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Application Proof of

FUJIAN WANCHEN FOOD GROUP CO., LTD.

福建萬辰食品集團股份有限公司

(the “**Company**”)

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

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FUJIAN WANCHEN FOOD GROUP CO., LTD.

福建萬辰食品集團股份有限公司

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

[REDACTED]

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

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SUMMARY

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

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

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, we ranked as the second-largest snack and beverage retailer in China, according to CIC and our nationwide brand *Haoxianglai* ranked as the No. 1 snack and beverage retail brand in China. *Haoxianglai* 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 the same source. We primarily operate the snack and beverage retail business under a franchise model. 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, 2024 and 2025, approximately 94% and 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 that are on average 20-30% lower than comparable products in supermarkets, supermarkets and convenience stores, according to CIC, while allowing both our franchise partners and us to maintain healthy profit margins.

SUMMARY



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.

SUMMARY

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. Our revenue further increased by 59.2% from RMB32.3 billion in 2024 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.

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: (i) largest snack and beverage retail brand and the second-largest snack and beverage retailer in China; (ii) a unified shopping experience enabled by curated assortments and affordable product offerings; (iii) strong consumer engagement through membership operations and integrated marketing; (iv) efficient, scalable and integrated supply chain; (v) comprehensive franchise support and long-term partnerships; (vi) end-to-end digitalization driving scalability and efficiency; and (vii) seasoned leadership team driving transformational growth. For details, see “Business — Our Strengths”.

OUR STRATEGIES

We intend to further entrench our competitive strengths and implement the following strategies: (i) scaling and upgrading our store network; (ii) continuously refining product offerings through consumer insights; (iii) empowering suppliers and franchisees for mutual growth; (iv) strengthening warehousing and logistics efficiency; (v) upgrading digital infrastructure to drive intelligent operations; and (vi) pursuing strategic investments and acquisitions. For details, see “Business — Our Strategies”.

SUMMARY

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. 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 during 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. 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	%
<i>(RMB in thousands, except percentages)</i>						
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

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.”

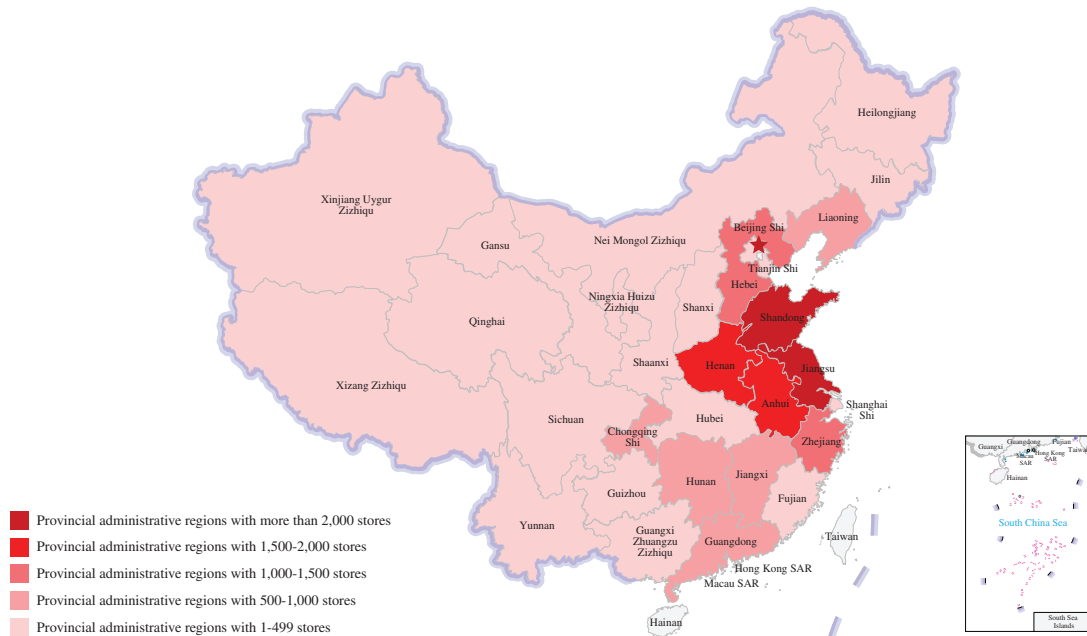
SNACK AND BEVERAGE RETAIL BUSINESS

As we recognized attractive growth prospects within the snack and beverage sector and sought to further diversify our revenue streams, supported by the relevant industry insights and experience of Mr. Wang Zening and other senior management, we commenced our strategic expansion into the snack and beverage retail market in August 2022. Between August 2022 and September 2023, we successively acquired certain snack-related assets including the brands *Lu Xiao Chan*, *Haoxianglai*, *Lai You Pin*, *Ya Di Ya Di* and *Laopo Daren*, and brought in the deeply experienced management teams of *Haoxianglai*, *Lai You Pin*, *Ya Di Ya Di* and *Laopo Daren*, which laid the foundation of our snack and beverage retail business. In October 2023, we consolidated *Lu Xiao Chan*, *Haoxianglai*, *Lai You Pin* and *Ya Di Ya Di* into our nation-wide flagship brand, *Haoxianglai* and grew our store network organically to the scale today. These acquisitions were conducted and these brands were selected after careful evaluation against criteria including brand recognition, regional footprint, team experience, compliance, scale and financial performance, thereby enabling regional market penetration, operational synergies and long-term growth. For details of the commencement and development of our snack and beverage business, see the section headed “History, Development and Corporate Structure — Corporate Development and Major Changes in Share Capital and Shareholdings — Commencement and Development of Our Snack and Beverage Retail Business”.

SUMMARY

Our Store

As of December 31, 2025, our store network had 18,314 offline stores spanning across 30 provinces, municipalities and autonomous regions. 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.

We mainly operate under the franchise model, authorizing our franchisees to sell snack and beverage through franchised stores under our brands. 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 following table sets forth the number of our stores by distribution channels as of the dates indicated:

	As of December 31,					
	2023		2024		2025	
	Count	%	Count	%	Count	%
	(count, except percentages)					
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

SUMMARY

The following table sets forth the key operating metrics relating to our stores as of the dates or for the years indicated.

	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.

Our Product

We provide consumers with a wide choice of affordable products of consistent quality that meet diverse and evolving needs. During the Track Record Period, our product mix covered 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. 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.

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 consumer preferences with agility, but also allows us to deliver products that are either priced with affordability or differentiated in quality and features. We have launched two private-label series under *Haoxianglai*: *Haoxianglai Value* (好想來超值), which focuses on essential categories with affordability and *Haoxianglai Select* (好想來甄選), which offers premium and differentiated items. Together, these initiatives strengthen our brand positioning, unlock additional revenue potential for suppliers, and enhance franchisee competitiveness through higher margins and stronger consumer appeal.

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.

SUMMARY

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 field audits, we help franchisees maintain optimal store standards and keep improving store-level performances. While we can determine the product prices for franchisees and provide a selected menu of products from which franchisees may choose suitable items to stock, franchisees have certain discretion in ultimately deciding which products to order and sell. We also provide guidance on their product orders based on our data insights.

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, achieving one of the most extensive retail footprints in the industry, according to CIC. 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. During the Track Record Period, the closure rates of our franchised stores were 1.6%, 1.5% and 3.0%, respectively, which were significantly lower than the average of over 10% for the snack and beverage retail industry, according to CIC. Closures of franchised stores during the Track Record Period were mainly due to certain stores not fully meeting our operational standards, as well as other factors beyond our control. 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
	Count	Count	Count
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	(75)	(208)	(575)
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 acquisition of brands in 2023.

EDIBLE FUNGI BUSINESS

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.

SUMMARY

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.

CUSTOMERS

Our customers include 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 our franchisees.

