
Stores opened in 2024	—	15,883	37,341
Stores opened in 2025	—	—	8,706
Total	11,151	42,596	73,316

Note: Stores opened in or before 2023 included newly opened stores out of organic growth and stores acquired from *Lu Xiao Chan*, *Lai You Pin*, *Ya Di Ya Di* and *Laopo Daren*. Stores opened in 2024 and onwards were attributable to the organic growth of stores under the consolidated brand of *Haoxianglai* as well as *Laopo Daren*.

Our Store Brand

We are rolling out our footprint under two brands: the nationwide brand of *Haoxianglai* (好想來) and the regional brand of *Laopo Daren* (老婆大人).

We consolidated three brands — *Lu Xiao Chan* (陸小饞), *Lai You Pin* (來優品), *Ya Di Ya Di* (呀嘀呀嘀) — into the brand of *Haoxianglai* (好想來) to bring together consumer recognition, simplify operations and deliver a uniform consumer experience. For *Laopo Daren* (老婆大人), we still preserve its brand in Zhejiang province to retain its established local brand equity and loyal consumer base. This dual-track approach balances the benefits of brand centralization with the commercial value of strong regional identities where they already exist.

Both *Haoxianglai* and *Laopo Daren* employ a franchise model and execute similar store opening and operation strategies. Their major differences stem from: (i) market position and branding, where *Laopo Daren* positions itself as a local brand with strategic focus on Zhejiang Province and *Haoxianglai* grows as a national brand, with presence spanning across Chinese Mainland; (ii) target audience, as exemplified by different demographics of registered members. The registered members of *Laopo Daren* are featured more by younger females with higher consumption power and from higher-tier cities. *Haoxianglai*, with its national presence, has consumers from a wider age group and more diverse city tiers, with differing consumption power.

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We adopt similar management and operation procedure requirements for our *Haoxianglai* and *Laopo Daren* stores. For details, see “— Store Operation.” We adopt slightly different cashier, warehouse and display arrangements to cater more to the demands of the different target consumer groups of the two brands.

Our nationwide brand *Haoxianglai* ranked as the No. 1 snack and beverage retail brand in China in terms of GMV in 2025, and was the first brand of value retail for snack and beverage in China to surpass 10,000 stores nationwide in 2024, with the second brand in the industry reaching this milestone in 2025, according to CIC. *Haoxianglai* has significant presence in the Yangtze River Delta and the Shanhe Four Provinces. Dominant brands propel consumer awareness and conversion, serving as a moat to our business. Along with our brand integration process, our registered members increased from 38 million at the end of 2023 to around 190 million by December 31, 2025. We had over 144 million active members in 2025. In December 2025, the average monthly purchasing frequency of our active members was 3.0 times. In addition, unified brands drive cost efficiencies — marketing and promotional costs can be shared, while trainings and operations are standardized, and procurement and logistics are pooled.

The table below sets forth detailed description of our two main brands:

Brand	Logo	Focus area
<i>Haoxianglai</i> (好想來)		Nationwide
<i>Laopo Daren</i> (老婆大人)		Zhejiang province

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

	As of December 31,					
	2023		2024		2025	
	Count	%	Count	%	Count	%
(count, except percentages)						
<i>Haoxianglai</i> (好想來) ¹	3,841	81.3	13,181	92.9	17,248	94.2
<i>Laopo Daren</i> (老婆大人) ²	885	18.7	1,015	7.1	1,066	5.8
Total	4,726	100.0	14,196	100.0	18,314	100.0

The following table sets forth the number of franchisees by brands as of the dates indicated:

	As of December 31,					
	2023		2024		2025	
	Count	%	Count	%	Count	%
(count, except percentages)						
Franchisees that only operate stores under <i>Haoxianglai</i> (好想來) ¹	2,469	89.4	8,811	96.2	11,326	96.7
Franchisees that only operate stores under <i>Laopo Daren</i> (老婆大人) ²	283	10.2	314	3.4	339	2.9
Overlapping franchisees that operate stores under <i>Haoxianglai</i> and stores under <i>Laopo Daren</i>	11	0.4	34	0.4	46	0.4
Total	2,763	100.0	9,159	100.0	11,711	100.0

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The following table sets forth the GMV by store brands, in absolute amounts and as percentages of our total GMV from the snack and beverage retail business for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(RMB in million, except percentages)					
<i>Haoxianglai</i> (好想來) ¹	9,925	89.0	36,921	86.7	67,592	92.2
<i>Laopo Daren</i> (老婆大人) ²	1,226	11.0	5,675	13.3	5,724	7.8
Total	11,151	100.0	42,596	100.0	73,316	100.0

The following table sets forth the number of orders by brands for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Count	%	Count	%	Count	%
	(Count in million, except percentages)					
<i>Haoxianglai</i> (好想來) ¹	286	93.5	1,106	92.3	2,283	95.5
<i>Laopo Daren</i> (老婆大人) ²	20	6.5	92	7.7	107	4.5
Total	306	100.0	1,198	100.0	2,390	100.0

The following table sets forth the revenue by store brands, in absolute amounts and as percentages of our total revenue from the snack and beverage retail business for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
<i>Haoxianglai</i> (好想來) ¹	7,803,595	89.1	27,856,065	87.6	46,855,688	92.1
<i>Laopo Daren</i> (老婆大人) ²	955,430	10.9	3,934,142	12.4	4,001,235	7.9
Total	8,759,025	100.0	31,790,207	100.0	50,856,923	100.0

The following table sets forth the gross profit and gross profit margin by store brands for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross profit (RMB in thousands)	Gross profit margin (in %)	Gross profit (RMB in thousands)	Gross profit margin (in %)	Gross profit (RMB in thousands)	Gross profit margin (in %)
<i>Haoxianglai</i> (好想來) ¹	759,162	9.7	3,023,783	10.9	5,780,841	12.3
<i>Laopo Daren</i> (老婆大人) ²	74,729	7.8	429,502	10.9	485,996	12.1
Total	833,891	9.5	3,453,285	10.9	6,266,837	12.3

Notes:

- Unless otherwise indicated, *Haoxianglai* (好想來) stores refer to stores that are registered under the *Haoxianglai* membership system, which include (i) *Haoxianglai*-branded stores and (ii) stores of *Lu Xiao Chan* (陸小饑), *Lai You Pin* (來優品) and *Ya Di Ya Di* (呀嘀呀嘀) that were consolidated into *Haoxianglai* since October 2023.
- The acquisition of *Laopo Daren* was completed on September 28, 2023, and its financial information has been consolidated into the Group since the same date.

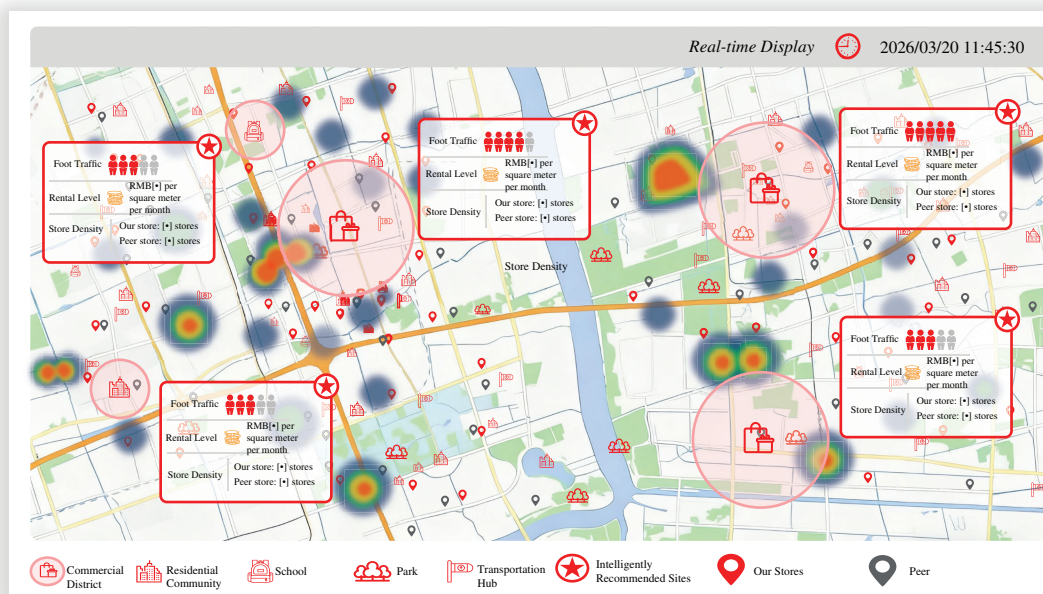
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Site Selection

Our site selection strategy focuses on high-footfall areas such as commercial areas, campuses and residential areas with high population density. We consider the following factors in site selection:

- **Population density and demographic features.** We prioritize areas with high population density but also consider demographic features holistically to assess conversion rate.
- **Local competition.** The presence of competitors in the area can indicate either strong demand or market saturation. We analyze their positioning to identify gaps and opportunities for differentiation. We also balance the number of our stores in the same region to avoid cannibalizing our existing presence.
- **Visibility.** Stores located in highly visible areas, such as corner locations or spots with prominent signage, tend to attract more foot traffic and maximize brand exposure.
- **Distance between stores.** Taking into consideration population size, spending power and competitive landscape, in principle, we establish new stores no less than 300 to 400 meters away from existing stores.
- **Proximity to warehouses.** For logistics efficiency, being close to our warehouses can reduce supply chain costs and improve inventory replenishment speeds. As of December 31, 2025, the average distance between our stores and warehouses was 128 kilometers, which enabled delivery from warehouses to approximately 80% of our stores within 24 hours.
- **Rental cost efficiency.** We assess rental costs relative to foot traffic and sales potential to ensure that the location provides a strong return on investment, balancing prime visibility with cost effectiveness.

We use our self-developed digital systems to improve the efficiency and precision of our site selection. Traditionally, site selection was based on manually marking potential locations — such as stores, parks, residential areas, transportation hubs, and other key points — on a map, relying on experience and subjective judgments to make decisions. This approach often led to errors or missed opportunities due to insufficient or outdated information. By contrast, our self-developed site selection digital system maintains a dynamic, up-to-date digital map, and automatically identifies recommended commercial areas for potential site selection. It can also identify the locations of our peers’ stores to further help with our decision-making process. In this way, our self-developed digital systems enhance the efficiency of site selection and success rate of new store openings. The following chart shows the intelligent recommendation feature of our system for illustrative purpose.



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In addition to our site recommendation tools, our self-developed digital systems also present a holistic analysis covering size of commercial area, room for new stores, historical trend of new store openings, etc., all facilitating more data-driven, better-informed, higher-quality site selections.

We collaborate with franchisees in the site selection process. In most cases, we make site-selection recommendations to franchisees based on our analyses of commercial area, traffic, consumer demographics, and rental costs, powered by our self-developed digital systems. We also allow franchisees to propose suitable sites, which are subject to our assessment and approval.

Store Features

During the Track Record Period, the gross floor area (“GFA”) of our stores was typically in the range of 100 to 200 sq.m. Each store is designed to be bright, welcoming, and conducive to offering consumers with a pleasant shopping experience. We also have large stores ranged between 250 sq.m. to 300 sq.m. in prime locations with high consumer traffic which fit our site selection criteria. We have created an attractive retail environment that enhances consumer engagement. Consumers can buy products by pack or unit, making flexible purchasing combinations across a variety of product categories possible.

In addition, many of our stores feature interactive elements, and product displays often include special assortments such as limited-edition IP licensed products and curated travel packs. These features not only encourage memorable shared moments but also enhance overall shopping experience, increasing duration of consumer stay and boosting their willingness to purchase. We also host pop-up events from time to time, such as snack sampling in collaboration with snack brands and promotions featuring celebrity co-branded products. These activities bring entertainment and freshness to the shopping experience, driving consumer engagement, increasing foot traffic, and fostering stronger emotional connections with our brand.

We strategically display our products based on product features and consumer demand. For example, products like candies, cookies, jelly, and chocolates, which are typically more appealing to children, are placed on lower shelves for easy visibility and accessibility. This thoughtful product layout encourages impulse purchases and increases the likelihood of repeat visits, ensuring that our stores are not just retail spaces, but vibrant and memorable destinations.

The following diagrams illustrate the storefronts of our stores of *Haoxianglai*:



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Store Operation

We have fully digitalized the entire store operation process through our self-developed digital systems. For details, see “— Digitalization.”

- ***Store operation.*** We adopt standard store operation procedures across all stores within our store network. Our standard store operation procedures encompass various aspects to maintain product quality, provide consistent customer experience and enhance operational efficiency. For example, we generally require each store to procure products exclusively from us to ensure product quality and sufficiency. We require all areas within and immediately out of our stores to be clean and tidy. We have stringent standards for shelf display, lighting and sanitation. For example, stores should have sufficient lighting; products should be properly displayed and arranged so that consumers can pick and choose more easily and comfortably. We require store staff to regularly check and keep record of on-shelf products, making sure they are properly labeled, within expiration date and have no packaging damage. The store staff should wear uniforms, greet consumers and resolve consumers’ inquiries patiently.

Our standardized operations are empowered by our self-developed digital systems, which help us analyze sales trends by product category and track real-time market preferences. This data-driven approach allows us to adjust product offerings timely and effectively. Additionally, we have integrated an external image recognition system to standardize store displays and optimize shelf layouts for new stores, ensuring consistent presentation and efficient use of retail space among all of our stores.

- ***Store management.*** For store management, we utilize our self-developed market development system, which allows us to track and manage store locations, assess surrounding environment, and adjust store features according to their settings — whether in commercial areas, campuses, or residential neighborhoods. This system also supervises store set-up and relocation processes, ensuring smooth operations and viable expansion.
- ***Store inspection.*** We further enhance our managerial capabilities by online and offline store inspections, which help us closely and regularly monitor store operation status and maintain quality and consistency across our entire network. For each store, we generally conduct online store inspections twice to five times per month and offline inspections more than twice per month.
- ***Training.*** Additionally, we offer unified and efficient trainings sessions, no fewer than twice annually, for our franchisees and their employees. Such training sessions cover system operation updates, marketing strategy optimization, store management upgrades, service standard enhancement and emergency measures. We provide cloud-based classes to our franchised partners, which help them better align with our operational standards and business goals. Training materials are stored in an online internal knowledge base and synchronized to the franchisee learning platform.

Our Product

Product Selection

Product selection is a strategic pillar of our business model: by curating the right product mix, we translate our economies of scale and brand impact into concrete consumer value. As of December 31, 2025, our procurement team had more than 300 employees with an average experience of approximately eight years, which comprised seasoned buyers joining from leading online and offline retailers and prominent community group-buy platforms, as well as product and business analytics teams which directly supported our seasoned buyers. As of December 31, 2024 and 2025, approximately 94% and 96% of our products were sourced directly from brand owners, respectively.

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Our product mix covers twelve core categories: drinking water and liquid beverages, dairy products, meat snacks, puffed snacks, biscuits and pastries, nuts and roasted seeds, instant food, dried fruits and candied products, candies and chocolates, vegetarian delicacies, jelly and pudding snacks, and powdered and instant drinks.

We review a broad range of SKUs and narrow them down to a curated national assortment of over 4,000 SKUs, with each store typically carrying around 1,800-2,000 SKUs. This approach strikes a deliberate balance between variety and operational efficiency, avoiding the extremes of supermarkets’ wide, unfocused assortments of generally more than 10,000 SKUs and convenience stores’ overly limited ranges of generally 1,000 SKUs, according to CIC. In 2025, we launched an average of approximately 220 new SKUs every month, ensuring freshness of offerings while maintaining operational efficiency through constant optimization.

We select and procure most products centrally, leveraging our national presence to secure better prices as well as consistent supplies and quality from brand owners. We also developed our own digital systems which analyze market trends and regional characteristics, and translate these insights into product optimization. We served around 2.4 billion transactions in 2025, doubling the 1.2 billion transactions in 2024. This large transaction volume provides us with unmatched visibility into flavor trends and shopping preferences, enabling us to optimize product selection and strengthen consumer engagement.

At the same time, we give regional managers discretion to introduce additional SKUs in response to regional tastes. For example, a higher share of beverages in Guangdong and more spicy snacks in Sichuan, Hunan, and Jiangxi provinces. This hybrid sourcing approach combines procurement leverage, cost efficiency, and brand consistency with local customization that boosts conversion and consumer loyalty.

Product Type

We primarily offer twelve types of snack and beverage products. In the meantime, we keep exploring new initiatives and broadening our product assortment to chilled and frozen food as well as daily necessities. We may further tap into additional categories to optimize our product mix and attract more consumers. Our products are selected based on quality, popularity and affordability, representing mainstream and popular items that drive steady consumer traffic, predictable sell-through and stable store economics for the business.

While most of our products are directly procured from reputable branded manufacturers, we also co-launch private-label products with our partner manufacturers. Leveraging our proximity to consumers and deep market insights, we quickly catch evolving market trends and translate them into fresh and affordable product offerings that enhance consumer enjoyment and loyalty.

Our core product types

The following table sets forth details of our twelve types of products during the Track Record Period:

Product Category	Sample Picture	Description	Typical Sales Price Range ¹		
			Per unit	Weight-priced individual-pack	Average shelf life
			(RMB)	(RMB per 500g)	(month)
Drinking Water and Liquid Beverages . . .		A wide selection of domestic and international brands of beverages, including bottled water, tea, juice, milk tea, and functional drinks, catering to varied consumer needs.	0.4-13.8	/	12

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Product Category	Sample Picture	Description	Typical Sales Price Range ¹		
			Per unit (RMB)	Weight-priced individual-pack (RMB per 500g)	Average shelf life (month)
Dairy Products . .		Dairy-based snacks and drinks such as milk, yogurt, cheese sticks, and flavored dairy beverages, offering both nutrition and taste.	1-9.9	/	7
Meat Snacks . . .		Premium meat-based snacks including pork, beef, poultry, and seafood, offered in jerky, dried fish, and seasoned snack forms with rich flavors.	0.8-14.5	9.8-69	9
Puffed Snacks . .		Crispy, flavorful puffed snacks such as chips, shrimp crackers, popcorns, and rice crisps, appealing to diverse taste preferences.	1.2-9.9	5.8-29.8	9
Biscuits and Pastries		A range of baked goods including bread, cookies, and cakes, crafted with quality ingredients and offering indulgent snacking experience.	0.9-12.9	5.8-29.8	11
Nuts and Roasted Seeds		A variety of nuts and roasted seeds including walnuts, almonds, cashews, pistachios, and sunflower seeds, available in various flavors.	1.9-19.8	8.8-59.8	8
Instant Food . . .		Convenient ready-to-eat meals such as instant noodles, rice dishes, self-heating hotpots, canned foods, and soups, suited for quick consumption.	0.9-19.8	/	9
Dried Fruits and Candied Products		Carefully selected dried fruits and candied snacks including plums, mangoes, grapes, cherries, and strawberries, offering natural flavor and nutrition.	1.3-39.6	5.8-39.8	11
Candies and Chocolates . . .		A wide selection of candies and chocolates with diverse flavors and formats, balancing taste and healthier alternatives.	0.2-30.8	5.2-59.9	15
Vegetarian Delicacies . . .		A selection of vegetarian snacks made from mushrooms, bamboo shoots, soy products, and other plant-based ingredients, offering nutritious alternatives.	0.8-19.9	7.9-22.8	7

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Product Category	Sample Picture	Description	Typical Sales Price Range ¹		
			Per unit	Weight-priced individual-pack	Average shelf life
			(RMB)	(RMB per 500g)	(month)
Jelly and Pudding Snacks		Fruit-flavored jelly cups and pudding-based snacks that are popular among younger consumers and families for their refreshing tastes and fun formats.	1.7-9.9	4.8-14.8	11
Powdered and Instant Drinks .		Popular powdered and instant beverages including coffee, milk tea powder, cereal powder, and health supplements, offering both convenience and variety.	0.8-11.8	7.9-29.8	15

Note: 1. Price range represents the labeled retail price of our products before any discount.

The following table sets forth a breakdown of our GMV by product type in absolute amount and as a percentage of our total GMV for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(RMB in millions, except percentages)					
Meat Snacks	1,851	16.6	7,034	16.5	10,854	14.8
Biscuits and Pastries	1,901	17.1	6,808	16.0	10,418	14.2
Drinking Water and Liquid Beverages	1,134	10.2	4,950	11.6	10,120	13.8
Puffed Snacks	1,067	9.6	3,853	9.0	6,745	9.2
Candies and Chocolates . . .	961	8.6	3,394	8.0	5,702	7.8
Instant Food	722	6.5	3,007	7.1	5,667	7.7
Dairy Products	591	5.3	2,709	6.4	4,721	6.4
Vegetarian Delicacies	571	5.1	2,234	5.2	4,257	5.8
Nuts and Roasted Seeds . . .	772	6.9	2,645	6.2	3,587	4.9
Dried Fruits and Candied Products	613	5.5	2,205	5.2	3,161	4.3
Jelly and Pudding Snacks . .	384	3.4	1,482	3.5	2,491	3.4
Powdered and Instant Drinks	236	2.1	811	1.9	1,296	1.8
Others ¹	348	3.1	1,464	3.4	4,297	5.9
Total	11,151	100.0	42,596	100.0	73,316	100.0

Note:

1. Include chilled products, frozen products, IP-licensed products, personal and home care products, among others.

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Broadened product offerings

Supported by our nationwide logistics network, including nine cold-chain warehouses as of December 31, 2025, we went beyond ambient products into chilled and frozen categories. This expansion allows us to broaden our consumer reach and address a wider range of everyday needs.

Our chilled range includes products such as dairy drinks with short shelf life of around 10 days on average, fresh bakery and braised food, which complement snack purchases and encourage higher purchase frequency. Our frozen range covers convenient items like ice cream and other ready-to-cook foods, meeting consumer demand for quick, affordable meal and snacking options. These offerings not only enrich our assortment but also help cater to more everyday dining occasions, increasing basket sizes and strengthening consumer stickiness.

Our private-label products

While most of our products are sourced from third-party manufacturers, we work closely with upstream manufacturers to co-launch private-label products that address consumer needs with speed and precision. Supported by our store-level data and category expertise, we launched our private-label product line in the fourth quarter of 2024, allowing us to respond promptly to market trends, better control quality and price to ensure affordability, thereby increasing consumer mindshare and strengthening brand loyalty. Private-label products also enhance our partnerships with manufacturers, as manufacturers gain new and stable sources of income and higher utilization of their production lines. Since its launch, the private-label product line has remained at an initial development stage, with product offerings continuously expanding and being refined.



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We offer two sub-product lines *Haoxianglai Value* (好想來超值) and *Haoxianglai Select* (好想來甄選).

	Haoxianglai Value	Haoxianglai Select
Positioning.	Focused on essential, high-frequency purchase categories to deliver the value-for-money choices and reinforce our brand’s affordable perception.	Focused on differentiated and premium-quality SKUs to elevate brand image and meet consumers’ upgraded and emotional needs beyond price.
Target consumers . .	Price-conscious consumers seeking affordable daily essentials.	Trendy and younger consumers pursuing novel and consistent experiences.
Core product categories	Bottled water, sugar-free tea, fruit tea and other standardized beverage SKUs.	Flavored craft beer, juice products, special snacks and beverages with sensory or functional differentiation.
Pricing	Typically priced at least 20-30% lower than comparable SKUs from third-party brands	Moderately higher pricing reflecting differentiated taste and design.
Roles in product portfolio	To attract mass consumers and drive foot traffic.	To deliver new and distinctive experiences, enhancing brand appeal and variety for existing consumers.

- ***Haoxianglai Value* (好想來超值).** *Haoxianglai Value* is our product line engineered to deliver various products at everyday low prices. We started with bottled water and beverages because they are easier to standardize and scale. For example, in partnership with a leading bottled-water manufacturer, we created our private-label product, *Haoxianglai* natural drinking water sourced from Qiandao Lake. By eliminating unnecessary intermediaries, optimizing packaging, streamlining logistics, and leveraging our bulk purchasing power, we manage to price the product at just RMB0.6 per bottle as compared to the industry average of RMB1-3 per bottle, according to CIC, while still maintaining healthy margins for ourselves, our franchisees, and partner manufacturers. The high quality and affordability have made our *Haoxianglai* natural drinking water a nationwide bestseller, with an average monthly growth of approximately 250% from its launch in May 2025 and accumulated sales reaching around 120 million bottles as of December 31, 2025.
- ***Haoxianglai Select* (好想來甄選).** *Haoxianglai Select* targets differentiated, premium-quality SKUs that offer sensory or functional values. For example, our *Haoxianglai* green grape jasmine beer builds on a craft beer foundation while incorporating distinctive jasmine flavor elements and design, delivering consumers an immediate sense of surprise and delight from the very first sip. Our juice products, pocket size coffee, buffalo pure milk and different flavors of corn chips deliver warm and lifting snack experience that fit everyday needs, whether at work or for family. These subtle product innovations create clear shelf differentiation and justify a quality premium while still aligning with our brand positioning.

To create a unique value proposition and differentiation in our private-label products, we focus on delivering distinctive offerings that stand out in the market. For example, in developing our tea beverages under the *Haoxianglai Value* product line, we focus on three common tea flavors — jasmine, oolong, and green tea. The challenge, however, was how to stand out within such widely available flavors. We addressed this by going deeper into tea varieties. When the tea itself is unsweetened, we identify that “aroma” becomes one of the most important factors in consumers’ choices. Therefore, we select fragrant yet cost-efficient varieties such as YuLu green tea (玉露綠茶) and Lan Xiang oolong (蘭香烏龍) as our raw materials. At the same time, to cater to different taste preferences, we offer tea beverages in different intensity from rich to light. It is precisely these subtle but thoughtful innovations that, when combined, result in products that feel fresh and differentiated, even within a widely-adopted category.

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Building on the goal to develop a product mix that caters to consumer demands, we have gradually expanded our water and beverage product family with market analysis, research and development and cooperation with manufacturers. Looking ahead, we plan to extend our private-label products into more SKUs in categories of beverages, meat snacks, baked goods, dairy products and selected non-food items such as personal care products, continuing to scale profitable, differentiated offerings.

Product Pricing

Our price advantage is achieved through our economies of scale, efficient supply chain management and brand reputation. We gain greater flexibility in setting up prices and margins through our private-label products, where we are responsible for product design and development. According to CIC, our retail prices are on average 20-30% lower than comparable products sold in hypermarkets, supermarkets and convenience stores, underscoring the strength of our value propositions.

We set the retail prices for all of the products sold in both self-operated and franchised stores. We primarily consider factors such as procurement and logistics costs of the products, and market trends and pricing of comparable products offered by supermarkets, e-commerce platforms and other reputable retailers. We also adjust prices among different areas based on regional economic condition. We offer promotional activities from time to time to stimulate sales, such as discounts and buy-one-get-one-free strategy. We may offer sales rebate, and during the Track Record Period, the total amount of sales rebate constituted less than 5% of total revenue of our snack and beverage retail business.

Our Operations

We primarily operate our snack and beverage retail business under a franchise model, under which we authorize our franchisees to sell snack and beverage pre-selected by us through franchised stores under our brands. Our franchisees are accountable for the profit or loss of the stores they operate.

According to CIC, the franchise model is a common market practice in China’s snack and beverage retail industry. It has fueled our rapid and efficient expansion by leveraging the entrepreneurship and local market knowledge of carefully selected franchisees, while preserving our centralized brand image, quality standards and supply-chain advantages that arise from our economies of scale. As we delegate daily store operations to franchisees, we can focus more on brand-level marketing campaigns, seasonal promotions and digital consumer engagement initiatives that drive overall foot traffic and sales.

We empower our franchisees during the full lifecycle of store operation, drawing from our accumulated experience and market insights. From site selection, product selection and shelf display, to day-to-day operation, we have established a set of standardized procedures, trainings and digital tools to help our franchisees achieve optimal store performances. Through regular performance reviews and store inspections, we help franchisees maintain optimal store standards and keep improving store-level performances.

As of December 31, 2025, we had 18,282 franchised stores, ranking as the second largest value retailer for snack and beverage in terms of number of stores, with a presence in 97% of provinces in Chinese Mainland, according to CIC, achieving one of the most extensive retail footprints in the industry. The number of our franchised stores increased from 4,560 as of December 31, 2023 to 14,098 as of December 31, 2024, and further to 18,282 as of December 31, 2025, which demonstrates our strong growth. See “Our Stores — Our Store Network” for more information. The growth of our store network was primarily due to the organic growth after acquisitions, underpinned by our strategic site selection, franchisee management, product optimization and efficiency improvement on an increasingly large scale. During the Track Record Period, the closure rates of

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our franchised stores were 1.6%, 1.5% and 3.0%, respectively, which were significantly lower than the average of over 10% of the snack and beverage retail industry, according to CIC. In 2023, 2024 and 2025, 20, 66 and 29 of franchised store closures were ordered by us, respectively, based on the expiration of lease terms of the stores, our evaluation system on store performance and regional development, whereas the rest were initiated by franchisees primarily for personal reasons or pursuing new business initiatives. The following table sets forth the movements in our franchised stores during the Track Record Period.

	For the Year Ended December 31,		
	2023	2024	2025
	<i>Count</i>	<i>Count</i>	<i>Count</i>
Number of franchised stores at the beginning of the year	160	4,560	14,098
Number of new franchised stores opened during the year other than through acquisitions	3,128	9,746	4,759
Number of new franchised stores acquired ¹	1,347	0	0
Number of franchised stores closed during the year	<u>(75)</u>	<u>(208)</u>	<u>(575)</u>
Number of franchised stores at the end of the year	<u>4,560</u>	<u>14,098</u>	<u>18,282</u>

Note: (1) This figure represents the number of stores acquired since the acquisitions of brands in 2023.

We have built a loyal and ever-enlarging franchise base. As our business grows, the number of franchisees joining us increased substantially during the Track Record Period, from 2,763 as of December 31, 2023 to 9,159 as of December 31, 2024 and further to 11,711 as of December 31, 2025, which was in line with the growth of our store network. The following table sets forth the movements in the number of our franchisees for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	<i>Count</i>	<i>Count</i>	<i>Count</i>
Number of franchisees at the beginning of the year	85	2,763	9,159
Number of franchisees onboarded other than through acquisitions	2,002	6,463	2,757
Number of new franchisees acquired ¹	689	0	0
Number of departing franchisees	<u>(13)</u>	<u>(67)</u>	<u>(205)</u>
Number of franchisees at the end of the year	<u>2,763</u>	<u>9,159</u>	<u>11,711</u>

Note: (1) This figure represents the number of franchisees acquired at the time of the acquisitions.

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During the Track Record Period, we were not subject to any material risk of store concentration among a small number of franchisees, and our sales to the largest franchisee accounted for less than 1% of our total revenue. In 2023, 2024 and 2025, the retention rate of franchisees was 99.5%, 99.3% and 98.3%, respectively.

The following table sets out a breakdown of revenue generated through our store network by different distribution channels for the years indicated. The remainder of the revenue from our snack and beverage retail business was generated via wholesale.

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
<i>(RMB in thousands, except for percentages)</i>						
Franchised stores	8,320,591	95.5	31,150,071	98.3	50,425,059	99.4
Self-operated stores	390,966	4.5	524,048	1.7	324,047	0.6
Total	8,711,557	100.0	31,674,119	100.0	50,749,106	100.0

When evaluating whether to open a new store, we consider multiple factors to maximize sales volume while preventing unhealthy competition. When assessing whether to open a new store in a business district where we have established presence, we evaluate foot traffic of the business district, operational performance of our existing stores, concentration of other snack stores in the vicinity, business conditions of the new store and our overall development strategy there. We will also adjust store density based on population distribution, consumer purchasing power, municipal planning and commercial property planning. The provinces and areas where we are currently operating still have room for more store openings.

Franchisee Development, Selection and Onboarding

Our franchisee development, selection and onboarding process can be categorized into the following steps: franchisee application, collaboration with interested franchisees in site selection, entry into franchise agreement and franchised store opening.

Franchisee Application

To attract new franchisees, we maintain a hotline and display our contact information for franchise inquiries and applications on our website and official social media accounts. In addition, we organize offline marketing activities and rely on word-of-mouth referrals for better local outreach. We conduct initial screening on interested franchisee applicants and invite qualified ones to our on-site conferences, where we introduce our franchisee model in detail and meet with franchisee applicants one-on-one. In this way, franchisee applicants learn more about our brands, products and business models. We also holistically evaluate the potential of a franchisee applicant to successfully operate a franchised store.

To preserve our brand values and ensure consistently satisfactory consumer experiences, we maintain stringent standards when evaluating franchisee applicants. We primarily assess factors including the franchisee applicants’ past business experience, level of cooperation, financial status, risk awareness, understanding of the importance of brand image, quality of their store site proposal if any, and managerial capabilities.

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Collaboration with Interested Franchisees in Site Selection

If both parties are interested in further collaboration, we and the franchisee applicants will enter into a non-binding letter of intent. Afterwards, we will work with franchisee applicants to identify proper locations for store operations. We usually lead the site-selection process, making recommendations based on our analyses of commercial areas, traffic, consumer demographics, and rental costs. We also evaluate the potential properties to make sure their conditions meet our store opening standards. Franchisees can either choose from our recommended sites or propose their preferred locations, which are subject to our evaluation and approvals. For more information, see “Our Stores — Site Selection” for details.

Entry into Franchise Agreement

Once both parties agree on site selection, we and the franchisee candidate will enter into a franchise agreement, which specifies rights and obligations of each party. Franchisees are then responsible for securing the preferred locations (either through lease or purchase of the properties, or in cases that the property is already self-owned by the franchisees) and obtaining relevant licenses and permits required for operating franchised stores. For more information about our agreement with franchisees, see “— Franchise Agreements.”

Franchised Store Opening Process

After signing franchise agreements, we kick off the store development process, which mainly consists of the following key steps:

- *Hiring and training store employees.* Franchisees are responsible for hiring and managing their employees. Before store openings, franchisees and their employees are required to undergo our standard five-day training program, which covers essential information related to store setup, product display, consumer relationship, employee code, among others. See “— Training and Development” for details.
- *Store design and renovation.* We assist franchisees in all aspects of store outfit, ranging from upfront store layout design to daily construction supervision.
- *Initial stock purchase and equipment setup.* Before official openings, franchisees procure inventories and equipment from us and we assist them with a final review of system configurations and other pre-opening setups.