In 2023, 2024 and 2025, revenue from our five largest customers 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. See “Business — Customers”.

SUPPLIERS

In 2023, 2024 and 2025, our suppliers 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. During the Track Record Period, we were not subject to any material supplier concentration risk. To our best knowledge, 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. See “Business — Suppliers”.

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.

According to CIC, we are a large-scale and fast-growing snack and beverage retailer, ranking 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.

RISK FACTORS

Our business and the [REDACTED] involve certain risks, including risks relating to (i) our business and industry; (ii) doing business in the jurisdiction where we operate; and (iii) the [REDACTED]. Some of the major risks we face include, but are not limited to: (i) Our operating history may not be indicative of our results of operations, financial performance or business prospects in the future; (ii) Our future growth depends on our ability to strategically and continuously extend the footprint of our store network and successfully manage the operational performance of our extensive store network; (iii) We primarily employ a franchise model to grow our store network, under which substantially all of our stores are operated by franchisees. Our results of operations depend to a large extent on the performance of our stores, as well as our ability

SUMMARY

to maintain existing franchisees and attract new franchisees; (iv) We operate in a highly competitive and fast-changing market and may lose our market share if we fail to compete successfully; and (v) Any significant changes in food safety and quality, retail store operation and hygiene regulations and policies could materially and adversely affect our business.

OUR CONTROLLING SHAREHOLDERS AND VOTING PROXY AGREEMENTS

Mr. Wang Zening, Ms. Wang Liqing, Mr. Chen Wenzhu, Fujian Mimosa and Zhangzhou Jinwanchen constitute a group of Controlling Shareholders of our Company. Calculated on the basis of a total number of 191,293,385 A Shares in issue as of the Latest Practicable Date, the total issued share capital of our Company was directly held as to approximately 16.05% by Fujian Mimosa, approximately 11.85% by Zhangzhou Jinwanchen, approximately 10.04% by Mr. Wang Zening and approximately 0.07% by Ms. Wang Liqing. Fujian Mimosa was in turn held as to 80.00% by Mr. Wang Zening, 19.00% by Mr. Chen Wenzhu and 1.00% by Ms. Wang Liqing. Zhangzhou Jinwanchen was in turn held as to approximately 53.33% by Mr. Wang Zening, 37.67% by Ms. Wang Liqing and approximately 9.00% by various other minority shareholders in aggregate as of the Latest Practicable Date. Mr. Chen Wenzhu held no direct shareholding in the Company as of the Latest Practicable Date.

Additionally, pursuant to the 2024 Voting Proxy Agreement, Mr. Wang Zening is entitled to the voting rights attached to A Shares representing an aggregate of approximately 11.52% of the total share capital of our Company as of the Latest Practicable Date. Mr. Wang Zening has also entered into the 2025 Voting Proxy Agreement, under which he was entitled to the voting rights attached to 12,291,000 A Shares representing an aggregate of approximately 6.43% of the total share capital of our Company as of the Latest Practicable Date. Details of the 2024 Voting Proxy Agreement and the 2025 Proxy Arrangements are disclosed in the sections headed “History, Development and Corporate Structure — Voting Proxy Agreements” and “History, Development and Corporate Structure — Significant Acquisitions and Disposals — Acquisition of the minority interest in Nanjing Wanyou”.

Together, our Controlling Shareholders controlled an aggregate of 55.97% of voting rights in our Company as at the Latest Practicable Date, and will control an aggregate of [REDACTED]% of voting rights in our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no new A Shares are issued under the Share Award Plans and there are no changes to the shareholding of our Company between the Latest Practicable Date and the [REDACTED]). Calculated on the basis of a total number of [REDACTED] Shares in issue following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no new A Shares are issued under the Share Award Plans and there are no changes to the shareholding of our Company between the Latest Practicable Date and the [REDACTED]), the total issued share capital of our Company will be held directly as to approximately [REDACTED]% by Fujian Mimosa, approximately [REDACTED]% by Zhangzhou Jinwanchen, approximately [REDACTED]% by Mr. Wang Zening and approximately [REDACTED]% by Ms. Wang Liqing.

For further information, see the section headed “Relationship with our Controlling Shareholders”.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute non-exempt or partially-exempt continuing connected transactions of our Company under the Hong Kong Listing Rules following the [REDACTED]. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], certain waivers from strict compliance with Chapter 14A of the Listing Rules in respect of these transactions. For details, see the section headed “Continuing Connected Transactions”.

Years ended December 31,

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SUMMARY

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRS, we use adjusted net profit/(loss) (non-IFRS measure) for the year as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company. We believe that this measure provides useful information to [REDACTED] in understanding and evaluating our consolidated results of operations in the same manner as it helps management. However, our presentation of adjusted net profit/(loss) (non-IFRS measure) for the year may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit/(loss) (non-IFRS measure) as profit/(loss) for the year, adjusted for share-based compensation expenses, which are non-cash in nature, and [REDACTED].

The following table reconciles our non-IFRS measure for the years presented with the nearest measures prepared in accordance with IFRS Accounting Standards.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Profit/(Loss) for the year	(176,206)	610,912	2,426,575
Add back:			
Share-based compensation expenses, net . .	147,971	219,374	144,186
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit/(loss)			
(non-IFRS measure)	<u>(28,235)</u>	<u>830,286</u>	<u>2,574,191</u>

During the Track Record Period, our revenue, gross profit margin and net profit/(loss) experienced fluctuations primarily in line with the rapid expansion of our snack and beverage retail business. Revenue increased significantly from 2023 to 2025, mainly due to the continuous expansion of our store network, the growth of our franchise model, and increasing consumer orders. Gross profit margin improved gradually over the same year, reflecting enhanced supply chain efficiency and economies of scale as our store base and procurement volume expanded. Our net results changed from a loss in 2023 to profitability in 2024 and 2025, primarily due to the transition from self-operated to franchised stores and initial marketing and administrative investments during the rapid scale-up phase. As our business matured, operational efficiency improved and margins were released, supported by optimized cost structure, centralized procurement and better expense control. See “Financial Information – Period-to-period Comparison of Results of Operations.”

SUMMARY

Summary of Our Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants’ Report included in Appendix I to this Document:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Non-current assets	1,574,556	1,482,043	1,154,059	1,168,766
Current assets	2,345,872	5,751,594	8,876,031	7,057,496
Total assets	3,920,428	7,233,637	10,030,090	8,226,262
Non-current liabilities	589,331	663,984	1,227,626	1,172,185
Current liabilities	2,635,415	5,100,783	6,241,463	3,811,859
Total liabilities	3,224,746	5,764,767	7,469,089	4,984,044
Total assets less current liabilities	1,285,013	2,132,854	3,788,627	4,414,403
Net current (liabilities)/assets . .	(289,543)	650,811	2,634,568	3,245,637
Net assets	695,682	1,468,870	2,561,001	3,242,218
Capital and reserves				
Share capital	154,694	179,990	188,891	191,293
Reserves	490,540	925,688	1,304,548	1,663,316
Equity attributable to owners of the Company	645,234	1,105,678	1,493,439	1,854,609
Non-controlling interests	50,448	363,192	1,067,562	1,387,609
Total equity	695,682	1,468,870	2,561,001	3,242,218

During the Track Record Period, our net current assets substantially increased, primarily in line with our business expansion and capital activities. Our net current assets increased by RMB1,983.8 million from RMB650.8 million as of December 31, 2024 to RMB2,634.6 million as of December 31, 2025, primarily due to the increases in bank balances and cash and trade and other receivables, partially offset by the increase in trade and bills payable as well as other payables and accruals.

Our net assets of RMB1,468.9 million as of December 31, 2024 increased to net assets of RMB2,561.0 million as of December 31, 2025, primarily attributable to profit and total comprehensive income for the year of RMB2,426.6 million, partially offset by acquisition of non-controlling interest of RMB1,399.3 million and dividend declared of RMB199.4 million.

Summary of Consolidated Statements of Cash Flows

The following table presents our consolidated cash flow data for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash from operating activities	1,007,506	777,052	3,587,455
Net cash used in investing activities	(236,492)	(57,102)	(9,711)
Net cash from/(used in) financing activities	267,640	335,648	(1,138,034)
Net increase in cash and cash equivalents	1,038,654	1,055,598	2,439,710
Cash and cash equivalents at beginning of the year	115,036	1,153,690	2,209,288
Cash and cash equivalents at end of the year	1,153,690	2,209,288	4,648,998

For details, see “Financial Information — Liquidity and Capital Resources”.

SUMMARY

Key Financial Ratios

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

	For the Year Ended/As of December 31,		
	2023	2024	2025
Revenue growth	1,592.0%	247.9%	59.2%
Gross profit margin	9.0%	10.7%	12.2%
Adjusted net profit/(loss) margin (non-IFRS measure)	(0.3%)	2.6%	5.0%
Cash conversion cycle (<i>days</i>) ⁽¹⁾	(5.9)	(1.3)	(3.0)

Note:

- (1) The cash conversion cycle is calculated by inventory turnover days added by trade receivables turnover days, then subtracting trade and bills payables turnover days.

Biological Assets and Valuation

Our biological assets consist of edible fungi and are stated at fair value less costs to sell as at the valuation dates. Our biological assets increased from RMB47.6 million as of December 31, 2023 to RMB49.8 million as of December 31, 2024, primarily due to the decrease in the cost of raw material. Our biological assets increased from RMB49.8 million as of December 31, 2024 to RMB54.7 million as of December 31, 2025, primarily due to the increase in market prices of certain mushrooms. The following table sets forth the value of our biological assets as at the dates indicated:

	For the Year Ended December 31,		
	2023	2024	2025
<i>(RMB in thousands)</i>			
At the beginning of the year	66,965	47,645	49,784
Increase due to new plantations	418,346	401,179	381,404
Harvested and transferred to inventories	(432,071)	(425,188)	(484,674)
Net changes in fair value less costs to sell (unrealized)	(127)	7,524	10,189
Net changes in fair value less costs to sell (realized)	(5,468)	18,624	98,013
At the end of the year	47,645	49,784	54,716

Our financial results have been, and will continue to be, affected by changes in the fair value of our biological assets. We are required under IFRS Accounting Standards to recognize such changes under gains/losses arising from net changes in fair value less costs to sell, which include both the unrealized and realized portions. This line item represents the changes in fair value of biological assets primarily due to the changes in market price and the stock volume for our edible fungi products. We measure our biological assets at their fair value less costs to sell. The fair value is measured by reference to local market selling prices. Changes in fair value of biological assets are recognized in profit or loss in the year in which they arise. During the Track Record Period, our biological assets were revalued at each reporting date by the Valuer. We recognized losses of RMB5.6 million, gains of RMB26.1 million and gains of RMB108.2 million for the changes in fair value of our biological assets in 2023, 2024 and 2025, respectively.

SUMMARY

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business has continued to keep up the momentum following the Track Record Period. Our total GMV increased from RMB10,868 million in January and February 2025 to RMB15,705 million in January and February 2026. Our store network also continued to grow to over 19,500 stores as of February 28, 2026. Furthermore, the average monthly GMV per store increased from RMB372 thousand in January and February 2025 to RMB406 thousand in January and February 2026.

Our Directors have confirmed that, up to the date of this Document, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of the periods reported on in the Accountants’ Report set out in Appendix I to this Document, and there had been no event since December 31, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Document.

LISTING ON THE SHENZHEN STOCK EXCHANGE

Our shares were previously listed on the NEEQ on August 18, 2015 (former stock code: 833260). We voluntarily delisted from NEEQ on January 6, 2021 in anticipation of our listing on the ChiNext Market of the Shenzhen Stock Exchange. Since April 2021, our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300972). Our Directors confirmed that as at the Latest Practicable Date, we had no instance of non-compliance with the applicable rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects since our listing on the ChiNext Market of the Shenzhen Stock Exchange and, to the best knowledge of our Directors after having made all reasonable enquiries, there was no material matter that should be brought to the [REDACTED] attention in relation to our compliance record on the ChiNext Market of the Shenzhen Stock Exchange. Based on the filings on the website of the Shenzhen Stock Exchange and the information available in the public domain, our PRC Legal Advisor is of the view that the above confirmation of our Directors with regard to our compliance record is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisor’s view above, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance record of the Company on the ChiNext Market of the Shenzhen Stock Exchange.

SUMMARY

[REDACTED]

Based on the [REDACTED] of HK\$[REDACTED] (being the mid-point of our [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]), the total [REDACTED] (including [REDACTED]) payable by our Company are estimated to be approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), assuming the [REDACTED] is not exercised. These [REDACTED] mainly comprise professional fees paid and payable to the professional parties, and [REDACTED] payable to the [REDACTED], for their services rendered in relation to the [REDACTED] and the [REDACTED].

As of December 31, 2025, we incurred [REDACTED] of RMB[REDACTED] for the [REDACTED]. We estimate that an additional [REDACTED] of RMB[REDACTED] (including [REDACTED] of RMB[REDACTED], assuming the [REDACTED] is not exercised and based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]), accounting for [REDACTED]% of our gross [REDACTED], will be further incurred by us, of which RMB[REDACTED] is expected to be charged to our consolidated statements of profit or loss and RMB[REDACTED] is expected to be charged against equity upon the [REDACTED].

DIVIDENDS

Any declaration and payment, as well as the amount of dividends, are subject to our Articles of Association and the relevant PRC laws. In 2024 and 2025, we declared dividends of RMB36.0 million and RMB100.3 million, respectively. We did not declare dividends in 2023. In 2025, we paid dividends of RMB136.3 million.

SUMMARY

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

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised, and based on an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] stated in this Document.

In line with our strategies, we intend to use the net [REDACTED] from the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

Approximately HK\$ in millions	Percentage of Net [REDACTED]	Future Plans
[REDACTED]	[REDACTED]%	Expand our store network and strengthen our store management and store-level competitiveness
[REDACTED]	[REDACTED]%	Further enhance our product assortment and broaden our product mix by introducing more new products and extending into additional categories
[REDACTED]	[REDACTED]%	Strengthen our digital capabilities, supporting the digitalization of key business functions
[REDACTED]	[REDACTED]%	Strengthen our brand recognition and consumer engagement
[REDACTED]	[REDACTED]%	Enhance our warehousing and logistics infrastructure to support the expansion of our store network and the growing diversity of our product mix
[REDACTED]	[REDACTED]%	Potential investments in or acquisitions of businesses to support our strategic development and enhance the breadth and the depth of our value chain
[REDACTED]	[REDACTED]%	Working capital and other general corporate purposes