Training and Development

To achieve standardized store operation and management by franchisees, we provide uniform training for franchisees prior to their official store openings and no fewer than two regular training sessions annually. Such training covers the following aspects:

- *Store image.* Placements at the entrance area, material display, and cashier zone shall adhere to established standards. From general store layout to certification labels affixed properly on electronic scales, every detail shall be executed with precision and accuracy.
- *Product display.* Products should be displayed neatly and artfully, organized by category, zone, and popularity to better help consumers quickly locate the items they need.
- *Consumer complaint handling.* From theory to scenario simulation, we provide comprehensible strategies and clear steps to address consumer complaints to enhance consumer experience and strengthen store competitiveness.

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- *Equipment operation.* We start with our standardized store equipment to acquaint each employee with the safe and efficient use of our equipment and to guide them to continuously optimize their skills in actual operations.
- *Employee guidelines.* We provide comprehensive employee guidelines and trainings to enhance compliance awareness. Store managers use performance evaluations to establish reward mechanisms, setting bonuses to encourage good teamwork and operational results.
- *Scientific shift scheduling.* We recommend efficient scheduling procedures based on employees, time, and circumstances to make sure each store has adequate employees during its opening time. Through reasonable allocation of human resources, we promote smooth store operations and improve work efficiency and effectiveness.
- *Performance assessment.* We establish a strict assessment system. Employees of each store are required to pass our assessment before commencement of work, and those who fail the assessment must undertake further training to ensure that each store is operated by employees who adhere to high standards.

Performance Evaluation System

Franchised stores are operated independently by franchisees and supervised by our store management and operation team. To ensure the effectiveness of our franchise business model and maintain high quality of products and services we provide to our consumers, we implement robust supervision and monitoring measures.

Franchisees must adhere to our store management and operation standards, including attending pre-opening trainings, conforming to our store operating procedures and complying with the terms in our franchise agreements.

Our tiered performance evaluation system is implemented with the assistance of our intelligent real-time online supervision system so that we can monitor store operation status remotely. We also have a designated team of store supervisors, who conduct monthly inspection on-site. In particular, we put great emphasis on compliance with the food safety and product quality standards set by our quality control department and operation department, see “— Food Safety and Quality Control.” The inspections of store operation and product safety are included as our performance evaluation. We may grant bonuses to stores which excel in our performance evaluation. For stores that fail to meet the standards of our performance evaluation, we may require extra trainings to help them locate the reasons and formulate a plan for future improvement.

We may impose penalty fees to franchisees upon identifying non-compliance with store operation code, including the following: (i) displaying or selling expired products in the stores; (ii) unauthorized procurement of goods from third-party channels without our prior approvals; (iii) failure to purchase employee accident insurance; and (iv) failure to implement our specific requirements on store operation.

We have established a performance evaluation system to ensure consistent management standards across the ever-growing franchised stores. To further strengthen oversight, we have also set up an operation and support team, which provides targeted professional guidance and training to stores which fail to meet the standards of our performance evaluation, and closely follows up on their improvement results. Along with our self-developed digital systems which visualize operations of all stores, we efficiently monitor store operations even amid rapid expansion and broad geographical coverage.

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Responses to Consumer Complaints

If we receive a consumer complaint or publicity alert, we prioritize protecting consumer interests by aiming to provide a satisfactory solution within 24 hours. Upon notice of such incident, a work ticket is created in our self-developed digital systems to track the processing status. Our consumer service staff will look into the nature of the complaint, classify the ticket by type, level of importance and urgency, and thoroughly investigate the issue within the specified time to response. For different types of incidents, we resolve them in various ways, as set forth below.

- Product safety issues (such as spoilage or improper packaging): if the product safety issue is caused by the store’s failure to conduct effective self-inspection, we will order such store to make remedial measures immediately and contact the consumer within 24 hours after he or she lodges a complaint. We promptly refund the consumers if a product defect is confirmed. If a product defect is caused by manufacturing, we may seek compensation from that manufacturer. If a product expires because a franchisee failed to store, handle, or rotate stock properly, we may seek compensation from the relevant franchisee.
- Service issues: we will contact the consumer by phone for feedback and coordinate with the store supervisor to implement corrective measures. If complaints arise due to issues such as cashier errors, we target to verify the matter within 48 hours and require the corresponding store to issue a refund if a cashier error is confirmed.
- Other major complaints: we will engage in conversations with consumers via phone calls or emails and may make public announcements if needed.

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

Franchise Agreements

We have a buyer-seller relationship with our franchisees. We enter into standardized franchise agreements with our franchisees to cover key aspects of the franchise relationship and the operation of our franchised stores. There are no significant differences between franchisees of different brands. The following sets forth a summary of the salient terms of our standard franchise agreements:

- Terms We enter into franchise agreements with a general term of five years. The franchise agreements are renewable upon expiry.
- Franchise fees We currently do not charge any franchise fees for franchisees joining the *Haoxianglai* brand. During the Track Record Period, we used to charge fixed and lump-sum franchise fees for franchisees joining the *Haoxianglai* brand in the range of RMB38,000 to RMB50,000 per store for the duration of the franchise agreements, in consideration for the goodwill of the brand, services, training and supervision we provided to the franchisees. The fee range was set according to market conditions, in line with the fee range charged by our peers.

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For franchisees joining and opening stores before June 2024, we charged an annual franchise fee for franchisees operating under the *Laopo Daren* brand at RMB10,000 per store, in consideration for the duration of the franchise agreements for the goodwill of the brand, services, training and supervision we provided to the franchisees. The fee arrangement was set prior to our acquisition of the brand, which we have continued to adopt. For new franchisees joining to operate under the *Laopo Daren* brand after June 2024, we do not charge any franchise or management fee.

- Security deposits We typically charge fixed and refundable security deposits for franchisees joining either the *Haoxianglai* brand or the *Laopo Daren* brand, ranging from RMB20,000 to RMB50,000 per store.

Upon expiration of the franchise agreements, the deposits may be fully refunded to the franchisees without interest, provided that the franchisee has no outstanding debts, breach of contract, or other violations. We have the right to confiscate or only partially refund the deposits for, among other things, (i) the franchisees’ failure to maintain continuous store operation; (ii) any bills, rent, employee wages or taxes past due that causes damage to our brand image, or (iii) the franchisees’ violation of the confidentiality clauses of the franchise agreements.

- IT service fees We also charge fixed non-refundable IT service fees for franchisees joining either brand. Such fees range from RMB2,000 to RMB13,000 for the entire agreement term for the franchisees’ use of our self-developed systems and access to our other supports, including system upgrade and software support.

- Franchised store opening and operation Franchisees are responsible for decoration and renovation costs during store opening as well as the operating expenses for conducting the ordinary course of business.

- Standardized procurement . . Franchisees are required to procure products from us to be used in the stores. They are required to make upfront payment for the products prior to our delivery to the stores. There is no minimum purchase amount requirement.

- Standardized pricing Franchisees are required to implement uniform suggested retail prices determined by us. Any price adjustments shall be negotiated with and approved by us.

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- Company-provided services We are responsible for providing franchisees with the necessary marketing, service and technical guidances to conduct their franchise operations, including: (i) store design and guidance on decoration; (ii) trainings, including store opening trainings and continuous operational trainings; (iii) logistics and transportation of products procured from us for free; and (iv) marketing services, including providing advertising and promotional materials and support.
- Transfer or assignment of franchise rights Franchisees are not allowed to transfer or assign the franchise rights they possess to any other party without our written consent.
- Regulatory compliance Franchisees shall obtain all required licenses and permits and comply with standards of fire safety, hygiene standard, environmental protection and food safety.
- Intellectual property Franchisees are permitted to use *Haoxianglai*-related intellectual properties only during the ordinary course of business and are prohibited from misusing or misappropriating brand-related trademarks, names or logos in any manner.

If we implement a brand-wide upgrade of our trademarks, names or logos or otherwise request the franchisees to update their store outfit to reflect our latest brand image, franchisees shall comply with such requests.
- Brand promotion We shall have the right to terminate the franchise agreement and/or seek compensation for any adverse impact on our brand image caused by the following acts: (1) The franchisee closes the store before the expiration date due to his/her failure to pay utilities, rent, employee compensation, taxes, or otherwise breach of the contract; and (2) illegal or non-compliant conduct by the franchisee during his/her operations which result in consumer complaints, media exposure, or investigations by administrative authorities.
- Consumer complaint If we receive a consumer complaint regarding a specific store, after we investigate and verify the complaint, we shall have the right to require the franchisee to compensate the consumer promptly. In urgent situations, we may directly compensate the consumer and then seek reimbursement from the franchisee in accordance with the franchise agreement.

Except for faults attributed to us, the franchisee shall bear all the liabilities and compensation resulted from consumer complaints. To the extent possible, we will assist the franchisee to properly handle the issue.

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- Contract breach and termination Franchisee shall not sell spoiled or expired products, violate the confidentiality provisions, altering or intentionally erasing production dates to deceive consumers, or engage in other prohibited conducts specified in the agreement.

In cases of any such conducts, we shall have the right to notify the franchisee in writing and require the franchisee to rectify such acts within five days upon receiving such notice. If the franchisee fails to rectify such acts within the specified time limit, we can terminate the franchise agreement and request compensation from franchisees.
- Location During store operation, if the franchisee proposes to move store location, the proposal must be approved by us.
- Exclusivity Pursuant to the franchise agreement, our franchisees shall not engage in other similar business.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any breach of the franchise agreements by our franchisees that had a material and adverse impact on our business operations. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any disputes with franchisees that had a material and adverse impact on our business operations.

Relationship with Franchisees

As of December 31, 2023, 2024 and 2025, 54, 120 and 122 franchisees were our former employees, then-current employees, or our connected persons. These franchisees operated 87, 207 and 240 franchised stores (the “**Related Franchised Stores**”, with the rest of our franchised stores referred to as the “**Independent Franchised Stores**”) as of December 31, 2023, 2024 and 2025, respectively. The revenue contribution from the Related Franchised Stores was immaterial, collectively accounting for around 1.8%, 1.5% and 1.3% of our total revenue in 2023, 2024 and 2025, respectively. When onboarding franchisees who were our former employees, then-current employees, or our connected persons we applied the same selection criteria and procedures as those for the other franchisees. The franchise agreements that we entered into with these franchisees had the same terms and conditions as those in the franchise agreements with the other franchisees. Save as disclosed above, during the Track Record Period, to the best of our knowledge, our franchisees were Independent Third Parties and they did not have any past or present relationships (business, trust, family, financing or otherwise) with the Company or its subsidiaries, their shareholders, directors or senior management, or any of their respective associates.

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Supply Chain Management

We have built a sophisticated and integrated supply chain that supports the rapid expansion of our nationwide store network while continuously improving efficiency. As of December 31, 2024 and 2025, approximately 94% and 96% of our products were sourced directly from brand owners, respectively, eliminating intermediaries and controlling procurement costs. Our product portfolio covers a national assortment of over 4,000 SKUs and each store typically carries approximately 1,800-2,000 SKUs for sale on a daily basis. Despite the large number of products in our snack portfolio, we are able to better manage procurement costs based on significant procurement volume. As a result, our products consistently deliver a significant price advantage, with our retail price being on average 20-30% lower than comparable products sold in hypermarkets, supermarkets and convenience stores. Moreover, we have formed collaborative relationships with well-known brand owners and manufacturers, covering aspects ranging from product supplies to new product development. For instance, we rely on third-party manufacturers to produce our private label offerings. During the Track Record Period, we procured the substantial majority of our products within China.

Supplier Selection and Quality Control

We implement strict supplier selection criteria and thorough vetting procedures, which demonstrate our dedication to food safety and product quality. We also engage third-party institutions to conduct quality control assessment of the suppliers’ manufacture factories.

We require potential supplier candidates to undergo in-depth evaluations by our procurement and quality control teams before adding them to our approved suppliers list. To qualify, suppliers must meet several criteria, including maintaining a solid reputation and market share within their respective industries, possessing qualifications that comply with applicable laws and regulations, demonstrating adequate product volume and quality, and showcasing strong R&D capabilities. We also require that the suppliers implement a sound management and quality control system and internal structure with sufficient and stable production capacities and equipment. We typically select leading suppliers in their product categories in terms of business, quality control, brand recognition and R&D capabilities.

After being added to our approved supplier’s list, each supplier shall undergo a comprehensive annual inspection conducted by a qualified third party. We evaluate our suppliers regularly based on various dimensions and classify them according to their evaluation scores. Suppliers that fail to meet quality control standards are subject to different levels of interviews to urge them to implement corrective measures. Suppliers with excellent scores are given fast tracks for new products.

Procurement Process

Our procurement mainly takes the forms of purchase orders bearing the company seals of both parties, or electronic placement of orders through our self-developed digital systems or other platforms as agreed by us and our suppliers. The purchase orders shall specify information such as the SKU, quantity, price, currency, payment terms, payment method, time of delivery and location. After orders are placed, suppliers generally handle transportation from their facilities to our warehouses. We will conduct inspection over the products upon the delivery to make sure the quantity is correct and the quality remain intact. See “— Food Safety and Quality Control — Food Safety”.

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Procurement Agreements

We typically enter into long-term procurement agreements with our suppliers which include the following salient terms.

- Terms We enter into long-term procurement agreements with no fixed term.
- Prices We typically agree with our supplier on the purchase price and quantity for each purchase order. Once the purchase price is set in a purchase order, suppliers must obtain our approval before raising the price. Supplier may offer tiered discounts as our purchase volume increases, which are negotiated on a case-by-case basis.
- Payment arrangements We may make advance payments, or settle the balance after delivery of products and receipt of an invoice, subject to the payment arrangements agreed with each supplier.
- Procurement frequency. Procurement frequency is not mandated in the procurement agreement. However, it usually depends on product turnover rate, which is typically once to twice a week.
- Returns and exchanges. We have the right to return the products in cases of quality issues.
- Minimum procurement quantity Any minimum procurement quantity proposed by the supplier shall be agreed by us.
- Contract liability Under the following circumstances, we have the right to terminate the agreement and the supplier shall compensate for the losses of us: (i) delivery of defective products; (ii) late delivery of or failure to deliver products; (iii) sale of our customized products to other parties; and (iv) the suppliers’ goods subject us to significant risks or losses, including negative publicities, mass product returns or recalls, investigations, litigations or penalties by governmental authorities.
- Termination. We may terminate the agreement with a supplier if it breaches the contract and does not remedy the breach within a reasonable time after receiving our notice.

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Warehousing and Logistics

Warehousing

We operated a nationwide warehousing network of 48 ambient warehouses with a total area of over 980,000 square meters, as well as nine cold-chain warehouses as of December 31, 2025.

As of December 31, 2025, with an average distance of 128 kilometers between our stores and warehouses, our network was strategically aligned with our nationwide store expansion, enabling delivery from warehouses to approximately 80% of our stores within 24 hours. We operate an asset-light model, with all of our facilities run under flexible rental arrangements rather than fixed ownership.

We have fully implemented a digital supply chain management system to achieve real-time data collaboration across the entire supply chain, from warehouses to stores. We achieved a high degree of automation in inventory stocking and sorting with the introduction of technologies such as AGV and image recognition, significantly improving operational efficiency and reducing labor costs. For detail, see “— Digitalization — Digitalized Warehousing and Logistics.”

Logistics

We engage third-party logistics service providers to fulfill our logistics needs. For approximately 80% of stores, delivery is completed within 24 hours from the time the store places an order. In selecting logistics service providers, we typically require them to set certain number of vehicles designated for the transportation of our products. We implement detailed quality control policies and requirements for these providers to ensure timely and adequate delivery of our products. For example, we regularly inspect the hygiene conditions of the delivery vehicles and request the cleaning and disinfection of delivery vehicles to ensure quality of our products. We also require the installation of temperature monitoring equipment for the delivery of our temperature-sensitive products and the monitoring and maintenance of the requisite temperature for the entire delivery process, preserving the freshness and quality of our products.

We leverage advanced technologies to reduce costs and improve fulfillment timeliness, ensuring products are delivered accurately and efficiently to stores across regions. For example, our self-developed transportation management system (“TMS”) enables us to monitor and trace shipments from the moments they are dispatched until they reach our stores. The TMS adopts an efficient logistics approach, where orders with similar attributes are grouped together from an overall order pool and patched together for delivery. Leveraging third-party navigation services, our TMS also provides for intelligent route planning considering factors such as distances, road conditions and potential traffic restrictions. Our TMS allows end-to-end visualization, through which we can monitor the transit status from order dispatching, transportation status at each node and order delivery, thereby facilitating on-time delivery, reducing delivery costs and increasing efficiency. Through this system, we consistently deliver superior fulfillment performance. In December 2025, our average order fulfillment rate under *Haoxianglai* exceeded 99%, above the industry average of 90%-95%, according to CIC.