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

DEFINITIONS

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

“2022 Share Award Plan”	the restricted share unit incentive plan approved and adopted by the Shareholders in October 2022, as amended, supplemented or otherwise modified from time to time, the principal terms of which are set out in “Statutory and General Information — The 2022 Share Award Plan” in Appendix IV to this Document
“2023 Share Award Plan”	the restricted share unit incentive plan approved and adopted by the Shareholders in March 2023, as amended, supplemented or otherwise modified from time to time, the principal terms of which are set out in “Statutory and General Information — 2023 Share Award Plan” in Appendix IV to this Document
“2023 Second Share Award Plan”	the restricted share unit incentive plan approved and adopted by the Shareholders in August 2023, as amended, supplemented or otherwise modified from time to time, the principal terms of which are set out in “Statutory and General Information — 2023 Second Share Award Plan” in Appendix IV to this Document
“2024 Share Award Plan”	the restricted share unit incentive plan approved and adopted by the Shareholders in April 2024, as amended, supplemented or otherwise modified from time to time, the principal terms of which are set out in “Statutory and General Information — 2024 Share Award Plan” in Appendix IV to this Document
“2024 Voting Proxy Agreement”	the agreement entered into by, among others, Mr. Peng Dejian, Ms. Fan Hongjuan (Mr. Peng Dejian’s spouse), and Mr. Wang Zening on November 26, 2024, pursuant to which Mr. Peng Dejian and Ms. Fan Hongjuan irrevocably granted Mr. Wang Zening a voting proxy over the A Shares held by them then and additional Shares that may be owned by them in the future. For further details, see “History, Development and Corporate Structure — Voting Proxy Agreements”
“2025 Share Award Plan”	the restricted share unit incentive plan approved and adopted by the Shareholders in May 2025, as amended, supplemented or otherwise modified from time to time, the principal terms of which are set out in “Statutory and General Information — 2025 Share Award Plan” in Appendix IV to this Document

DEFINITIONS

“2025 Voting Proxy Agreement”	the arrangement entered into between Mr. Zhou Peng, Ms. Li Xiaoyu (Mr. Zhou Peng’s spouse), and Mr. Wang Zening on August 11, 2025 pursuant to which Mr. Zhou Peng and Ms. Li Xiaoyu granted Mr. Wang Zening a voting proxy over the A Shares held by them and additional Shares that may be owned by them in the future. For further details, see the section headed “History, Development and Corporate Structure — Significant Acquisitions and Disposals — Acquisition of the minority interest in Nanjing Wanyou”
“A Share(s)”	ordinary share(s) issued by our Company with a nominal value of RMB1.00 each, which is/are traded in Renminbi and listed on the ChiNext Market of the Shenzhen Stock Exchange
“A Shareholders”	holders of the A Share(s)
“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, details of which are set out in Appendix I to this Document
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC” or “Accounting and Financial Reporting Council”	The Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in Appendix III to this Document
“associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of our Company
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[REDACTED]

DEFINITIONS

“China”, “Chinese Mainland” or “PRC”	the People’s Republic of China, which, for the purposes of this Document and for geographical reference only and except where the context requires, excludes Hong Kong, the Macau Special Administrative Region and the Taiwan region
“CIC”	China Insights Industry Consultancy Limited, an independent market research and consulting company
“close associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	Fujian Wanchen Food Group Co., Ltd. (福建萬辰食品集團股份有限公司), formerly known as Fujian Wanchen Biotechnology Group Co., Ltd. (福建萬辰生物科技集團股份有限公司), a PRC company established as a limited liability company on December 21, 2011, and converted into a joint stock limited company in June 2014, the A Shares of which are listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300972)
“Compliance Advisor”	Somerley Capital Limited
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Hong Kong Listing Rules and, in the case of our Company, refers to Mr. Wang Zening, Ms. Wang Liqing, Mr. Chen Wenzhu, Fujian Mimosa and Zhangzhou Jinwanchen. See the section headed “Relationship with our Controlling Shareholders” for further details
“core connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
“CSDCC”	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)

DEFINITIONS

“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)” or “our Director(s)”	director(s) of our Company
“ESG”	Environmental, Social and Governance
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any governmental authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[REDACTED]

“Fujian Mimosa”	Fujian Mimosa Agriculture Development Co., Ltd. (福建含羞草農業開發有限公司), a limited liability company incorporated under the laws of the PRC on December 11, 2006, and one of our Controlling Shareholders. As at the Latest Practicable Date, Fujian Mimosa was held as to 80.00% by Mr. Wang Zening, as to 19.00% by Mr. Chen Wenzhu and as to 1.00% by Ms. Wang Liqing

[REDACTED]

“Group,” “our Group,” “we” or “us”	our Company and all of our subsidiaries from time to time
“H Share(s)”	share(s) in the share capital of our Company with a nominal value of RMB[REDACTED] each, which is/are to be subscribed for and [REDACTED] in HK dollars and to be [REDACTED] on the Hong Kong Stock Exchange

[REDACTED]

“H Shareholders”	holders of the H Share(s)

[REDACTED]

DEFINITIONS

“HK dollars” or “HK\$”

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

[REDACTED]

“Hong Kong” or “HK”

the Hong Kong Special Administrative Region of the PRC

“Hong Kong Listing Rules”

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

[REDACTED]

“Hong Kong Stock Exchange” or
“Stock Exchange”

The Stock Exchange of Hong Kong Limited, a subsidiary of Hong Kong Exchanges and Clearing Limited

DEFINITIONS

[REDACTED]

“Huainan Wanyou”

Huainan Wanyou Supply Chain Management Co., Ltd. (淮南萬優供應鏈管理有限公司), a limited liability company incorporated under the laws of the PRC on January 10, 2023 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage

“IFRS”

International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards and interpretation issued by the International Accounting Standards Committee

“Independent Third Party(ies)”

any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules

[REDACTED]

DEFINITIONS

“Jiangxi Wanchang Supply Chain” Jiangxi Wanchang Supply Chain Management Co., Ltd. (江西萬昌供應鏈管理有限公司), a limited liability company incorporated under the laws of the PRC on April 17, 2023 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage

“Jiangxi Wancong” Jiangxi Wancong Commercial Chain Operation Co., Ltd. (江西萬叢商業連鎖經營有限公司), a limited liability company incorporated under the laws of the PRC on November 17, 2020 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage

[REDACTED]

“Joint Sponsors” the joint sponsors as named in “Directors and Parties Involved in the [REDACTED]”

“Latest Practicable Date” [March 20, 2026] being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication

[REDACTED]

“Listing Committee” the Listing Committee of the Hong Kong Stock Exchange

[REDACTED]

“Main Board” the stock exchange market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with GEM of the Hong Kong Stock Exchange

“Major Subsidiary(ies)” the subsidiaries of the Company that we consider to be material to our operations and/or to have contributed significantly to our financial performance during the Track Record Period. They are listed in the section headed “History, Development and Corporate Structure — Our Major Subsidiaries”

DEFINITIONS

“Nanjing Jinwanchen”	Nanjing Jinwanchen Biotechnology Co., Ltd. (南京金萬辰生物科技有限公司), a limited liability company incorporated under the laws of the PRC on November 26, 2013 and one of our Major Subsidiaries, which is principally engaged in the sale and production of edible fungi
“Nanjing Luxiaochan”	Nanjing Luxiaochan Variety Snack Store Co., Ltd. (南京陸小饒量販零食有限公司), a limited liability company incorporated under the laws of the PRC on September 9, 2022 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage
“Nanjing Wanchang Supply Chain”	Nanjing Wanchang Supply Chain Management Co., Ltd. (南京萬昌供應鏈管理有限公司), a limited liability company incorporated under the laws of the PRC on April 6, 2023 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage
“Nanjing Wanhao”	Nanjing Wanhao Commercial Management Co., Ltd. (南京萬好商業管理有限公司), a limited liability company incorporated under the laws of the PRC on November 25, 2022 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage
“Nanjing Wanhao Supply Chain”	Nanjing Wanhao Supply Chain Management Co., Ltd. (南京萬好供應鏈管理有限公司), a limited liability company incorporated under the laws of the PRC on November 29, 2022 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage
“Nanjing Wanlai”	Nanjing Wanlai Commercial Chain Management Co., Ltd. (南京萬來商業連鎖管理有限公司), a limited liability company incorporated under the laws of the PRC on February 16, 2022 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage
“Nanjing Wanpin”	Nanjing Wanpin Commercial Management Co., Ltd. (南京萬品商業管理有限公司), a limited liability company incorporated under the laws of the PRC on December 19, 2022 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage
“Nanjing Wanyou”	Nanjing Wanyou Commercial Management Co., Ltd. (南京萬優商業管理有限公司), a limited liability company incorporated under the laws of the PRC on December 27, 2022 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage
“Nanjing Wanyou Supply Chain”	Nanjing Wanyou Supply Chain Management Co., Ltd. (南京萬優供應鏈管理有限公司), a limited liability company incorporated under the laws of the PRC on December 28, 2022 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage

DEFINITIONS

“Nanjing Wanxing”	Nanjing Wanxing Commercial Management Co., Ltd. (南京萬興商業管理有限公司), a limited liability company incorporated under the laws of the PRC on August 1, 2022 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage
“Ningbo Boquan”	Ningbo Boquan Commerce and Trading Co., Ltd. (寧波博全商貿有限公司), a limited liability company incorporated under the laws of the PRC on May 18, 2010 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage
“Ningbo Juku”	Ningbo Juku Commerce and Trading Co., Ltd. (寧波巨庫商貿有限公司), a limited liability company incorporated under the laws of the PRC on September 28, 2023 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage
“Nomination Committee”	the nomination committee of the Board

[REDACTED]

“Overseas Listing Trial Measures”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法)

[REDACTED]

DEFINITIONS

[REDACTED]

“PRC Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法)
“PRC Legal Advisor”	Grandall Law Firm (Beijing), our legal advisor as to PRC laws

[REDACTED]

“Document”	this document being issued in connection with the [REDACTED]
“Province”	each being a province or, where the context requires, a provincial-level autonomous region or municipality under the direct supervision of the central government of the PRC
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Evaluation Committee”	the remuneration and evaluation committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	State Administration of Foreign Exchange of the PRC

DEFINITIONS

“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB[REDACTED] each, including A Shares and H Shares upon [REDACTED]
“Share Award Plans”	the restricted share unit incentive plans adopted by our Company, namely, the 2022 Share Award Plan, the 2023 Share Award Plan, the 2023 Second Share Award Plan, the 2024 Share Award Plan and the 2025 Share Award Plan, details of which are set out in “Statutory and General Information — Share Award Plans” in Appendix IV to this Document
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links program to be developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, [REDACTED] and CSDCC for the establishment of mutual market access between Hong Kong and Shenzhen [REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Strategy Committee”	the strategy committee of the Board
“subsidiary(ies)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Taizhou Haoxianglai”	Taizhou Haoxianglai Supply Chain Management Co., Ltd. (泰州好想來供應鏈管理有限公司), a limited liability company incorporated under the laws of the PRC on May 16, 2024 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage
“Taizhou Wanhao”	Taizhou Wanhao Commercial Chain Management Co., Ltd. (泰州萬好商業連鎖管理有限公司), a limited liability company incorporated under the laws of the PRC on December 1, 2022 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage

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“Taizhou Wantuo Supply Chain”	Taizhou Wantuo Supply Chain Management Co., Ltd. (泰州萬拓供應鏈管理有限公司), a limited liability company incorporated under the laws of the PRC on April 26, 2023 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage
“Taizhou Wanxiang”	Taizhou Wanxiang Enterprise Management Consulting Co., Ltd. (泰州萬想企業管理諮詢有限公司), a limited liability company incorporated under the laws of the PRC on December 14, 2022 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the periods comprising the financial years ended December 31, 2023, 2024 and 2025
“treasury share(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“U.S. dollar”, “US\$” or “USD”	United States dollar, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“Valuer”	APV International Consulting & Appraisal Limited, a firm of independent qualified professional valuer
“Voting Proxy Agreements”	the 2024 Voting Proxy Agreement and the 2025 Voting Proxy Agreement
“Zhangzhou Jinwanchen”	Zhangzhou Jinwanchen Investment Co., Ltd. (漳州金萬辰投資有限公司), a limited liability company incorporated under the laws of the PRC on October 17, 2013, and one of our Controlling Shareholders. As at the Latest Practicable Date, Zhangzhou Jinwanchen was held as to approximately 53.33% by Mr. Wang Zening, approximately 37.67% by Ms. Wang Liqing and 9.00% by various other minority shareholders in aggregate

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“Zhangzhou Luxiaochan” Zhangzhou Luxiaochan Variety Snack Store Co., Ltd. (漳州陸小饞量販零食有限公司), a limited liability company incorporated under the laws of the PRC on December 1, 2022 and one of our Major Subsidiaries, which is principally engaged in the sale of snack and beverage

“%” per cent

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

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

GLOSSARY OF TECHNICAL TERMS

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

“active members”	registered members who complete at least one transaction in a given period
“AGV”	automated guided vehicles
“AI”	artificial intelligence
“ARPU”	average revenue per user
“cash conversion cycle”	The cash conversion cycle is calculated by inventory turnover days added by trade receivables turnover days, then subtracting trade and bills payables turnover days
“CAGR”	compound annual growth rate
“Chinese New Year”	a festival that celebrates the beginning of a new year on the traditional Chinese calendar
“first-tier cities”	Beijing, Shanghai, Guangzhou, Shenzhen
“franchised stores”	stores operated by individuals/business entities under our brand names through contractual arrangements between such individuals/business entities (referred to in this document as “franchisees”) and us in compliance with applicable laws and regulations in a relevant market, and the associated model is referred to as “franchise model” in this document
“GMV”	gross merchandise value, representing the total value of orders placed by consumers of our snack and beverage retail business, unless otherwise stated. The value of relevant discounts and products returned are removed from the calculation of GMV
“ <i>Haoxianglai</i> ”	our nationwide brand. When referring to “ <i>Haoxianglai store</i> ” or “ <i>Haoxianglai network</i> ”, it represents stores that are registered under the <i>Haoxianglai</i> membership system, which includes (i) <i>Haoxianglai</i> -branded stores and (ii) stores of <i>Lu Xiao Chan</i> (陸小饞), <i>Lai You Pin</i> (來優品) and <i>Ya Di Ya Di</i> (丫嗒丫嗒) that were consolidated to <i>Haoxianglai</i> in October 2023, unless otherwise indicated
“ID”	identity document
“IP”	characters, songs, drama series or other artistic works and their underlying intellectual property rights, including elements for re-creation

GLOSSARY OF TECHNICAL TERMS

“IT”	information technology
“large-scale snack and beverage retailer”	unless stated otherwise, means a retail chain with at least 100 stores in China’s snack and beverage retail market
“new first-tier cities”	Changsha, Chengdu, Chongqing, Dongguan, Foshan, Hangzhou, Hefei, Nanjing, Ningbo, Qingdao, Suzhou (of Jiangsu), Tianjin, Wuhan, Xi’an and Zhengzhou
“R&D”	research and development
“registered members”	consumers registered under our membership program
“ROI”	return on investment
“OMS”	order management system
“order fulfillment rate”	the percentage of SKUs delivered to stores within seven days of order placement, calculated as the number of such SKUs divided by the total SKUs ordered during the same period
“other lower-tier cities”	all prefecture-level regions in China excluding first-tier cities, new first-tier cities, second-tier cities and third-tier cities
“second-tier cities”	Baoding, Changchun, Changzhou, Dalian, Fuzhou, Guiyang, Harbin, Huizhou, Jiaxing, Jinan, Jinhua, Kunming, Lanzhou, Linyi, Nanchang, Nanning, Nantong, Quanzhou, Shaoxing, Shenyang, Shijiazhuang, Taiyuan, Taizhou (of Zhejiang), Weifang, Wenzhou, Wuxi, Xiamen, Xuzhou, Yantai and Zhuhai
“self-developed digital systems”	Comprehensive digital systems that we develop in-house and integrate with third-party software solutions. They include our OMS, TMS, WMS and other digital tools for operation purposes
“Shanhe Four Provinces”	Shandong, Shanxi, Henan, and Hebei
“SKU”	stock keeping unit
“sq.m.”	square meter
“store(s)” or “our stores”	in the context of describing our store network, “stores” or “our stores” include our franchised stores and self-operated stores, unless explicitly stated otherwise

GLOSSARY OF TECHNICAL TERMS

“third-tier cities”	Anqing, Anyang, Bengbu, Bozhou, Cangzhou, Changde, Chuzhou, Dezhou, Fuyang, Ganzhou, Guilin, Haikou, Handan, Hengyang, Heze, Hohhot, Huai’an, Huanggang, Huzhou, Jiangmen, Jieyang, Jingzhou, Jining, Jiujiang, Langfang, Lanzhou, Lianyungang, Liaocheng, Liuzhou, Lu’an, Ma’anshan, Maoming, Mianyang, Nanyang, Ningde, Putian, Quzhou, Sanya, Shangqiu, Shangrao, Shantou, Suqian, Suzhou (of Anhui), Tai’an, Taizhou (of Jiangsu), Tangshan, Urumqi, Weihai, Wuhu, Xiangyang, Xianyang, Xingtai, Xinxiang, Xinyang, Yancheng, Yangzhou, Yichang, Yichun, Yinchuan, Yueyang, Zhangzhou, Zhanjiang, Zhaoqing, Zhenjiang, Zhongshan, Zhokou, Zhumadian, Zhuzhou, Zibo and Zunyi
“TMS”	transportation management system
“warehouse”	refers to warehouse used for our snack and beverage retail business, unless otherwise stated
“WMS”	warehouse management system
“Yangtze River Delta”	Jiangsu, Zhejiang, Anhui, and Shanghai

FORWARD-LOOKING STATEMENTS

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

This Document contains certain forward-looking statements relating to our Company, our subsidiaries and consolidated affiliated entities that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Document, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general political and economic conditions of jurisdictions in which we operate;
- our business operations and prospects;
- our capital expenditure plans;
- weather, natural disasters and climate change;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans;
- various business opportunities that we may pursue; and
- all other risks and uncertainties described in the section headed “Risk Factors” in this document.

RISK FACTORS

An [REDACTED] in our H Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this Document, including our consolidated financial statements and related notes, before you decide to [REDACTED] our H Shares.

If any of the circumstances or events described below actually arises or occurs, our results of operations, financial performance and business prospects may suffer. In any such case, the [REDACTED] of our H Shares could decline and you may lose all or part of your [REDACTED]. This Document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our operating history may not be indicative of our results of operations, financial performance or business prospects in the future.

We started our snack and beverage retail business in 2022, which experienced rapid growth during the Track Record Period and has become our core business. Our total 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.

However, our operating history may not serve as an adequate indicator of our future performance and our historical growth may not be indicative of our future growth or financial condition. We may not be able to maintain our growth, profitability, cash flows, or our historical performance in other terms. For example, we cannot assure you that we will continue to execute successful expansion strategies or our store network will continue to grow at the historically high rate in the future. As we grow our store network, we may not be able to manage any future growth effectively or efficiently. The continued success of our business model depends on our continued appeal to our consumers, our ability to increase our market share, recruit and retain qualified franchisees, and other factors. It is also crucial that we maintain a diversified product mix of snack and beverage and uphold our brand values and image. The outstanding operating performance of our brands is a collaborative effort contributed by us, our franchisees, consumers, suppliers, and other business partners.

In addition, our business and results of operations are influenced by various general factors that affect overall consumer demands and market conditions for value retail for snack and beverage. These factors include, but are not limited to, macroeconomic trends, industry dynamics, and competitive landscape. Any negative change in these factors and conditions may adversely impact our results of operations. If our business performance deteriorates, [REDACTED] perceptions of our business prospects may be materially and adversely affected, and [REDACTED] of our H Shares could decline.

Our future growth depends on our ability to strategically and continuously extend the footprint of our store network and successfully manage the operational performance of our extensive store network.

Our future growth depends on the ability to grow our store network, which requires substantial operational resources and management attention, and may be affected by factors beyond our control.

Our ability to attract new franchisees to open store in favorable locations is crucial to our business success. To support the extensive store network, we have to strengthen our ability to manage the procurement and logistics chain. As we rapidly scale up, it may become increasingly difficult to manage the procurement, production and logistics across our store network. In addition,

RISK FACTORS

it may become more difficult to ensure the products and consumer experience across our store network are consistently of high quality. We also need to enhance our ability to hire, train and retain qualified and capable employees. If we are not successful in these efforts, or if consumer demand does not grow sufficiently or rapidly enough to support our expansion, our results of operations, financial performance and business prospects may be materially and adversely affected.

Moreover, delays in our store expansion may also affect our results of operations and financial conditions. The lead time to open new stores may be subject to a variety of factors, including but not limited to the time for the franchisees to obtain pre-requisite approvals and licenses. Any delay in new stores opening and/or closures of the existing stores will affect the number of stores, the operation days, as well as our results of operations. Additionally, some new stores may experience initial ramp-up periods during which they could experience unfavorable financial performance compared to other established stores, which could cause our results of operations and profitability to fluctuate.

As a result, we might incur additional operating expenses as we continue our expansion in these markets, resolving foreseen and unforeseen issues. Our expansion may place substantial demands on our management and our operational, technological, and other resources. There can be no assurance that our management skills, capabilities and systems will always be able to address our or the franchisees’ needs at different stages of our growth. If we are not successful in these efforts, or if consumer demand does not grow sufficiently or rapidly enough to support our expansion, our results of operations, financial performance and business prospects may be materially and adversely affected.

We primarily employ a franchise model to grow our store network, under which substantially all of our stores are operated by franchisees. Our results of operations depend to a large extent on the performance of our stores, as well as our ability to maintain existing franchisees and attract new franchisees.

We primarily employ a franchise model to grow our store network. During the Track Record Period, our franchised store network continued to grow, increasing from 4,560 stores as of December 31, 2023 to 14,098 stores as of December 31, 2024, and further to 18,282 stores as of December 31, 2025. As of December 31, 2025, over 99.8% of stores in our network were operated by our franchisees. We are subject to several risks relating to our franchise business model, each of which may have a material and adverse impact on our reputation, results of operations and business prospects. These risks include, among others:

- *Revenue generated from franchised stores.* Since the number of franchised stores accounted for 99.8% of our total number of stores in 2025 and 98.0% of our revenue was derived from the sales of snack and beverage to franchised stores during the same year, our financial performance is highly dependent on the business performance of franchised stores. If our franchised stores do not achieve the expected sales, their financial results may deteriorate, which could result in, among other things, delayed or reduced purchase from us or store closures.
- *Management of franchisees.* Although we are involved in and assist with the key aspects of each store’s operation, our franchisees operate independently and are ultimately responsible for the day-to-day store operations. If franchisees fail to perform their obligations under the franchise agreements or otherwise fail to comply with our requirements, policies or guidelines at all times, or fail to uphold our brand image and values, our brand image and reputation could be harmed. There is no assurance that our franchisees will always comply with our standards or terms of contract. If we fail to monitor our franchisees’ performance and impose quality control over them, we may not be able to manage our store network effectively or sustain our business performance.