Food Safety and Quality Control

Food safety is one of our operational emphases and we always prioritize providing consumers with safe and hygienic products. To facilitate this goal, we have established a series of food safety and quality control procedures covering all key stages in our business, from supply chain management to our store operations. We have formulated a comprehensive quality control system, including product compliance inspection, quality control in warehousing and logistics, in-store management and quality analysis and improvement. We uphold our high standards of food safety and quality control primarily in the following aspects:

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- ***Food safety department.*** We have established a food safety department. As of December 31, 2025, it comprised over 150 personnel with extensive professional experience in food safety and quality control. The department is responsible for coordinating all tasks and resolving all issues relating to food safety, including (i) establishing, articulating and updating our food safety policy framework, (ii) formulating our food safety strategies and objectives, (iii) designing the organizational structure and management mechanism regarding food safety, and (iv) supervising and guiding the food safety management across all aspects of our business operations.
- ***Stringent supplier selection mechanism.*** We have implemented a stringent supplier selection mechanism: aiming at collaborating with only the most trustworthy suppliers, we evaluate multiple factors such as suppliers’ registered capital, registration period, maintenance of licenses and registrations, including, among others, business licenses, food operating permits, product testing reports, factory inspection reports, quarantine certificates and custom declarations (where applicable), etc. We assess and classify suppliers based on food safety risk levels, comprehensively evaluating factors listed above, quality system certification level and food safety-related administrative penalty records. Based on the classification, we implement corresponding supplier selection and management requirements.

We require all suppliers to strictly follow all applicable laws and regulations related to food quality, safety and hygiene. In case of the existence of several regulations and standards, suppliers shall comply with the highest standard. During the Track Record Period and up to the Latest Practicable Date, we rigorously reviewed relevant permits and registrations such as business licenses and food operating permits required for the operations of the suppliers to ensure that they meet our requirements. For the same periods indicated, no major supplier had been involved in material food safety incidents which led to penalties or litigations. We entered into several food safety-related agreements with suppliers, including the Supplier Food Safety Agreement and the Food Processing Framework Contract (collectively the “**Agreements**”). The Agreements: (a) explicate the food safety management requirements throughout all stages of supply, including product selection, distribution, sales, and after-sales handling; clearly define (b) responsibilities for quality issues and (c) penalties for breach of the Agreements. All suppliers are required to sign a Supplier Food Safety Commitment Letter and maintain valid inspection certificates. See “— Supply Chain Management” for details.

- ***Annual factory inspection.*** We engage qualified professional third parties to inspect and evaluate factories of all new and existing suppliers. We will only start or continue our cooperation with those which reach a high benchmark of manufacturing standards. Such professional third parties include the SGS group, the Centre Testing International Group and the Ti Testing & Certification Group. Their selected credentials include the China Metrology Accreditation, the China Compulsory Certification and the China National Accreditation Service for Conformity Assessment.
- ***Uniform sources and quality check.*** To ensure consistency and stability of food safety and quality, all products sold in our franchised and self-operated stores are usually procured through us. During the Track Record Period, we allowed limited external procurement, primarily involving frozen and chilled goods, and short-shelf-life fresh produce, in order to accommodate local consumer preferences and provide flexibility for exploring new product categories. For externally sourced products, our quality control team has established a comprehensive management process. Under the guiding document “Store Food Safety Management System,” we set requirements for product quality self-inspection, product traceability, inspection of procured products, storage, and display, as well as the handling of non-conforming products. Externally sourced products are subject to the same stringent level of food procurement and inspection requirements as products procured through us.

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We impose high requirements for the hygiene of supplier transport vehicles, personnel and the outer packaging of products. We also implement stringent rounds of inspection of products after their arrival at our warehouses. All products must arrive with valid third-party testing reports, and corresponding testing reports must be provided upon delivery to our warehouses. We randomly select products for testing upon arrival at warehouses, and any products that do not meet the agreed-upon quality specifications will be rejected.

Rejected or substandard products may not be reprocessed or resupplied to us without our prior consent. Where products are rejected due to food safety issues attributable to suppliers, we may impose contractual remedies, including requiring the supplier to bear the relevant costs. If such issues occur repeatedly, we may discontinue our cooperation with the supplier. If product quality issues are identified during our warehouse inspections, we will issue a quality rectification notice outlining the required corrective actions and timeline, and may apply corresponding contractual remedies in accordance with our supplier agreements.

- ***Mandatory and regular food safety trainings.*** We provide mandatory and regular food safety trainings to all franchisees and their employees and employees of self-operated stores before store openings and throughout the store operations. The trainings cover insights on relevant food safety regulations and trends, factors influencing food safety, and practical guides to prevent food safety issues at the store level.
- ***Franchisee self-inspection.*** Franchisees are required to conduct self-inspections of products during the product listing process. Store staff who discover quality issues such as spoilage, expiry and damaged packaging will be rewarded and the substandard products will be removed from shelves, destroyed or recalled. All such losses will be borne by the suppliers in question.
- ***Supervision of store operation.*** Store supervisors, managers, and staff must conduct periodical inspection on expiration date of products, promptly removing any products with defects or close to expiries. If we identify stores selling defective products, products that have passed the expiration date, or having other food safety issues, we will immediately investigate the relevant stores. All staff of the investigated store will be required to recheck the inventories thoroughly. We may also impose penalty payment on the stores in question, record the incidents in their performance review, order temporary store closure and/or terminate the franchise agreement.

During the Track Record Period and up to the Latest Practicable Date, (i) we were not subject to any material administrative or other penalties from any governmental authorities in connection with product quality or food safety, (ii) we were not ordered to undertake any mandatory product recalls as required by any governmental authorities or any material product recalls, which could have a material adverse effect on our business, financial conditions and results of operations, (iii) we did not experience any incidents related to material exposure to product liabilities, (iv) we did not receive any material complaints from consumers in connection with product quality and (v) there had not been any material food safety and/or product quality incidents involving our self-operated or franchised stores. For all of our sales channels, we only accept product returns associated with quality issues, which is in line with the industry norm, according to CIC. During the Track Record Period and up to the Latest Practicable Date, there was no major product return event.

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EDIBLE FUNGI BUSINESS

Our Product

We engage in the cultivation and sale of fresh edible fungi, supplying products that are “green, environmentally friendly and safe” to consumers nationwide. Leveraging modern biotechnology and a factory-based production model, we operate two major production bases in Zhangzhou, Fujian Province and Nanjing, Jiangsu Province.

As of December 31, 2025, our total designed daily production capacity reached approximately 382 tonnes, comprising 325 tonnes of enoki mushrooms (金針菇), 45 tonnes of hypsizygus tessulatus (真姬菇) and 12 tonnes of velvet antler mushrooms (鹿茸菇). Our products are primarily sold fresh to distributors and supermarket chains across China.

In 2025, revenue from the edible fungi business amounted to approximately RMB602.2 million, representing 1.2% of our total revenue. Our production scale, consistent quality and broad distribution network have enabled us to maintain stable market share in this segment.

Production Feature

We cultivate fresh edible fungi in enclosed, climate-controlled facilities using agricultural by-products such as rice bran, corn husks and wheat bran as substrates. Through advanced microbial cultivation technology, we provide optimal growth conditions for each species, ensuring stable yield, consistent quality and enhanced food safety. Compared with traditional outdoor farming, which is exposed to weather fluctuations and higher contamination risks, our factory-based cultivation model offers greater stability, higher yield per unit area, more efficient land use and lower susceptibility to environmental and food safety issues. Our two production bases in Zhangzhou, Fujian Province and Nanjing, Jiangsu Province operate year-round, and are supported by automated systems for preparation, temperature regulation, harvesting and packaging. This model also enables recycling of cultivation waste, thereby reducing environmental impact.

Operation Model

Harvested edible fungi are packed and distributed promptly through our cold-chain logistics network. We sell our products primarily to distributors, who then supply supermarket chains, agricultural produce markets, catering companies and other food retailers across China. Sales are conducted on a spot-price basis, with prices reflecting market conditions and product quality. We maintain stable relationships with long-term customers, enabling steady sales volumes and efficient turnover of production. We may offer sales rebate, and the total amount of sales rebate constituted less than 2% of total revenue of our edible fungi business during the Track Record Period.

Fungi Product Portfolio

Category	Sample Picture and Key Features	
Enoki mushrooms (金針菇) (include white enoki mushrooms and golden enoki mushrooms)		• Typical Shelf Life: 7-30 days • Mild flavor, high in dietary fiber

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Category	Sample Picture and Key Features		
Hypsizygus tessulatus (真姬菇) (include crab-flavored mushrooms, white jade mushrooms, seafood mushrooms		• Typical Shelf Life: 30-40 days • Firm texture, versatile culinary uses	
Velvet antler mushrooms (鹿茸菇)		• Typical Shelf Life for fresh products: 7-10 days • Distinct aroma, premium positioning	

Our Operation

Our edible fungi products are fresh agricultural produce. In line with the industry norm of edible fungi and overall agricultural product industries, we sell our products primarily to distributors, which contributed more than 99% of revenue of our edible fungi business in each year during the Track Record Period. Our distributors can leverage their experience and connection in local markets to help us efficiently grow our sales. As of December 31, 2025, we established stable cooperative relationships with 147 distributors. We also generate revenue from direct retail sales to individuals, which constituted less than 1% of total revenue of our edible fungi business during the Track Record Period. In addition to our edible fungi products, we also sell our fungi residue as raw and auxiliary materials for the production of organic fertilizers. During the Track Record Period, we only engaged offline distributors, who may sell our fungi products online by collaborating with e-commerce platform. We did not directly conduct sales activities online for our edible fungi business.

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Distributor Development, Selection and Onboarding

We identify distributors through a structured, region-driven process that aligns with our production base and sales footprint. We then assess distributors through considering their scale of operations, organizational management, financial strength, store locations, consumer traffic, among others. Approved candidates enter formal negotiations with us and once terms are agreed, we conclude a contractual partnership. We generate income from selling edible fungi to distributors and recognize revenue generally at the time when the goods are delivered to them. Our distributors are responsible for the profit or loss resulted from their subsequent sales.

During the Track Record Period, to the best of our knowledge, our distributors were Independent Third Parties and they did not have any past or present relationships (business, trust, family, financing or otherwise) with the Company or its subsidiaries, their shareholders, directors or senior management, or any of their respective associates.

The following table sets forth the movements in the number of our distributors during the Track Record Period.

	For the Year Ended December 31,		
	2023	2024	2025
	(count)		
Number of distributors at the beginning of the year	162	160	154
Number of distributors onboarded	55	37	24
Number of departing distributors	(57)	(43)	(31)
Number of distributors at the end of the year	160	154	147

During the Track Record Period, the turnover rates of our distributors were 35.6%, 27.9% and 21.1%, respectively. The number of distributors for our edible fungi business decreased during the Track Record Period, primarily due to (i) our strategy to focus on cooperation with distributors that are more capable, experienced, and highly credible, and strategically terminate relationship with relatively small distributors and (ii) the distributors’ own strategic adjustments. During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes or disagreements with any departed distributors.

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Agreements with the Distributors

We have a buyer-seller relationship with our distributors. Revenue from sales of edible fungi is recognized at a point in time at which the customer obtains the control of the products, which generally coincides with the time when the goods are received by customers and the title is transferred. We enter into standardized distributor agreements with our distributors to cover the key aspects of the distributor relationship. The following sets forth a summary of the salient terms of our standard distribution agreements:

- Terms The distributorship agreements generally have a term of one year and can be renewed upon expiry.
- Selling price We determine the selling price range and do not set minimum purchase requirement for our distributors.
- Geographical area Distributors shall conduct the selling only within the distribution area agreed upon by the parties.
- Termination We have the right to terminate the distribution agreement, revoke our authorization of the distributorship and require the distributors to compensate for all resulting losses if they breach the contract and fail to rectify.
- Product Exchange/return policies We accept product returns only upon confirmation of quality issues, which is in line with the industry norm, according to CIC. During the Track Record Period, there was no product return event.

Our distributors consist of business entities and individuals. We conduct in-person visits to the distributors from time to time to oversee and assess their business operations. We generally require distributors to make payment before we deliver the goods. We also grant credit to certain distributors with good credibility.

Supply Chain Management

We primarily procure (i) raw materials used in our fungi production process, such as rice bran, corncobs, and wheat brans, and (ii) packaging boxes, packaging bags, and other packaging materials, as well as spare parts and accessories required for daily production.

Supplier Selection

To ensure the quality of our procured products, we mainly procure through large manufactures or suppliers. In selecting suppliers, we first obtain supplier information through trade fairs, website, and supplier applications. Our technical department and quality assurance department then conduct on-site inspections and online search to screen suppliers based on their scale of operation, product quality, and supply capabilities. We normally select more than three suppliers and request raw material samples from them. We conduct sample testing and trials of small batches of products. The test results are reviewed by our procurement and quality control departments, which will compile a list of qualified suppliers to finally be approved by our management.

We have established a procurement center for developing procurement plans and make purchase orders. Suppliers are generally responsible for product delivery, and we inspect the product before acceptance.

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Procurement Agreements

The following sets forth a summary of the salient terms of our standard framework agreements with suppliers:

- Terms The term of the agreement generally ranges from six months to one year, and can be renewed upon expiry.
- Price We typically agree with our suppliers on the purchase price and quantity for each purchase order.
- Payment term Payment term ranges from 30 to 60 days.
- Quality standards We set different product-acceptance standards depending on the type of product. For example, agricultural raw materials must be properly dried, free of dirt, discoloration, mold, clumping, and off-odors, and must meet specified physical criteria. Packaging materials must meet our size and weight specifications.
- Contract liability We may reject products that do not meet our quality standards. If a supplier fails to deliver conforming products on time, we are entitled to penalties for breach of contract and to terminate the procurement agreement.

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

Warehousing and Logistics for Our Edible Fungi Business

As of December 31, 2025, we owned seven warehouses in an aggregate of approximately 7,010 sq.m for the storage of our edible fungi. Because edible fungi are fresh produce and subject to shorter storage time, we strive to sell to distributors within a short period of time after harvest to maximize freshness and minimize storage time.

We or our distributors/suppliers may be responsible for logistics process, depending on our arrangements with different parties. When we are responsible for logistics, we engage third-party logistics providers. We work with the logistics providers closely regarding vehicle cleaning and disinfection, product stacking, and temperature control to ensure that products are delivered to distributors in good condition. We require our logistics providers to follow certain transportation procedures to ensure that our products are transported under proper conditions. Our logistics providers are liable to compensate us for any loss arising from spoilage, damage, contamination or loss of products which arises during transportation. We are also entitled to liquidated damages in the event of delay of delivery.

Food Safety and Quality Control

We focus on ensuring food safety through all stages of edible fungi production. Our factory-based production enables us to create optimal growing conditions for edible fungi, resulting in significantly higher quality compared to growing fungi in natural environment. During mass-scale production, to reduce the microbial contamination rate, we have established and continuously improved our contamination control system. For all of our sales channels, we only accept returns associated with quality issues, which is in line with the industry norm, according to

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CIC. During the Track Record Period and up to the Latest Practicable Date, there was no product return event and there had not been any material food safety and/or product quality incidents involving our edible fungi business.

Production

We leverage modern biotechnology and employ advanced and automated machineries and equipment to produce edible fungi.

Manufacture Process

The following steps illustrate the key steps in the manufacture of our edible fungi: i) culture medium preparation: raw materials are inspected, mixed, and bottled using automated equipment; ii) inoculation & sterilization: bottled medium is sterilized, cooled, and inoculated under controlled conditions; iii) cultivation: bottles are kept in cultivation environment with regulated temperature, humidity, and CO₂ to promote mycelium growth; iv) scraping and germination: old mycelium is removed to stimulate sprouting, followed by controlled conditions to guide bud formation and growth; v) harvesting and packaging: mushrooms are harvested, graded, and packaged using automated processes.

Facilities for Fungi Business

We have two major production facilities located in Zhangzhou, Fujian province and Nanjing, Jiangsu province.

- ***Fujian production base.*** The GFA of our Fujian production base is approximately 211,284.0 square meters. In 2023, 2024 and 2025, our annualized production capacity of this production base were approximately 70.7, 81.6 and 85.4 thousand tons, respectively. For the same years, the utilization rates of our Fujian production base were 93.4%, 102.3% and 95.3% in 2023, 2024 and 2025, respectively.
- ***Jiangsu production base.*** The GFA of our Jiangsu production base is approximately 99,955.4 square meters. In 2023, 2024 and 2025, our annualized production capacity of this production base were approximately 50.1, 45.1 and 43.6 thousand tons, respectively. For the same years, the utilization rates of our Jiangsu production base were 92.4%, 100.8% and 99.9% in 2023, 2024 and 2025, respectively.

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The following table sets forth the production capacity, production volumes, and utilization rates for our three main products:

	For the Year Ended December 31,					
	2023		2024		2025	
	Annualized Production capacity ⁽¹⁾	Production volume	Utilization rate of production capacity ⁽²⁾	Annualized Production capacity	Production volume	Utilization rate of production capacity
<i>(in thousand kilograms, except for percentages)</i>						
Enoki mushrooms	110,332.0	100,616.0	91.2	115,615.1	116,074.9	100.4
Hypsizygus tessulatus	9,996.0	11,197.8	112.0	10,450.0	12,230.2	117.0
Velvet antler mushrooms . .	420.5	498.8	118.6	627.3	622.0	99.2
					1,383.4	1,781.2
					107,805.3	94.1
					15,343.4	117.5
					1,781.2	128.8

Notes:

- (1)

The production capacity is calculated based on the daily production capacity of production lines for each of the categories, multiplied by estimated effective days of operation of such production lines during the year indicated. The daily production capacity differed based on the size of the factories and the types of products produced. For enoki mushrooms, Hypsizygus tessulatus and velvet antler mushrooms, the daily production capacity were typically around 60-150 tons, 5-28 tons and 1.2-4.25 tons, respectively. The estimated effective days of operation in producing each type of mushroom products typically ranged from 25 to 31 days, and are derived by taking into consideration production ramp-up periods, seasonality, adjustment periods and impact of product line upgrade.
- (2)

Utilization rate refers to the percentage of the production volume to the production capacity during the year indicated. Our estimates of the production capacity is based on the quality of fungi strains and our production technology. For certain periods during the Track Record Period, we achieved utilization rates of over 100%, primarily due to improved quality of fungi strains or better utilization of our production technology, which led to actual production quantity exceeding the designed capacity.