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- *Effective operations of franchisees.* Our franchisees possess different levels of experience operating snack and beverage retail stores. They may not be able to operate effectively, efficiently or remain aligned with our commercial, operational and promotional strategies and standards. For example, our franchisees may not be able to hire and effectively train and retain qualified managers and other store operating personnel, resolve financial difficulties or achieve the expected business performance, which may in turn negatively affect our operational and financial performance. There is no guarantee that our franchisees will share our corporate culture, and they may not follow our instructions to take actions that are beneficial in the long term.
- *Litigation risk and publicity risk.* Our franchisees face various litigation risks, including, among others, consumer claims, personal injury claims, and employee allegations of improper termination. They may directly affect the profitability of our franchisees and indirectly damage the image of our franchisees or even our entire brand.
- *Retention of existing franchisees.* We may not always be able to successfully maintain our relationships with our franchisees due to many factors, some of which are beyond our control. For example, if our existing products or new products fail to attract consumers, our franchisees may experience sales declines, subpar investment returns and may terminate or choose not to renew their agreements with us.
- *Development of new franchisees.* In addition, we may not be able to attract a sufficient number of new franchisees to join our network and open stores, which could cause us to lose market share and negatively affect our future business growth.

We may not be able to offer appealing products to meet consumer needs at competitive prices.

Our business relies on consumer demand, which is diversified and constantly evolving with shifting tastes, preferences and perceptions, as well as consumers’ discretionary purchasing power. Consumer demand may fluctuate due to factors such as seasonal weather changes, varying dietary preferences, release of new competing products or changes in social trends. If we are unable to maintain the popularity of our products, anticipate and respond promptly to changes in consumer preferences, or broaden our SKUs and product categories as desired, our sales performance and profitability may be materially and adversely affected.

At the same time, our ability to sustain competitive price positioning is subject to various challenges. Factors such as increases in market prices of popular snack and beverage, rising labor and logistics costs, as well as inflationary pressure, may compel us to raise prices beyond what consumers find affordable. Conversely, intensified competition or changes in market conditions may force us to lower prices, which could erode our profitability. These factors may compromise our own profitability and/or that of our franchisees, weaken our consumer appeal and market competitiveness, and in turn materially and adversely affect our results of operations, financial conditions and business prospects.

Our reputation, results of operations and financial performance may be materially and adversely affected if the quality and food safety of our products are compromised.

As we operate in the snack and beverage retail industry, quality control and food safety are of utmost importance. Given the scale of our operation, maintaining consistent quality and food safety standards, to a large extent, depends on the manufacturers we cooperate with, the design and implementation of our quality control system, the compliance with our quality assurance policies and guidelines by employees, franchisees and other third parties involved in our supply chain and store operations, and our capability to monitor and correct potential or actual violation of the policies and guidelines.

RISK FACTORS

Reports of and failure to properly resolve food safety and quality incidents (both real or alleged) such as beverage- or food-borne illnesses, adulteration, contamination or mislabeling in any aspect of our business and store operations, may severely injure our reputation, hurt our sales, and possibly lead to product liability claims, litigations, fines, penalties, and/or temporary store closures. Any of these events may cause material and adverse damage to our reputation, results of operations, financial performance and business prospects.

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

The value retail for snack and beverage market, as well as the broader snack and beverage retail sector in China, is highly competitive. Our competitors include existing leading and emerging snack retailers, supermarkets, as well as potential new entrants. We are competing for prime locations, franchisees, and consumers as we grow our store network. We also compete for product suppliers and logistics service providers for the establishment of our comprehensive supply chain. This heightened competition for critical resources could limit our ability to secure advantageous locations and partnerships, potentially affecting our operational efficiency and market presence. Some of our current or future competitors may have established greater brand recognition, made more investments in product selection and innovation, imposed more competitive prices, attracted and retained larger loyal consumer bases, achieved higher penetration in certain regions, benefited from more integrated and sophisticated operating experience, or possessed greater financial, technical or marketing resources than we do. Increased competition may reduce our market share, impact brand recognition or result in reduction of our margins and even significant losses. Failure to compete effectively with competitors may materially and adversely affect our results of operations, financial performance and business prospects.

Failures, interruptions and other issues of our suppliers and other business partners along our supply chain, or of our cooperation with them, may negatively impact our results of operations.

The ability to source quality products and supplies at competitive prices in a timely manner is crucial to our business. Our suppliers may experience significant interruptions in their operations such as staffing shortages, unexpected mechanical failures, utility shortages or outages, fire, and natural disasters. They may also fail to accommodate our fast-growing business scale and meet our stringent quality control requirements. We may also not be able to maintain stable relationships with our suppliers or incentivize our suppliers to prioritize our orders before those of their other clients. If we cannot offer agreements with commercially reasonable terms to both parties, they may terminate, suspend, alter or breach the supply arrangements. Any or all of the above could lead to a delay or shortage of supplies at our stores. We cannot assure you that in any of the foregoing events we would be able to find alternative suppliers on commercially reasonable terms, on a timely basis, or at all. Any failure to do so could increase our product costs and could cause shortages of products, which will further influence the stability of our product price, thereby materially and adversely affecting our business, financial conditions and results of operations.

Any disruption to the operations of our warehousing and logistics system could materially and adversely affect our business.

As of December 31, 2025, our comprehensive warehousing and logistics system was comprised of 48 ambient warehouses as well as nine cold-chain warehouses. We cannot assure you that our current and upgraded warehouse layout may properly and efficiently serve our enlarged store network. We may also risk failing to lease and set up warehouses on commercially reasonable terms or at all. Moreover, we may not be able to recruit a sufficient number of qualified warehousing employees in connection with this expansion.

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We mainly engage third parties to provide logistics services. The expansion of our store network and the increase in demand for our products may result in challenges in operating our logistics system. For example, we may not be able to cooperate with third parties to procure delivery services on commercially reasonable terms, or at all. Our delivery services may be delayed due to limited shipping capacity when facing increasing orders from franchisees, and we may be required to incur significant costs to further enhance our existing logistics facilities to handle the increasing orders. Moreover, as we continue to grow our business, our logistics system may become increasingly complex and challenging to operate. Third parties may not fully adhere to our quality standards, our demand for warehousing and logistics, or otherwise be able to support our business growth. If any of the foregoing occurs, our fulfillment capacities and operations of our logistics system may be negatively affected, which will in turn materially and adversely affect our results of operations and financial performance.

In addition, the efficient management and expansion of our warehousing and logistics system is costly and may strain our managerial, financial, operational and other resources. If we fail to manage such expansion successfully, our results of operations, financial performance and business prospects may be materially and adversely affected.

If we or our franchisees are not able to obtain desirable store locations or secure renewal of existing leases on commercially reasonable terms or at all, our store expansion and operation may be materially and adversely affected.

The sites where our existing or potential franchisees establish stores have a significant impact on the operation results of such stores, the overall layout and the expansion plan of our store network. We cannot assure you that our franchisees can enter into new lease agreements for desirable locations or renew existing lease agreements on commercially reasonable terms, which could force our franchisees to close or relocate to less favorable locations, or cease operations altogether, and our results of operations, financial performance and business prospects may be materially and adversely affected.

We may not be successful in enlarging our membership base and our ability to leverage our membership programs may be limited.

Our membership operations are important to our business. Our registered members increased from 38 million at the end of 2023 to around 190 million by December 31, 2025. Members have become a key driver of our business, contributing approximately 79% of GMV in 2025. We cannot predict with certainty the extent to which our consumers will join such membership programs in the future. There is no assurance that the membership programs will be effective in retaining existing consumers or increasing their purchases, or that the membership programs will not adversely affect the purchases by consumers who do not become members. As a result, our business may be materially and adversely affected.

The continued appeal of our brands is critical to our success. If our brand recognition and value diminish, our results of operations, financial performance and business prospects may be materially and adversely affected.

The recognition and continued appeal of our brands, especially our nationwide brand *Haoxianglai*, among consumers is critical to the success of our business. If we cannot maintain, protect and enhance our brand recognition, our brand value and image could be undermined, and our results of operations and business prospects could be materially and adversely affected.