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MARKETING AND BRAND BUILDING

We deploy adaptable, multi-channel marketing strategies to build our brands and reach a wide audience. On the brand level, we seek to optimize our brand positioning by maintaining our strong presence in the regions which we have already established ourselves and attracting new consumers in untapped regions through continuous search traffic, precisely aimed campaigns that span across both digital and physical touchpoints. On the store level, we have designed marketing strategies based on the characteristics of different stores. For example, stores located on campuses and stores located in busy commercial areas target different consumer groups and thus the product category selection and marketing strategies will be adjusted accordingly. Each store collaborates with our marketing department to precisely target the surrounding consumers through private domain member groups and online platforms.

We conduct marketing activities through popular social media such as Douyin, RedNote, Kuaishou, WeChat and Weibo, with tailored strategies for different user communities. As of December 31, 2025, our WeChat official account had exceeded 42 million followers. By reinforcing a youthful, consistent and engaging brand image, *Haoxianglai* has become a powerful engine for new consumer acquisition, while also strengthening retention and reactivation of existing consumer, continuously driving growth in scale and activity.

We also attract consumers through lively and comprehensive seasonal and event-based campaigns. For example, we hold promotional events on various holidays throughout the years, such as the Special Purchase Day for Spring Festival (年貨節) and the Go Out Day for the Labor Day Holiday (出游季). In addition, during the 2025 Chinese New Year we co-launched a viral campaign song with Lay’s, “Haoxiang Le Shi Lai” by Tengger, which generated over 320 million views across all online platforms. In spring 2025, Olympic champion Xu Mengtao joined our “Snack Amusement Park” livestream and offline event, while in summer 2025, we initiated “Ice Festival” and “Braised Snack Festival” campaigns, boosting purchase frequency, basket size and cross-category sales. In hosting these events, we refurbish stores with themed decoration and run targeted promotions that pull crowds and cement our name in shoppers’ minds.

We also collaborate with celebrities as our brand ambassador to improve our brand awareness. In April 2025, we appointed Mr. Tan Jianci as *Haoxianglai*’s first brand ambassador, with a campaign spanning across 16 cities and over 30,000 buildings. The launch generated over 1.0 billion online exposures, over 20 million social media interactions, and lifted average daily sales value of themed stores by over 100% in the first week of launch.

We frequently collaborated with top-tier IPs to launch thematic marketing campaigns and to release authentic IP-licensed products. We have since partnered with China’s most-popular mobile IP, Sanrio, Disney, Ultraman, My Little Pony, Lotso, among others. These collaborations generate excitement, broaden consumer reach and reinforce our brand positioning.

We reinforce our brand identity and signature store vibe through engaging in-store experiences that blur the line between shopping, entertainment, and social hangouts. Eye-catching decoration and free tastings of new releases turn the stores into festive snack fairyland that draw crowds and leave lasting smiles.

In addition to creating a warm, welcoming in-store environment, we cooperate with third-party delivery platforms to make in-store products more accessible. Consumers can order from home via delivery platforms and receive products at their doorstep, which makes it more convenient for nearby shoppers and extends the outreach of our store network to consumers 3-5 kilometers away. By widening stores’ service area, we increase consumer outreach and drive incremental sales.

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Our Membership Program

In addition to our promotional activities, we also attract consumers through our membership program. Consumers can easily register as our members for free on their mobile phone, and enjoy a series of membership promotional activities, such as monthly discounts, weekly lucky draws and the ability to redeem points for popular products or branded merchandise. Our registered members increased from 38 million at the end of 2023 to around 190 million by December 31, 2025. We had over 144 million active members in 2025. The monthly purchasing frequency of our active members rose from 2.1 times in December 2023 to 2.4 times in December 2024 and further to 3.0 times in December 2025. Members have become a key driver of our business, contributing approximately 79% of GMV in 2025.

In addition, our members may make prepayment into their membership cards and use the cards for payments in our stores. Furthermore, members can purchase prepaid gift cards. The membership card balance primarily represents deposits received from consumers on behalf of franchisees. We keep a portion of deposits in a designated escrow account based on relevant regulations, which is subject to regulatory supervision and cannot be used for other purposes. When consumers use their prepaid card balances, the corresponding amount is applied to settle future purchases made by the franchisee from us. There is no redemption period for the deposit in our membership cards or prepaid gift cards. We did not record any forfeited income during the Track Record Period.

Since 2025, we have operated a private-domain membership programs under *Haoxianglai*. Our private-domain membership represents a deeper level of consumer engagement built upon our standard membership system. These members typically join the brand’s dedicated social groups or connect directly with store managers through enterprise messaging platforms. This enables a more interactive, service-oriented relationship between the brand and consumers. In addition to enjoying all standard membership benefits, private-domain members receive real-time updates on promotions and new product launches, access to exclusive coupons and community-only campaigns, and priority invitations to limited-time offers or tasting events. They can also communicate directly with store managers to receive personalized product recommendations, purchase reminders, and after-sales support. This model allows us to strengthen member stickiness, increase purchasing frequency and enhance consumer satisfaction through timely and tailored engagement. As of December 31, 2025, private-domain members almost reached 29 million, and in December 2025, private-domain active members exceeded 16 million with an average purchasing frequency of 3.9 times, demonstrating their exceptional loyalty and consumer value.

DIGITALIZATION

We are the first snack retailer in China’s value retail for snack and beverage sector to digitalize all core processes through our self-developed digital systems, according to CIC. We believe that digitalization plays a solid foundation for promoting efficient and standardized operations fulfillment, effectively supporting expansion and better enabling precise and directed decision-making. As a result, we highly focused on the development of our digital infrastructure. Integrated with selected third-party solutions, we build comprehensive self-developed digital systems which encompass core business processes such as product selection and procurement, warehousing and logistics, store operations and management, membership management and franchisee management.

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

Digitalized Site Selection

We are the first company in China’s industry of value retail for snack and beverage to apply a digital system for automated and intelligent site selection, while many industry peers still rely on manual approach for site selection and record-keeping, or use basic digital tools without full automation or intelligence in their processes, according to CIC. Our self-developed digital systems

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collect multi-dimensional data such as geographic information, foot traffic heat maps, competitor distribution, and rental levels from across the country, and use AI algorithms to build a scientific site selection assessment model. Our system provides franchisees with real-time recommendations for optimal store locations, along with predictions for foot traffic, store rent, and sales revenue, significantly increasing the likelihood of new store success and enhancing investment return expectations. Additionally, with the help of and through our digital systems, new franchisees can easily complete a series of store setup processes, effectively lowering the barriers to entry and shortening the store opening timeline, thereby accelerating the expansion of our store network.

Digitalized Product Planning and Procurement

We adopt a digitalized and integrated system for supply chain management, utilizing self-developed digital systems to plan, manage, monitor and coordinate every step of the supply chain process, improve inventory management and shorten order and reorder lead times. Our self-developed digital systems are connected between store and headquarter levels and the major parts of such systems are set forth as below:

- Enterprise Resource Planning (“ERP”) system: we have incorporated an ERP system to support data digitization and process standardization for core business processes such as inventory management.
- Supply Chain Management (“SCM”) system: we also utilize a SCM system to implement functions such as supplier onboarding, product onboarding, and supplier inventory management for supply chain management. This enables us to scientifically manage and dynamically optimize our supplier base, rendering our communications with supplier more smoothly.
- Data Management System: we organize comprehensive data inputs such as products, suppliers and stores, and synchronize master data in our Data Management System to have an end-to-end visibility of our business operation and enable us to make data-driven decisions.

With the help of self-developed digital systems, we are able to gain deep insights into market trend based on member consumption data and general sales data from stores across the country. We are able to accurately identify and track best-selling products, evolving product trends and analyze regional differences. Such analysis provides powerful data support for the introduction, optimization and replacement of our product portfolios, which significantly improves our product selection quality and efficiency.

Digitalized Warehousing and Logistics

We have fully implemented a digital supply chain management system to achieve real-time data collaboration across the entire supply chain, from warehouses to stores. Through our self-developed digital systems, which include the Warehouse Management System (WMS) and Transportation Management System (TMS), we can monitor inventory levels and turnover efficiency across regions, stores, product categories, and SKUs in real time. At the warehousing stage, we achieved a high degree of automation in inventory stocking and sorting with the introduction of technologies such as AGV and image recognition, significantly improving operational efficiency and reducing labor costs. At the logistics stage, we assign logistics route using intelligent algorithms developed by third-party navigation service providers, adjust the optimal delivery routes in real time, and combine batch cut-off functions to achieve “T+1” delivery from warehouse to approximately 80% of our stores, significantly reducing the risk of store stockouts and improving inventory turnover efficiency.

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Based on an intelligent early warning mechanism, we automatically generate replenishment recommendations and different safety stock thresholds for stores based on the popularity of SKUs. Additionally, through accessing real-time data across the entire supply chain, including procurement, warehousing, logistics, and sales, we effectively track and respond to inventories changes.

Digitalized Store Operation and Management

Our self-developed digital systems also offer functions such as real time monitoring, digitalized inventory management and comprehensive POS systems.

Real time monitoring. Through the self-developed digital systems, both franchisees and we can view and track detailed store operating data in real time, such as sales, order volume, and sales of each SKU, enabling us to conduct accurate business analysis and adopt optimal product selection strategies, while also empowering our franchisees to achieve optimized store management. Our franchisees can dynamically optimize shelf displays and product combinations to improve the sales performance and profitability of individual stores.

We also utilize self-developed digital system for online store supervision, supporting video store inspections, monitoring delivery, and production line inspections. Application scenarios include store-end, warehouse-end, and production line-end.

Digitalized inventory management. The automated inventory management system has replaced traditional cumbersome manual input processes, effectively reducing franchisees’ operational costs and possibility of errors.

POS systems. The newly developed POS (currently under testing in selected locations) will serve as the foundation for sales management, building a consumer lifecycle management pool to enhance shopping loyalty and store competitiveness.

Digitalized Marketing and Membership Management

Through in-depth analysis of the transaction data and the effectiveness of historical marketing campaign using the self-developed digital systems, we are able to deliver highly effective marketing solutions to general members and private domain members, such as issuing coupons for specific products and activating purchases.

CUSTOMERS

Our customers primarily include franchisees, including corporate franchisees, who operate franchised stores pursuant to the franchise agreements with us and fungi distributors who sell our fungi products pursuant to the distribution agreements.

In 2023, among the five largest customers, one customer was our edible fungi distributor and the other four were franchisees of our snack and beverage retail business. In 2024 and 2025, all of our five largest customers engaged in the snack and beverage retail business. All five largest customers in 2024 and 2025 were franchisees. All of our five largest customers in each year during the Track Record Period were located in China. We generally do not grant credit terms to them. They settle their amounts due via bank transfer or bank acceptance bills. The years of business relationship range from 2 to 13 years.

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In 2023, 2024 and 2025, revenue from our five largest customers for each such year accounted for 2.2%, 1.7% and 1.0% of our total revenue for the respective years. Revenue from our largest customer in each year during the Track Record Period accounted for 0.5%, 0.5% and 0.3% of our total revenue, respectively. During the Track Record Period, we were not subject to any material customer concentration risk. During the Track Record Period and up to the Latest Practicable Date, (i) none of our Directors, their associates or any of our shareholders (who owned or to the best knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers and (ii) none of our top five customers was also our supplier.

The following tables set forth the details of our five largest customers in each year during the Track Record Period:

Rank	Customer	Type of items sold	Background	Year of commencement of business relationship	Revenue amount <i>RMB'000</i>	Percentage of total revenue <i>%</i>
<i>For the year ended December 31, 2023</i>						
1 . . .	Customer A	Edible fungi products	An agricultural products trading company headquartered in Shenzhen, Guangdong Province.	2013	47,790	0.5
2 . . .	Customer B	Snack and beverage products	An individual franchisee of the Company	2023	45,985	0.5
3 . . .	Customer C	Snack and beverage products	An individual franchisee of the Company	2023	39,324	0.4
4 . . .	Customer D	Snack and beverage products	An individual franchisee of the Company	2023	33,386	0.4
5 . . .	Customer E	Snack and beverage products	An individual franchisee of the Company	2023	32,947	0.4
Total					<u>199,432</u>	<u>2.2</u>

Rank	Customer	Type of items sold	Background	Year of commencement of business relationship	Revenue amount <i>RMB'000</i>	Percentage of total revenue <i>%</i>
<i>For the year ended December 31, 2024</i>						
1 . . .	Customer C	Snack and beverage products	An individual franchisee of the Company	2023	174,146	0.5
2 . . .	Customer F	Snack and beverage products	An individual franchisee of the Company	2023	127,255	0.4
3 . . .	Customer B	Snack and beverage products	An individual franchisee of the Company	2023	110,611	0.3
4 . . .	Customer G	Snack and beverage products	An individual franchisee of the Company	2023	83,428	0.3
5 . . .	Customer H	Snack and beverage products	An individual franchisee of the Company	2023	74,029	0.2
Total					<u>569,469</u>	<u>1.7</u>

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Rank	Customer	Type of items sold	Background	Year of commencement of business relationship	Revenue amount <i>RMB'000</i>	Percentage of total revenue <i>%</i>
<i>For the year ended December 31, 2025</i>						
1 . . .	Customer C	Snack and beverage products	An individual franchisee of the Company	2023	173,048	0.3
2 . . .	Customer F	Snack and beverage products	An individual franchisee of the company	2023	108,255	0.2
3 . . .	Customer G	Snack and beverage products	An individual franchisee of the Company	2023	90,688	0.2
4 . . .	Customer B	Snack and beverage products	An individual franchisee of the Company	2023	78,107	0.2
5 . . .	Customer I	Snack and beverage products	An individual franchisee of the Company	2023	71,604	0.1
Total					521,702	1.0

Third-party Payment Arrangements

During the Track Record Period, some of our franchisees (individually or collectively, the “**Relevant Franchisee(s)**”) settled their payments with us through accounts of third-party payors, designated by these Relevant Franchisees at their requests (the “**Third-Party Payment Arrangement(s)**”). During the Track Record Period, to the best of our knowledge, the third parties designated by the Relevant Franchisees primarily include the Relevant Franchisees’ business partners, family members and friends.

Given that many of the franchisees in the snack and beverage industry are individuals or small business owners, it is not uncommon for them to designate third-party payors to settle corporate transactions with their suppliers for convenience, according to CIC.

In 2023, 2024, and 2025, the aggregate amount of payments from their designated third-party payors was approximately RMB144.4 million, RMB69.3 million and RMB1.7 million, respectively, representing 1.6%, 0.2% and 0.0% of our total revenue. Throughout the Track Record Period, no individual Relevant Franchisee made material contribution to our revenue. As of June 30, 2025, we had ceased all Third-party Payment Arrangements. We believe that the cessation of Third-party Payment Arrangements did not and will not have a material adverse effect on our business.

During the Track Record Period: (i) we had not proactively initiated any Third-party Payment Arrangements or participated in other forms in any of such arrangement; (ii) we had not provided any discount, commission, rebate or other benefit to any of the Relevant Franchisees to facilitate or incentivize the Third-party Payment Arrangements; and (iii) the pricing and payment terms of the agreements we entered into with the Relevant Franchisees were generally in line with franchisees not involved in the Third-party Payment Arrangements. We confirm that none of the Relevant Franchisees or the third-party payors designated by the Relevant Franchisees during the Track Record Period was a connected person of our Group and such Relevant Franchisees and third-party payors were independent from our Group’s Directors, senior management and Shareholders.

As advised by our PRC Legal Advisor, Third-party Payment Arrangements are not in breach of mandatory requirements of the current applicable laws and regulations in China. In addition, as advised by our PRC Legal Advisor, 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》) is low. This is primarily due to several factors: (i) settlements under the Third-Party Payment Arrangements were supported by genuine transactions, and we had no intention or incentive to cover up or conceal the source and nature of payments we received under

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the Third-Party Payment Arrangements, (ii) substantially all of the Relevant Franchisees replied a confirmation which affirms the legitimacy of funds used in settlements and no instances of money laundering, among other things, (iii) financial institutions that processed settlements under the Third-Party Payment Arrangements in China are required to conduct anti-money laundering checks on all their clients according to the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), significantly reducing the associated risks, and (iv) our Group had not been subject to any penalties, sanctions, or investigations related to money laundering due to the Third-Party Payment Arrangements in China during the Track Record Period and up to the Latest Practicable Date.

We have enhanced our internal control to manage the risks associated with, and prevent future occurrences of the Third-Party Payment Arrangements, including: (i) requiring all of our franchisees to register and link their designated bank accounts on our self-developed digital systems. Franchisees are only allowed to settle payment with us through their designated bank accounts. No third-party payors would be allowed; and (ii) assessing all of our franchisees’ bank account information including owner’s name and relevant business registration record of the owner, and only authorizing the bank accounts under the franchisees’ name.

We intend to continuously monitor the effectiveness of our internal control measures to prevent third-party payments and promptly address any identified deficiencies. We believe the foregoing internal control measures are sufficient and can substantially mitigate any risk we face relating to future use of third-party payments. Our internal control consultant has performed a follow-up review of our internal control measures and did not identify any issues.

SUPPLIERS

In 2023, 2024 and 2025, our suppliers primarily comprised snack and beverage producers, brand owners and trading companies. In 2023, 2024 and 2025, purchases from our largest supplier in each year during the Track Record Period accounted for 9.8%, 2.0% and 3.2% of our total purchase amount, respectively. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 15.6%, 9.6% and 12.2% of our total purchase amount during the same years, respectively.

All of our five largest suppliers in each year during the Track Record Period were located in China. They generally grant us credit terms of 0 to 30 days. We settle our amounts due via bank transfer or bank acceptance bills. The years of business relationship range from 3 to 14 years.

During the Track Record Period, we were not subject to any material supplier concentration risk. Among our five largest suppliers during the Track Record Period, Mimosa Food, Ningbo Chengji Trading Co., Ltd., and Jiangsu Haozilai E-commerce Co., Ltd. were our related parties. See Note 34 of the Accountants’ Report included in Appendix I to this Document. During the Track Record Period and up to the Latest Practicable Date, (i) except otherwise disclosed, none of our Directors, their associates or any of our shareholders (who owned or to the best knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers and (ii) none of our top five suppliers was also our customer. Each of the five largest suppliers in each year during the Track Record Period that were related parties but not connected persons will not become our connected persons.

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The following tables set forth the details of our five largest suppliers in each year during the Track Record Period:

Rank	Supplier	Type of items purchased	Background	Year of commencement of business relationship	Purchase amount	Percentage of total purchase
					<i>RMB'000</i>	<i>%</i>
<i>For the year ended December 31, 2023</i>						
1 . . .	Ningbo Chengji Trading Co., Ltd.	Snack and beverage products	An import and export trading company headquartered in Ningbo, Zhejiang Province, with a registered capital of RMB1 million.	2023	1,010,894	9.8
2 . . .	Supplier A	Snack and beverage products	A multinational food and beverage holding company listed on the Stock Exchange, with a registered capital of US\$35 million.	2023	188,033	1.8
3 . . .	Mimosa Food	Snack and beverage products	A snack company headquartered in Nanjing, Jiangsu Province, with a registered capital of US\$10 million.	2023	159,429	1.5
4 . . .	Supplier B	Snack and beverage products	A subsidiary of a NASDAQ-listed company primarily engaged in snack business, with a registered capital of around US\$8.3 million.	2023	130,168	1.3
5 . . .	Supplier C	Snack and beverage products	A snack company incorporated in Langfang, Hebei Province, with a registered capital of US\$102.5 million.	2023	128,169	1.2
Total					1,616,693	15.6

Rank	Supplier	Type of items purchased	Background	Year of commencement of business relationship	Purchase amount	Percentage of total purchase
					<i>RMB'000</i>	<i>%</i>

For the year ended December 31, 2024

1 . . .	Supplier A	Snack and beverage products	A multinational food and beverage holding company listed on the Stock Exchange, with a registered capital of US\$35 million.	2023	704,062	2.0
2 . . .	Supplier D	Snack and beverage products	A subsidiary of a NASDAQ-listed company primarily engaged in snack and beverage business, with a registered capital of US\$99 million.	2023	694,612	2.0

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Rank	Supplier	Type of items purchased	Background	Year of commencement of business relationship	Purchase amount	Percentage of total purchase
3 . . .	Supplier B	Snack and beverage products	A subsidiary of a NASDAQ-listed company primarily engaged in snack business, with a registered capital of around US\$8.3 million.	2023	<i>RMB'000</i> 684,645	% 2.0
4 . . .	Supplier E	Snack and beverage products	A leading dairy manufacturing and processing enterprise headquartered in Nei Mongol Zizhiqu and listed on Shanghai Stock Exchange, with a registered capital of over RMB6.3 billion.	2023	646,699	1.9
5 . . .	Supplier F	Snack and beverage products	A subsidiary of a leading snack food company listed on the Stock Exchange, with a market capitalization of around US\$1.5 billion.	2023	573,268	1.7
Total					3,303,286	9.6

Rank	Supplier	Type of items purchased	Background	Year of commencement of business relationship	Purchase amount	Percentage of total purchase
					<i>RMB'000</i>	%

For the year ended December 31, 2025

1 . . .	Supplier A	Snack and beverage products	A multinational food and beverage holding company listed on the Stock Exchange, with a registered capital of US\$35 million.	2023	1,669,464	3.2
2 . . .	Supplier D	Snack and beverage products	A subsidiary of a NASDAQ-listed company primarily engaged in snack and beverage business, with a registered capital of US\$99 million.	2023	1,324,535	2.5
3 . . .	Supplier B	Snack and beverage products	A subsidiary of a NASDAQ-listed company primarily engaged in snack business, with a registered capital of around US\$8.3 million.	2023	1,168,462	2.3
4 . . .	Supplier E	Snack and beverage products	A leading dairy manufacturing and processing enterprise headquartered in Nei Mongol Zizhiqu and listed on Shanghai Stock Exchange, with a registered capital of over RMB6.3 billion.	2023	1,137,064	2.2

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Rank	Supplier	Type of items purchased	Background	Year of commencement of business relationship	Purchase amount <i>RMB'000</i>	Percentage of total purchase <i>%</i>
5 . . .	Supplier F	Snack and beverage products	A subsidiary of a leading snack food company listed on the Stock Exchange, with a market capitalization of around US\$1.5 billion.	2023	1,061,107	2.0
Total					<u>6,360,632</u>	<u>12.2</u>

DATA PRIVACY AND SECURITY

In the ordinary course of business, we from time to time collect, store and use certain personal information of our employees, franchisees and their employees, consumers and other individuals (including suppliers and their employees). For example, (i) for consumers to place online orders or enroll membership through our online applications, such as our WeChat mini-program, we may collect information such as their account names, phone numbers and records of online orders, (ii) for franchisees, during the franchisee onboarding process, we collect their basic and corporate information, such as addresses, bank account information and business license information.

We strictly follow the applicable laws and regulations in collecting personal information, and we continuously improve our practices in personal information protection by internal inspections, supervision, review and other measures to ensure maximum protection of personal information. For details on our risks associated with the protection of personal information, see “Risk Factors — Risks Relating to Our Business and Industry — Failure to properly comply with and respond to the changes of the regulatory requirements regarding data protection and information security may have a material and adverse effect on our business and results of operations.”

To ensure proper and sufficient protection for user privacy and data security, we have implemented internal data security and protection protocols which provide for data management responsibilities, data protection and confidentiality procedures. Currently, all data collected is stored in a third-party database located in Chinese Mainland. Access is controlled by permissions, and only certain research and development personnel have been granted the necessary permissions in accordance with the principle of data minimization. All operations must be approved through a work order before they can be executed. Sensitive user information is encrypted and anonymized. We implemented several detailed measures with respect to cybersecurity and personal data protection.

- *Ensuring data transmission security.* We adopt a series of measures to ensure the security and integrity of data throughout its life cycle. During transmission, we apply encryption technologies to secure data channels, preventing unauthorized interception or tampering.
- *Establishing data access control.* We implement strict access control policies to restrict unauthorized access to data, while maintaining comprehensive audit trails and activity logs to detect and respond to potential security incidents in a timely manner.
- *Conducting periodic IT system auditing.* We conduct regular inspections of operating systems, databases and network devices, monitoring system logs to identify errors or potential risks, with prompt corrective measures to safeguard system stability and security.

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- *Data Storage and Backup.* We rely on secure storage devices and methods. Backup data is subject to regular testing and verification to ensure recoverability when needed.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material incident related to the disruption of our information technology. For the same period indicated, as advised by the PRC Legal Advisor, we had complied with applicable laws and regulations relating to user privacy and data security in material aspects, based on the following:

- We primarily collect and process personal information from consumers through mini programs for the purpose of providing membership services. Through the privacy policy integrated into mini programs, we fulfill our notification obligations by clearly informing users of our name and contact details, the purposes and methods of processing, the categories of personal information processed, the retention period, and the procedures for exercising their statutory rights.
- In terms of data storage, all business-related raw data is independently hosted on a third-party cloud. The cloud platform has obtained multiple certifications demonstrating strong compliance and security capabilities, including ISO/IEC 27001, ISO27017, and ISO27018 for information security, cloud service management, and personal data protection, as well as the Trusted Cloud certification, reflecting compliance with China’s cloud service security and data protection requirements. All personal information is stored within the territory of the PRC.
- Regarding users’ right to be informed and to make decisions, we ensure that consumers are clearly informed through the prominently displayed, easy-to-understand privacy policies and user agreements in its mini programs. With respect to the right to access, copy, transfer, correct, or supplement their personal information, as well as the right to lodge complaints, we have designed and implemented functionality within our mini programs to enable users to access and copy their personal data. For data deletion requests, we have implemented account deletion functions in its mini programs. Users can also contact our customer service hotline or designated email address to request deletion of specific personal information. Moreover, users can withdraw their consent at any time through the settings in the relevant mini programs, ensuring their right of withdrawal.
- At the institutional level, we have established internal policies and procedures to ensure data and cybersecurity compliance. These policies define organizational responsibilities, set requirements for personal information classification, data masking, processing approvals, and the protection of minors’ data, and specify protection measures for data of varying sensitivity levels. We also regulate information system security and access management by applying hierarchical authorization and the principle of least privilege, and manage the entire lifecycle of storage media based on data classification and sensitivity, thereby ensuring overall data security and accountability.

Given that legislation and law enforcement in the PRC on user privacy and data security are still evolving, we will closely monitor further regulatory developments and take appropriate measures in a timely manner.

COMPETITION

China’s snack and beverage retail industry and value retail market for snack and beverage are highly competitive and dynamic. We compete with other retailers in our industry in aspects such as franchisee empowerment, store network and consumer experience.

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According to CIC, we are a large-scale and fast-growing snack and beverage retailer, ranked as the second-largest snack and beverage retailer in China in terms of GMV of snack and beverage in 2025. We believe that, with our nationwide store network, highly efficient supply chain, digital infrastructure, and a collaborative franchise ecosystem, we are well positioned to reinforce our leadership.

SEASONALITY

Our snack and beverage retail business is subject to seasonal fluctuations. In terms of consumer needs, holidays, such as Chinese New Year, summer vacation of schools, and National Day, drive consumer traffic and growth in family gathering-type snacks. Overall, as purchase of snack and beverage are daily affordable activities, we do not experience material seasonal fluctuations.

Our edible fungi business is also subject to seasonal fluctuations. From late autumn to early spring, due to cooler weather, more holidays and lower supply of green vegetables, the purchasing frequency of edible fungi often increases. By contrast, from late spring to early autumn, fewer holidays and ample supply of green vegetables often lead to a decrease in the consumption of edible fungi.

For detailed discussion of risks associated with seasonality, see “Risk Factors — Risks Relating to Our Business and Industry — Our product sales and business operations are subject to seasonal fluctuations”.

Impact of COVID-19

During the COVID-19 pandemic, to ensure the health and safety of our employees, we implemented a range of precautionary measures, including social distancing, mask wearing reminders, and other location-specific protocols. Nevertheless, as snack and beverage purchasing can be part of daily activities, and we were just starting our snack and beverage retail business, the COVID-19 pandemic in 2022 did not have any lasting or material adverse effect on our supply chain, business operations or financial conditions. As the COVID-19 has since subsided, we do not anticipate further adverse impact by the pandemic on our business and financial performance.

EMPLOYEES

As of December 31, 2025, we had 9,073 full-time employees, all of whom located in China. The following table sets forth a breakdown of our employees by business function.

Function	Number of employees	Percentage of total employees
	<i>Count</i>	<i>Percentages</i>
Sales and Marketing	4,344	47.9
Administration	2,684	29.6
Warehouse and logistics	596	6.6
IT	331	3.6
Manufacture	1,118	12.3
Total	9,073	100.0

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We believe that our success depends in part on our ability to attract, recruit and retain qualified and motivated employees. We adopt high standards in recruitment with strict and standardized procedures to ensure the quality of new hires. We use various methods for our recruitment, including internal recommendation, online recruitment and recruitment through headhunter firms or agents to satisfy our demand for different types of talent.

We provide our employees with opportunities to develop their knowledge and skills. We have an effective training system, including orientation and continuous on-the-job training, to improve the knowledge and skill levels of our workforce. The orientation process for newly joined employees covers subjects such as corporate culture and policies, introduction to our business and daily operation process. Our periodic on-the-job training covers subjects from day-to-day operation to general management skills, in order to enhance their professional capabilities.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any labor disputes or strikes that had or would have a material and adverse effect on our business, financial conditions or results of operations.

Social Insurance and Housing Provident Fund

Pursuant to relevant PRC laws and regulations, we are required to pay social insurance and housing provident fund for our employees. During the Track Record Period and up to the Latest Practicable Date, we had not paid the full amount of social insurance and housing provident fund for some employees in accordance with relevant regulations primarily because certain employees were reluctant to make personal contributions based on their full salaries, as this would result in lower actual wages received after deductions. The shortfall in social insurance and housing provident fund contributions in 2023, 2024 and 2025 amounted to approximately RMB35.7 million, RMB46.4 million and RMB38.5 million, respectively.

We undertake to make such payments or make such rectification measures as soon as possible within the specified period, if the relevant authorities order us to pay the outstanding social insurance and/or housing provident funds or take rectification measures in accordance with applicable laws and regulations.

Pursuant to the Interpretation II by the Supreme People’s Court of the PRC on Legal Issues in the Trial of 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)) (the “**Interpretation II**”), any arrangement not to participate in social insurance, either by unilateral undertaking or mutual agreement, is invalid. Further, the Interpretation II specifies that if the employee terminates their labor contract on the grounds that the employer has failed to make social insurance contributions as required by law, and claims economic compensation from the employer, the People’s Court of the PRC shall uphold the claim. If the employer requests the employee to return the social insurance premium compensation already paid after paying social insurance premiums in accordance with the PRC laws, the People’s Court of the PRC shall support the request in accordance with the PRC laws.

As advised by our PRC Legal Advisor, the Interpretation II does not substantially change or add to the employer’s obligation to pay social insurances for employees under the applicable laws and regulations. Instead, it clarifies the application and interpretation of relevant PRC laws on social insurance contributions. Based on the foregoing and considering that during the Track Record Period and up to the Latest Practicable Date, (i) we had not made any agreements excluding social insurance payments for any employees; and (ii) we had not been subject to any material investigation, inquiry, sanction, penalty, litigation, legal proceedings or complaints related to social insurance, our Directors believe that the Interpretation II would not have a material adverse effect on our business operations or financial results.

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According to our PRC Legal Advisor, under the relevant PRC laws and regulations, (i) failure to pay social insurance within the required time frame may subject us to a late fee of 0.05% of the outstanding amount per day, and if the outstanding amounts are not paid in a timely manner, we may be subject to fines of one to three times the outstanding amounts; and (ii) for any shortfall in the housing provident fund, the relevant authorities may direct us to make up the shortfall within a stipulated period and we may be subject to the court for enforcement if it remains unpaid after the deadline. As of the Latest Practicable Date, we had not been subject to any administrative penalties due to insufficient payment of employee social insurance or housing provident fund. We had also not received any significant complaints or reports from employees regarding such payments, nor any notifications from relevant authorities requesting us to make up payments, conduct investigations, or accept penalties. Based on relevant regulatory policies and facts above, our PRC Legal Advisor is of the opinion that the likelihood of our Chinese entities being pursued by the relevant authority for unpaid amounts or facing administrative fines due to historical shortfall is remote.

In consideration of the above, our Directors believe that past non-compliance issues are unlikely to have a significant adverse impact on our business, financial condition or future compliance.

INSURANCE

We have retained statutory social insurances, such as pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. We also maintain insurance policies covering employer liability, group accident, food safety liability and property. We believe our existing insurance coverage is adequate for our existing operations and is in line with industry standards in China. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient to cover all losses, which may have a material and adverse effect on our reputation, results of operations, financial performance and business prospects.”

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We proactively fulfill our obligations in environmental, social and governance, create sustainable value for stakeholders.

ESG GOVERNANCE

We have established an ESG management structure and formed a management mechanism. The Board, being the decision-making body on ESG-related matters, is responsible for considering and overseeing important ESG-related matters including our ESG development strategies and objectives, management guidelines and policies, and ESG reports. The ESG Working Group is responsible for formulating our ESG strategies, objectives, policies and procedures, identifying ESG-related risks and opportunities that have a significant impact on our business, monitoring progress towards ESG targets, preparing ESG reports and promoting the implementation of ESG initiatives.

ESG MATERIALITY ASSESSMENT AND RISK MANAGEMENT

We conduct ESG materiality issues identification and assessment, and identify material ESG-related matters and potential risks that significantly impact our business development and are of concern to stakeholders, and incorporate related issues into our business activities, strategies, and development plan.

- **Identification materiality issues:** With reference to the *Environmental, Social and Governance Reporting Code* (《環境、社會及管治報告守則》) we identify key ESG issues based on our actual business, strategic direction and industry development trends.

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- **Assessment materiality issues:** We evaluate the materiality of the issues and the expectations of stakeholders, taking into account both their significance to our development and to stakeholders, and prioritize ESG issues.

We consider product quality and safety, R&D and innovation, and employee health and safety as our key ESG issues. We continuously mitigate ESG-related risks, incorporate ESG issues into our ESG strategy and development plans.

During the Track Record Period and up to the Latest Practicable Date, we neither experienced any material ESG-related incidents, incurred any penalties for violations of ESG-related laws and regulations (including environmental protection, product quality and safety, and occupational health and safety), nor encountered any actual or potential material impacts on our business, strategy or financial performance arising from ESG-related risks (including climate-related risks). Looking forward, we will publish ESG reports periodically in accordance with regulatory requirements.

ENVIRONMENTAL

We have abided by laws and regulations including the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), as well as applicable environmental protection standards, continuously improved our environmental management system, formulated the *Environmental Management Regulation* (《環境管理制度》).

We have set the following environmental management objectives:

- **Emissions target:** Taking 2024 as the baseline year, we aim to achieve a 5% reduction in the emission intensity of major air pollutants.
- **Greenhouse gas emissions reduction target:** Taking 2024 as the baseline year, we aim to achieve a 5% reduction in greenhouse gas emission intensity by 2034.
- **Wastes reduction target:** Taking 2024 as the baseline year, we aim to achieve a 5% reduction in non-hazardous wastes discharge intensity by 2034, and remain the compliance rate for waste disposal at 100%.
- **Energy usage efficiency target:** Taking 2024 as the baseline year, we aim to achieve a 5% reduction in comprehensive energy consumption intensity by 2034.
- **Water efficiency Target:** Taking 2024 as the baseline year, we aim to achieve a 5% reduction in water usage intensity by 2034.

Emissions Management

We have strictly abided by emissions-related laws and regulations including the *Integrated Emission Standards for Air Pollutants* (《大氣污染物綜合排放標準》), the *Water Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國水污染防治法》), and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* (《中華人民共和國固體廢物污染環境防治法》). We have strictly controlled waste gas, wastewater and solid waste generated during our operations to ensure compliant discharge.

- **Exhaust gas management:** The waste gas we generate is mainly from boilers, which has been treated through the “SNCR denitrification technology + flue gas dedusting system (primary multi-tube dust collector + secondary bag collector) + desulfurization tower”

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and discharged through high exhaust stacks. We monitor the emissions of nitrogen oxides, sulfur oxides, volatile organic compounds and particulate matter. In 2023, 2024 and 2025, our exhaust gas emissions amounted to 5.90 tons, 8.98 tons and 11.91 tons, respectively.

- **Wastewater management:** The wastewater we generate includes domestic wastewater and production wastewater. Domestic wastewater is treated through three-stage septic tanks and then discharged together with production wastewater after being conveyed to the production wastewater treatment facility. The production wastewater treatment facility utilizes a process comprising “equalization tank + horizontal flow air flotation unit + anaerobic + anoxic + aerobic treatment”. The treated wastewater complies with the Level 1 of the *Integrated Wastewater Discharge Standard* and is discharged in accordance with regulations. In 2023, 2024, and 2025, our wastewater discharge volumes were 87,070 m³, 86,720 m³, and 86,775 m³, respectively. Of which, domestic wastewater discharge volumes were 14,520 m³, 14,470 m³, and 17,215 m³, while industrial wastewater discharge volumes were 72,550 m³, 72,250 m³, and 69,560 m³, respectively.
- **Solid waste management:** The non-hazardous wastes generated includes mushroom substrates (cultivation material remaining after mushroom harvesting), residual packaging materials, and domestic waste. Domestic waste is collected and treated by resource recycling entities. We achieve recycling from raw material usage to waste treatment. Mushroom substrates are utilized in boiler incineration or sold for comprehensive recycling, while cultivation bottles are sold to recycling entities to reduce solid waste emissions. Our non-hazardous waste generation (mainly mushroom substrates) for 2023, 2024, and 2025 were 118,050 tons, 139,360 tons and 130,654 tons, respectively.

Energy and Resource Management

In terms of energy usage, we comply with the *Energy Conservation Law of the People's Republic of China* (《中華人民共和國節約能源法》) and enhance energy utilization efficiency through energy consumption management, recovery of surplus energy, and equipment upgrades and retrofits.

- **Energy consumption management:** We have developed an electricity consumption management system to monitor daily electricity usage in each workshop and identify anomalies through monthly analysis.
- **Recovery of surplus energy:** We recycle residual heat from sterilization steam to reheat boiler water, reducing natural gas consumption.
- **Equipment upgrades and retrofits:** We have phased out old and obsolete cooling units with high energy consumption and replaced them with more energy-efficient units; optimized and upgraded warehouse programs to reduce fan operating frequency and shorten fan operation time during outbound processes. Through the above measures, we have effectively reduced electricity consumption.

In terms of water usage, our source of water is municipal water supply, and we have not yet encountered any shortage of water resources. We actively carry out water recycling work by reusing hot water discharged from sterilization steam. Additionally, we recycle wastewater from water treatment and tank cooling processes in reservoirs for reuse in bottling mixing tanks, effectively reducing tap water consumption.

In terms of packaging materials usage, our primary materials include carton boxes, roll film, packaging bags, and foam boxes, etc. We adjust material configurations based on different seasons. During the logistics phase, we promote the use of reusable transit containers to reduce packaging material utilization.

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The table below sets out our energy and resource consumption during the Track Record Period:

Indicator	Unit	For the Year Ended December 31,		
		2023	2024	2025
Consumption of comprehensive energy	MWh	153,319.74	159,018.14	172,021.08
Consumption intensity of comprehensive energy	MWh/million revenue	16.50	4.92	3.34
Electricity consumption	kWh	122,405,921	128,978,083	145,613,567
Gasoline consumption	Liter	10,500	7,600	9,197
Diesel consumption	Liter	151,034	81,500	58,797
Consumption of natural gas	M ³	2,708,466.8	2,688,908.9	2,372,225.9
Liquefied petroleum gas consumption	Kg	530	4,525	6,360
Water consumption	Ton	654,623	563,898	1,133,624
Water consumption intensity	Ton/million revenue	70.44	17.44	22.03
Consumption of packaging material .	Ton	6,839.37	5,420.01	8,157.69

Note 1: Comprehensive energy consumptions are calculated with reference to the *General Principles for Calculation of Comprehensive Energy Consumption* (GB/T 2589-2020) (《綜合能耗計算通則》).

Responding to Climate Change

We continuously improve our climate governance system. In respect of the potential impacts of climate change on financial performance and sustainable development, we identify climate-related risks through policy research, operational analysis, and risk and opportunity assessment. We identify the physical risks and transition risks we face, and formulate dedicated management measures for each type of risk.

- **Physical risks:** Our production facilities and equipment are exposed to physical risks caused by extreme weather events such as typhoons and extreme precipitation. These events may lead to power outages, flooding, etc., which in turn could create safety hazards, force operational disruptions, and increase operating costs. We provide early warnings for such situations, establish emergency response teams, conduct regular drills, and prepare emergency supplies in advance.
- **Transition risks:** Transition risks are primarily derived from low-carbon transition requirements. We actively comply with the national “Dual Carbon” policy, constantly improve energy utilization efficiency, and pursue green logistics, thereby lowering our carbon emissions.

We will conduct regular assessments of the short-term, medium-term, and long-term impacts of these risks on operations, and formulate targeted strategies to enhance climate resilience and sustainable development capabilities.

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The table below sets out our greenhouse gas emissions during the Track Record Period:

Indicator	Unit	For the Year Ended December 31,		
		2023	2024	2025
Scope 1 greenhouse gas emissions . .	tCO ₂ e	6,353.66	6,129.92	5,385.90
Scope 1 greenhouse gas emission intensity	tCO ₂ e/million revenue	0.68	0.19	0.10
Scope 2 greenhouse gas emission . .	tCO ₂ e	65,683.02	69,209.64	77,262.56
Scope 2 greenhouse gas emission intensity	tCO ₂ e/million revenue	7.07	2.14	1.50
Scope 3 greenhouse gas emission . .	tCO ₂ e	1,414.26	5,012.07	3,878.82

Note: Scope 1 greenhouse gas emissions primarily stem from gasoline, diesel, natural gas, and liquefied petroleum gas (LPG). Scope 2 emissions are mainly attributed to purchased electricity. The calculation methods for Scope 1 and Scope 2 greenhouse gas emissions follow the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report and the *Announcement on the Release of 2022 Power Grid Carbon Dioxide Emission Factors* (《關於發佈2022年電力二氧化碳排放因子的公告》) issued by the Ministry of Ecology and Environment. For Scope 3 greenhouse gas emissions, the calculation methodology refers to the Greenhouse Gas Protocol (GHG Protocol), and emission factors are based on data from the China Product Lifecycle Greenhouse Gas Emissions Factor Database and the U.S. Environmental Extended Input-Output (USEEIO) database.

SOCIAL

Product Quality and Service

We continuously improve our product quality management system. For our snack and beverage retail business, we have formulated systems including the *Warehouse Food Safety Management System* (《倉庫食品安全管理制度》) and the *Store Food Safety Management System* (《店舖食品安全管理制度》). For our edible fungi business, we have developed a specialized full-process quality control system covering production, processing, and delivery.

We implement recall procedures in accordance with the Procedure for Handling Product Quality Anomalies and have established a hierarchical recall mechanism. For urgent product recalls, we ensure that recall procedures are initiated within 24 hours and notifications are issued through multiple channels. No major product recalls due to safety and health reasons occurred during the Track Record Period and up to the Latest Practicable Date.

We have established a 400-customer service hotline and a rapid response mechanism. We have launched the “Advance Compensation Mechanism for Consumer Complaints”, under which we will first provide advance compensation to consumers and then recover the amount from the responsible party, which are unable to provide timely compensation. Additionally, we regularly conduct consumer satisfaction surveys, and continuously optimize and enhance service quality based on customer feedback.

Human Capital

Compliant Employment

We comply with laws and regulations such as the *Labor Law of the People’s Republic of China* (《中華人民共和國勞動法》) and the *Labor Contract Law of the People’s Republic of China* (《中華人民共和國勞動合同法》), and have formulated a series of internal policies including the *Employee Handbook*(《員工手冊》), the *Recruitment Management System* (《招聘管理制度》), the *Attendance and Leave Management System* (《假勤管理制度》) and the *Employee Welfare Management System* (《員工福利管理制度》). During the recruitment and employment process, we firmly prohibit any discrimination based on factors such as gender, region, ethnicity and age,

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strictly forbid the employment of child labor and forced labor, focus on talent diversity and inclusiveness. We emphasize the diversity of our management team. In 2023, 2024 and 2025, the percentages of female managers were 21.7%, 20.1% and 25.3%, respectively.

We pay close attention to employee turnover data. In 2025, our employee turnover rate was 39.6%. Given our industry specifics, current business development phase and ongoing organizational restructuring, we consider that the overall employee turnover rate is within a reasonable range and aligns with our development pace and industry norms.

Indicator	For the Year Ended December 31,		
	2023	2024	2025
	Count		
Total number of employees	4,972	7,904	9,073
Number of employees by gender . . . Male	2,695	4,976	5,558
Female	2,277	2,928	3,515

Employee Health and Safety

We strictly comply with laws and regulations such as the Work Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) and the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), and have formulated a series of internal policies including the *Work Safety Management System* (《安全生產管理制度》) and the *Occupational Health Management System* (《職業健康管理制​​度》). For field staff and frontline operators, we provide them with necessary personal protective equipment, formulate professional operation specification guidelines, and regularly organize on-the-job safety training and skill enhancement training. We strictly implement safety regulations such as no smoking in warehousing and supply chain areas, and ensure the effective implementation of various measures through the combination of daily inspections and regular special inspections. During the Track Record Period and up to the Latest Practicable Date, we had no material work safety accidents.

Employee Training and Development

We implement a “dual-channel” career development system, under which employees can choose to grow vertically in the professional sequence or rise horizontally into the management sequence according to their own wishes and capabilities. For employee promotion, we take competence, performance and seniority as the standards to realize the simultaneous improvement of responsibilities, authority and salary.

We place great importance on employee training. From 2023, 2024 and 2025, the percentage of employees who received training was 100% in each year.

Employee Care

We provide employees with benefits such as festival gifts, employee birthday parties, and monetary gifts for weddings and childbirth. For employees in specific types of work, we provide additional benefits such as high-temperature subsidies, supplementary medical insurance, and employer’s liability insurance. We have established an open and efficient employee feedback and democratic management mechanism, caring for employees’ work and life.

Responsible Supply Chain

We have established a systematic supplier full-life cycle management system, covering the entire process of screening, access, performance evaluation and exit. During the supplier screening and qualification stage, we conduct rigorous reviews of supplier credentials in accordance with the

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Supplier Management System (《供應商管理制度》) and the *Supplier Quality Management Procedures* (《供應商質量管理程序》). This includes verifying their quality system certifications and compliance with environmental and quality standards such as the *Food Safety Law of the People’s Republic of China* (《中華人民共和國食品安全法》), ensuring they meet company’s standards and cooperation criteria. Additionally, we require suppliers to acknowledge and sign the *Integrity Agreement* (《廉潔協議》) to further strengthen compliance control at the source.

We value the sustainable development of the value chain and pay close attention to sustainability risks related to suppliers and franchisees.

For suppliers, we actively engage in communication with our suppliers to emphasize the importance of ESG-related best practices, such as energy conservation and emissions reduction, labor management, food safety, product quality and compliant operations. We review the environmental and quality qualifications of suppliers and require them to acknowledge and sign documents such as the *Integrity Agreement* (《廉潔協議》) to mitigate compliance risks. We also integrate consumer insights and regional preferences nationwide — covering aspects like taste, packaging formats, and price sensitivity — into our product development and innovation processes. This approach shortens product launch cycles, enhances production planning and enables suppliers to allocate resources more efficiently.

For franchisees, we focus on ESG-related issues such as labor management, food safety, product quality, information security and protection and compliant operations. We also provide comprehensive support throughout the entire store operation life cycle. By leveraging digital management tools, training programs, logistics services, and nationwide marketing activities, we are committed to helping franchisees achieve efficient and sustainable operations, thereby strengthening long-term confidence in the brand.

Through mutually beneficial collaboration, we not only empower the sustainable development of our suppliers and franchisees but also enhance our own efficiency, market responsiveness, and competitiveness.

In terms of daily management and supervision, we implement continuous monitoring of suppliers through a combination of remote video inspections and random sampling of delivered goods. For suppliers experiencing quality irregularities, we promptly conduct interviews and arrange on-site inspections and audits to ensure supply chain stability and the quality of products and services.

We also regularly organize special training for suppliers, covering key topics such as consumer complaint handling, pest control and new food labeling regulations. In 2025, the training we conducted has covered a total of more than 2,500 person-times, effectively improving the overall quality management and compliance awareness of the supply chain. We attach great importance to the collaborative growth and risk prevention with suppliers, and strive to continuously build a more resilient and sustainable supply chain.

Business Ethics

We strictly comply with national laws and regulations such as the *Anti-Monopoly Law of the People’s Republic of China* (《中華人民共和國反壟斷法》) and the *Anti-Unfair Competition Law of the People’s Republic of China* (《中華人民共和國反不正當競爭法》), and gradually build a comprehensive governance system covering, among other things, policy formulation, risk prevention, and cultural promotion, which clearly standardizes employee behavior and business processes, and strictly prohibits illegal and incompliant acts such as embezzlement, bribery, job-related encroachment and unauthorized disclosure of trade secrets. We have established an internal supervision department, which is responsible for the centralized management of reporting channels of various branches, and we continuously enhance employees’ awareness of integrity and the concept of the rule of law through organizing anti-corruption and other legal education and publicity activities.

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During the Track Record Period and up to the Latest Practicable Date, there were no misconducts, fraudulent and illegal actions, or other negative incidents of our shareholders, franchisees or other third parties we cooperated with that have materially and adversely affected our business operations, financial conditions and results of operations.

Philanthropy

We carry out public welfare initiatives across multiple areas, including disaster relief, education support, grassroots philanthropy, and children’s nutrition and health. From 2023 to 2024, we donated approximately 7 million RMB in cash to disaster-stricken areas affected by floods in Hebei, the Jiashishan earthquake in Gansu, and other regions impacted by flooding, supporting emergency rescue and recovery efforts. Committed to educational advancement and youth sports development, we made donations to the Anhui Provincial Youth Development Foundation in 2024 and to the Nanjing University of Science and Technology Experimental Primary School volleyball team in 2025.

INTELLECTUAL PROPERTY

As of December 31, 2025, we and our major subsidiaries had registered 27 patents, 36 copyrights and 4 domain names, and we had 414 trademarks in China. We also owned four new plant variety rights and jointly owned two new plant variety rights with Fujian Agriculture and Forestry University (福建農林大學).

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

As of the Latest Practicable Date, we did not have any outstanding material proceedings in connection with infringement of intellectual property rights brought by any third party that could have a material and adverse effect on our business, financial condition or results of operations. We were not aware of any proceedings or claims relating to intellectual property rights against us that could have a material and adverse effect on our business, financial condition or results of operations. See “Risk Factors — We may infringe upon, misappropriate or otherwise violate the intellectual property rights of third parties.”

PROPERTIES AND FACILITIES

Our headquarters are located in Zhangzhou, Fujian province, China. We occupy certain properties in China in connection with our business operations.

As of December 31, 2025, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Hong Kong Listing Rules to include in this Document any valuation report. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Owned Properties

As of December 31, 2025, our Company and our major subsidiaries owned 26 properties in China with an aggregate GFA of 312,624.45 sq.m., mainly for factories and offices.

Leased Properties

As of December 31, 2025, our Company and our major subsidiaries leased 131 properties in China with an aggregate GFA of 663,635.03 sq.m. from third parties, mainly as our offices, warehousing facilities and our self-operated stores.

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Title Defects

As of December 31, 2025, the landlords for 35 leased properties of our company and our major subsidiaries with a total GFA of 71,177.96 sq.m., did not provide valid title certificates and/or authorization to sublease the relevant leased properties to us. The relevant leased properties are mainly used as premises for our self-operated stores, offices and warehousing facilities. Additionally, the actual use of 2 leased properties of our company and our major subsidiaries, with an aggregate GFA of 1,690.82 sq.m., does not fit into the prescribed scope of usage shown on the relevant certificates.

As advised by our PRC Legal Advisor, for the leased properties that were subject to title defects or with inconsistent usage, as the tenants, we generally would not be subject to any administrative penalties pursuant to the applicable laws and regulations. However, if any of these leases is terminated as a result of challenges by third parties, we may not be able to continue to use the properties. Nevertheless, considering these properties’ uses, we believe there is a sufficient supply of similar properties and do not expect any material adverse effect on our business due to these potential terminations and the potential costs of relocation would not have a material adverse effect on our daily operation.

Non-registration of Lease Agreement

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of December 31, 2025, our Company and major subsidiaries had not completed lease registration for 123 of the properties we leased in the PRC. These leased properties are unrelated to the properties which failed to complete Fire Safety Inspections and Fire Safety Filings.

As advised by our PRC Legal Advisor, failure to register such lease agreements with the relevant PRC governmental authorities does not affect the validity and enforceability of the relevant lease agreements. However, the relevant PRC government authorities may order us or the lessors to, within a prescribed time limit, register the lease agreements, and may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease agreement if we fail to complete such registration. Our Directors are of the view that the unregistered leases will not individually or collectively have a material adverse impact on our business or financial conditions.

LICENSES, APPROVALS AND PERMITS

We are subject to laws, regulations and supervision by different levels of regulatory authorities and are required to maintain various licenses, permits and approvals in order to operate our facilities and conduct our business.

The following table sets forth details of material licenses and permits we have obtained for the operation of our Company and major subsidiaries.

Type of Licenses	Number of Licenses	Issuing Authority	Expiry Dates*
Edible Fungi Strains Production and Operation License . .	2	Department/Bureau of Agriculture and Rural Affairs at the place of registration	March 30, 2026 to November 3, 2028
Food Production License	1	Nanjing Municipal Administration for market regulation	October 13, 2027

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Type of Licenses	Number of Licenses	Issuing Authority	Expiry Dates*
Food Operating Permit.	26	Administration for market regulation/other competent government authorities with relevant functions and powers at the place of registration	November 23, 2026 to September 21, 2030
Recordation of the sale of prepackaged food only	6	Administration for market regulation/other competent governmental authorities with relevant functions and powers at the place of registration	Valid without an expiry date
Pollutant Discharge Permit.	2	Ecology and Environment Bureau of the location of the production and operation premises	June 24, 2030 to July 7, 2030

As advised by our PRC Legal Advisor, During the Track Record Period and up to the Latest Practicable Date, except as disclosed below, our Company and major subsidiaries have obtained all requisite licenses, approvals and permits from relevant authorities that are material for our operations in the PRC and such licenses, approvals and permits are valid and effective.

Fire Safety

During the Track Record Period, we were unable to complete the pre-opening fire safety inspections (消防安全檢查) (the “**Fire Safety Inspections**”) with respect to ten leased properties (the “**Inspection Related Properties**”) used as our self-operated stores. We failed to complete the Fire Safety Inspections for the Inspection Related Properties, primarily due to failure to complete the initial fire safety procedures by property owners. In addition, because the property owners had not carried out the initial fire safety procedures, it is practically challenging for us to rectify and complete such procedures. As advised by our PRC Legal Advisor, according to the applicable laws and regulations, some public gathering places (“公眾聚集場所”) are required to complete Fire Safety Inspections before commencing operations. Our PRC Legal Advisor further advised that failure to complete the Fire Safety Inspections might subject us to discontinuation of the construction, use, production or operation and to a fine between RMB30,000 to RMB300,000. The Inspection Related Properties had an aggregate operation area of approximately 1,532.5 sq.m., accounting for approximately 8.29% of the aggregate GFA of all leased properties of our self-operated stores as of June 30, 2025. As of the Latest Practicable Date, none of the Filing Related Properties remained in operation as our self-operated stores.

During the Track Record Period, we were unable to complete the fire safety acceptance checks and record filings (消防驗收備案) (the “**Fire Safety Filings**”) with respect to twelve leased properties (the “**Filing Related Properties**”) used as our self-operated stores. We failed to complete the Fire Safety Filings for the decorating projects of these Filing Related Properties, primarily due to failure to complete the initial fire safety procedures by property owners. As advised by our PRC Legal Advisor, according to the applicable laws and regulations, failure to complete the Fire Safety Filings might subject us to (i) discontinuation of property construction, use, production or operation and a fine not less than RMB30,000 and not more than RMB300,000; and (ii) an order to effect rectification and a fine of no more than RMB5,000 for each project. The Filing Related Properties had an aggregate operation area of approximately 1,977.50 sq.m., accounting for approximately 10.70% of the aggregate GFA of all leased properties of our self-operated stores as of June 30, 2025. As of the Latest Practicable Date, none of the Filing Related Properties remained in operation as our self-operated stores.

As of the Latest Practicable Date, the relevant regulatory authorities had not imposed any material administrative actions, fines or penalties for our inability to complete the necessary Fire Safety Filings and Fire Safety Inspections (together, the “**Fire Safety Procedures**.”). In addition,

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during the Track Record Period, revenue generated from our Filing Related Properties and Inspection Related Properties (together, the “**Relevant Properties**”) was immaterial. The revenue derived from the Relevant Properties were RMB10.0 million, RMB36.9 million and RMB38.1 million in 2023, 2024 and 2025, respectively, accounting for 0.11%, 0.11% and 0.07% of our total revenue for the respective years. In case any of these stores were ordered to be closed down, we believe we can relocate to alternative properties within a reasonable period of time and at reasonable costs as there are sufficient alternative leased properties available in the applicable regions and we believe we can swiftly find substitute sites based on our past site selection experience. Therefore, we believe that even if the failure to complete the Fire Safety Procedures subject us to government-ordered cessation of our operation of the stores, such administrative penalties would not have a material and adverse effect on our operations.

Despite our failure to complete in time the Fire Safety Procedures due to the various reasons outlined above during the Track Record Period, we nonetheless placed significant importance on the fire safety, with a goal to mitigate our risk exposure to potential fire safety accidents and public safety concerns. To this end, we have taken a series of internal control measures, which include: (i) designating experienced personnel to identify risks and design safeguards that aim at preventing, controlling and mitigating the risks and effects of fires when renovating new stores; (ii) providing training on fire safety to our store staff, which cover key aspects of our daily operations, and organizing fire drills from time to time to increase our store staff’s fire safety awareness; (iii) installing the necessary fire safety equipment as required by applicable PRC laws and regulations, including fire extinguishers, smoke detectors and automatic water spray in our stores, warehouses and processing facilities, etc.; (iv) installing proper evacuation route indication signs and, where applicable, proper emergency exits; (v) assigning dedicated employees to conduct periodic inspections on stores to assess the effectiveness of our internal control measures; and (vi) exploiting our reasonable best efforts to complete the record-filing of fire safety acceptance checks before the start of business in accordance with the applicable laws and regulations.

We will continue to enhance compliance efforts, strengthen internal control procedures, and ensure that no new self-operated stores will commence operation before completing the necessary fire safety procedures. If, in limited cases, a leased property is subsequently found to face material obstacles in completing the fire safety procedures, we will consider relocating the store or, where necessary, closing the premises.

Moreover, we have engaged a fire safety consultant (the “**Fire Safety Consultant**”) to conduct fire safety evaluations on each of the Relevant Properties as an Independent Third Party qualified to conduct such services in accordance with the relevant PRC laws and regulations. It is primarily engaged in the maintenance and inspection of fire safety facilities and fire safety evaluation, has the relevant qualifications and certificates and has a dedicated inspection team consisting of certified fire engineers and fire safety specialists with extensive prior work experience in the maintenance and inspection of fire safety facilities and fire safety evaluation. The Fire Safety Consultant has conducted a comprehensive review and inspection which was completed by September 2025. According to the Fire Safety Consultant’s reports, upon inspection at all these Relevant Properties, (i) the Relevant Properties have never experienced any fire safety accidents, nor have they faced significant administrative penalties from fire rescue authorities or been cited for fire safety violations; (ii) the business premises of the Relevant Properties have been equipped with sufficient fire safety equipment, signage, safe evacuation conditions and emergency evacuation plans, all of which are in proper working order and do not pose any major fire hazards; (iii) all of these premises have complied with the applicable fire safety laws, regulations and standards to the extent the Fire Safety Procedures for the Relevant Properties, as the case may be, could be completed; (iv) we were not able to complete the Fire Safety Procedures for the Relevant Properties for reasons other than fire safety defects; and (v) there are no material impediments for the Relevant Properties to complete the required fire safety filings, upon submission of applications and all the requisite documents.

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During the Track Record Period, ten leased properties had not completed the Fire Safety Filings and Fire Safety Inspections, and two leased properties had not completed the Fire Safety Inspections. The revenue derived from these properties were RMB10.0 million, RMB36.9 million and RMB38.1 million in 2023, 2024 and 2025, respectively, accounting for 0.11%, 0.11% and 0.07% of our total revenue for the respective years. The maximum fines for defects related to Fire Safety Inspections, Fire Safety Filings and non-registration of leased properties are RMB3.00 million, RMB3.66 million and RMB1.26 million, respectively.

Considering that (i) the compliance certificates relating to the Relevant Properties confirm that no administrative penalties relating to fire safety have been recorded, (ii) according to the fire safety reports issued by Fire Safety Consultant, the safety assessment of the Relevant Properties is rated as “good”, and a low probability of fire occurrence or limited harm in the event of fire and (iii) as confirmed by the Company, as of the date of this submission, the relevant regulatory authorities had not imposed any material administrative actions, fines or penalties for our inability to complete the necessary Fire Safety Filings and Fire Safety Inspections, the PRC Legal Advisor is of the view that the likelihood of penalties by the competent authorities for the fire safety issues to be relatively low.

Our stores do not involve any cooking, heating, or other fire-related operations, unlike restaurants or other food service establishments. Given the nature of our business, our fire risk exposure is inherently low. We have also continued to enhance compliance efforts, strengthen internal control procedures, and ensure that no new self-operated stores commence operation before completing the necessary fire safety procedures. If, in limited cases, a leased property is subsequently found to face material obstacles in completing the fire safety procedures, we will consider relocating the store or, where necessary, closing the premises. Given the relatively simple use of our stores compared with restaurants or other food service establishments, as well as its size which typically in the range of 100 to 200 sq.m., we do not expect to incur significant time or cost in finding relocation. For franchised stores, pursuant to the franchise agreements, franchisees bear their own operational responsibilities, including compliance with fire safety requirements. Franchisees are contractually obligated to indemnify us for any losses caused by non-compliance. Based on searches of publicly available information, no franchised stores have been found to be subject to material administrative penalties by the competent authorities for non-compliance with Fire Safety Inspections or Fire Safety Filings.

LEGAL PROCEEDINGS AND COMPLIANCE

From time to time, we may encounter a range of legal or administrative claims and proceedings in the regular course of our operations, which may be due to matters such as employment, copyrights, or contract disputes. During the Track Record Period and up to the Latest Practicable Date, we had not been party to any legal, arbitral, administrative proceedings, or non-compliance incidents that resulted in administrative penalties, which could, individually or collectively, have a material and adverse impact on our business. We had complied, in all material respects, with all applicable laws and regulations during the Track Record Period and up to the Latest Practicable Date. In the same period indicated, we were not involved in any systemic non-compliance.

RISK MANAGEMENT AND INTERNAL CONTROL

We have developed and implemented risk management policies and internal control measures in relation to our business operations, financial reporting and general compliance. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have adopted and will adopt, among other things, the following risk management measures: (i) we have designed a comprehensive set of policies to identify, analyze, manage and monitor various risks. We periodically assess and update our risk management policies; (ii) our Board is responsible for overseeing overall risk management and internal control. Our Audit Committee is authorized to review and evaluate our financial control, risk management and internal

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control system. See “Directors and Senior Management — Board Committees — Audit Committee” for the composition of the Audit Committee and their qualifications and experience; (iii) we will adopt various policies to ensure compliance with the Hong Kong Listing Rules, including, but not limited to, aspects related to conflict-of-interest management, connected transactions and information disclosure; and (iv) we will continue to organize training sessions for our Directors and senior management with respect to the relevant requirements of the Hong Kong Listing Rules and duties of directors of companies [REDACTED] in Hong Kong.

Anti-Corruption Compliance Measures

We understand that a strong and enforceable set of anti-corruption policies and procedures is essential for maintaining a positive and healthy workplace environment as well as the integrity of our quality control, supply chain management and franchisee operations. To raise the integrity awareness of our workforce, we require all employees to understand and sign an integrity agreement as part of their onboarding process.

According to the agreement, employees should refrain from engaging in activities such as: (i) using one’s position for personal or group gain, or otherwise harming the Company’s interests; (ii) soliciting or accepting gifts, commissions, rebates, securities, travel arrangements, communication devices, valuable items, or banquets; (iii) disclosing or leaking the Company’s commercial secrets; (iv) engaging in fraud or embezzlement; and (v) participating in gambling-related activities. Employee committing any of the above acts is subject to disciplinary actions including demotion, salary reduction, economic penalties, termination of the employment contract without severance pay (including compensation), and in cases of severe violations, referral to judicial or prosecutorial authorities for further handling.

AWARDS AND RECOGNITION

Over the years, we have received multiple recognition for the quality and popularity of our products and services. Some of the significant awards and recognitions we have received are set forth below. None of the awards listed below is self-sponsored.

Award Year	Award/Recognition	Awarding Institution/Authority
2025	Best Smart Operations Award under the 2025 Omni-channel Digital Operations Ranking (2025年全域數字化經營榜最佳智慧運營獎)	Tencent Smart Retail Platform (騰訊智慧零售平臺)
2026	Advertising Rising Star Brand of 2025 (2025年度廣告新銳品牌)	Meituan Instashopping Platform (美團閃購平臺)
2026	Annual Premium Brand and Emerging Brand Award for FY 2026 (26財年年度優質品牌和新銳品牌獎)	Taobao Instashopping Platform (淘寶閃購平臺)
2025	Partnership Excellence Brand Award (合作共贏卓越品牌獎)	Alipay (支付寶)
2025	Top 500 China Companies in 2025 (non-state-owned companies) 2025年中國民營企業500強	All-China Federation of Industry and Commerce ¹ (中華全國工商業聯合會)

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Award Year	Award/Recognition	Awarding Institution/Authority
2024	Top 100 Most Valuable Brands (最有價值品牌Top 100)	Qunar.com ² (去哪兒網)
2024	Excellent Consumer Brand Award (美好消費品牌獎)	Cailian Press ³ (財聯社); Shanghai Leading Investment Consulting Co., Ltd. ⁴ (上海領燦投資諮詢股份有限公司)
2024	Most Valuable Brand Award (最具品牌價值獎)	Cailian Press (財聯社)
2024	Retail Brand of the Year (年度零售品牌)	EO Intelligence ⁵ (億歐智庫)
2024	Leading Consumption Brand of the Year (年度消費領航品牌)	Inspur New Consumption ⁶ (浪潮新消費)
2023	Outstanding Contribution Award of China Rural Development Foundation (中國鄉村發展基金會傑出貢獻獎)	China Rural Development Foundation ⁷ (中國鄉村發展基金會)

Note:

1. A Chinese organization committed to supporting individuals in the non-public economy and safeguarding their lawful rights and interests.
2. China’s leading one-stop travel platform, committed to maintaining low prices as its core competitiveness.
3. A leading financial news media and financial information service provider in China.
4. A professional investor relations and market value management consulting firm in China.
5. An information platform and think tank focused on technology, industry and investment.
6. A media platform focusing on the new retail, operated by Inspur Group, China’s leading IT company.
7. A national public welfare organization supervised by the Ministry of Agriculture and Rural Affairs and managed by the National Administration for Rural Revitalization.