Our ability to launch or improve products with consistently high quality that is best tailored to consumer needs and our ability to uphold and implement stringent food safety and quality control standards are essential in maintaining and potentially enhancing our brand equity. Our brand equity is further enhanced if we are able to create benefits for all stakeholders, including our franchisees, suppliers, other business partners and employees. Our brand value may be affected by many other

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factors, some of which are beyond our control. For example, any negative publicity with or without merits, relating to our products, operations, shareholders, management, employees, franchisees, suppliers and other business partners, and the food and beverage industry in general, could materially and adversely affect consumer perceptions of our brands and result in a decline in demand for our products. Our failure to maintain any of the above efforts or mitigate any of the above risks could lead to a decline in our brand value, which could materially and adversely affect our results of operations, financial performance and business prospects.

We may evaluate and potentially explore new business opportunities, execute growth strategies, enter into new markets, and/or consummate strategic investments or acquisitions, which may turn out to be unsuccessful or not as expected and our results of operations and financial performance may be materially and adversely affected.

We seek and will continue to explore opportunities to grow our businesses, such as building or acquiring new brands, consolidating existing brands, procuring and developing new products, upgrading store formats, and exploring new business initiatives. However, our exploration of new business opportunities may not be successful due to various reasons such as lack of market acceptance, inefficiency in operations and management, and unsuccessful branding strategies. Additionally, to complement our business and strengthen our market position, we may form strategic partnerships or make strategic investments or acquisitions from time to time. We are subject to multiple types of risks, including valuation risk, risk in integrating our operations and management with the newly invested or acquired businesses, and the risk that we may be unable to realize the expected levels of anticipated benefits, synergies, cost savings and/or efficiencies. As a result, we cannot assure you that our initiatives in exploring new business opportunities, entering into new markets, investments or acquisitions will benefit our business operations, generate sufficient revenue to offset the associated costs, or otherwise result in the intended benefits.

We may incur substantial expenses in connection with our branding and marketing activities. If we fail to conduct such activities in a cost-effective manner or at all, our business, financial condition and results of operations may be materially and adversely affected.

To promote our brand recognition and enhance our brand value, we invested in our brands with comprehensive and targeted online and offline branding and marketing activities during the Track Record Period. In 2023, 2024 and 2025, our marketing and promotional expenses amounted to RMB50.7 million, RMB184.4 million and RMB244.2 million, respectively. We expect to continue our investments in branding and marketing activities, exploring marketing approaches to keep abreast of evolving industry trends and consumer preferences. However, we cannot guarantee that our marketing or promotional approaches may always be as effective as we expect. For example, our crossover collaborations with third-party partners may underperform. Consumers or other parties may claim that our marketing approach is misleading or otherwise improper, and we may be subject to lawsuits or other legal proceedings. If we cannot continue or replace ineffective campaigns with successful marketing campaigns, the consumer confidence we have established may be significantly undermined and our results of operations, financial performance and business prospects may be materially and adversely affected.

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

Historically, we have invested significantly in developing our self-developed digital systems that empower and enhance major aspects of our business, from supply chain management to daily store operation. See “Business — Digitalization.” As part of our business strategy, we intend to continue investing in the development and upgrade of our digital systems to fully digitalize all parts of our business. We cannot assure you that our investments in technology will generate sufficient returns or have the expected effects on our business operations. If our investments in technology do not materialize as expected in the short term, or at all, our results of operations, financial conditions and business prospects may be materially and adversely affected.

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

There might be consumer complaints and negative publicity regarding food safety issues in our stores. From time to time, criticisms, complaints and negative media coverage, regardless of their veracity, may result in negative publicity, which could result in government inquiries or harms to our reputation and brand, and may materially and adversely affect our business. We may not be able to react to the reports, criticism, complaints, or other negative publicity related to food safety and hygiene in a timely manner, and our responses or actions taken in response may not be effective. As a result, our brand image may be tarnished, our sales may be affected, and we may potentially face liability claims, litigations, damages, regulatory investigations, penalties or sanctions. In addition, instances of food safety issues, even those that do not involve our stores or products at all, could cast a shadow on the snack and beverage retail industry and edible fungi industry in general, which in turn could materially and adversely affect us on a regional or national level. There is no guarantee against future consumer complaints or public scrutiny, which could have a material and adverse impact on our reputation, business and prospects.

In addition, any complaints or claims against us, even if meritless or unsuccessful, may divert management attention and other resources from our business and adversely affect our business and operations. Consumers may lose confidence in us and our brands, which may adversely affect our business and results of operations. Furthermore, adverse publicity including but not limited to negative online reviews on social media platforms, industry findings or negative public or medical opinions, or government inquiries about the health effects of consuming snack and beverage, food quality, safety, public health concerns, illness, whether or not accurate, and, whether or not concerning our products, can materially adversely affect our business, results of operations and reputation.

Opening new stores in existing markets may not result in the expected level of growth in our revenue and profit, and our business, financial conditions and results of operations may be materially and adversely affected.

In addition to entering new markets, we continue to increase our penetration in markets where we have existing stores. As we continue to open new stores in existing markets, we cannot assure you that these new stores, or our store network as a whole, will perform in line with our expectations. As a result, the expansion may not generate the anticipated growth in revenue or profit, and our business, financial conditions and results of operations may be materially and adversely affected.

We face the risk of shortages, disruptions, price fluctuations and/or quality issues in some raw materials for snack and beverage, which could materially and adversely affect our results of operations and financial performance.

Although we do not directly manufacture snack and beverage, certain raw materials used to produce snack and beverage are subject to price volatility caused by external conditions, such as market supply and demand, changes in governmental policies and natural disasters. Therefore, price fluctuations in our raw materials may indirectly but substantially affect our costs and therefore our business performance. If raw material prices increase significantly for any reason, we may incur additional costs to secure sufficient supply of snack and beverage, or resort to alternative suppliers for such products. However, we may not be able to find any alternative suppliers, and we may not be able to successfully pass on such price increases to franchisees or consumers to mitigate impact on our business. If any of the foregoing occurs, our results of operations and financial performance could be materially and adversely affected.

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We incurred net loss and net current liabilities during the Track Record Period.

We recorded loss for the year of RMB176.2 million in 2023, primarily due to an increase in selling and distribution costs and administrative expenses to support the rapid scale-up of our snack and beverage retail business. We expect to maintain a high level of investment in our operations, including continuing to grow our store network, enriching our product offerings and recruitment of qualified personnel. We may also incur substantial administrative expenses associated with our growth, including costs related to operating as a [REDACTED] after the [REDACTED]. However, there is no assurance that our revenue will grow at a pace sufficient to offset these rising expenses. If we fail to effectively grow our customer base and store network, attract end consumers, implement competitive pricing strategies, control raw material costs, optimize sales and marketing efficiency, or improve our operational productivity, our financial performance could be adversely affected. In addition, unforeseen changes in customer demand, investments, acquisitions, or capital expenditures, substantial shifts in the competitive or regulatory landscape, or significant costs could further reduce our revenue. As a result, there is no guarantee that we will not incur net loss in the future.

We recorded net current liabilities of RMB289.5 million as of December 31, 2023. Our net current liabilities may expose us to certain liquidity risks. Net current liabilities may constrain our operational flexibility and adversely affect our ability to expand our business. If we are unable to maintain sufficient working capital to meet our financial needs internally, we may need to pursue external funding. A failure to secure additional financing on acceptable terms, or at all, may force us to delay or abandon development and expansion plans. As a result, our business, financial position, and operating results may be materially and adversely affected.

Failure of inventory management may have a material and adverse effect on our business.

We had inventories of RMB685.5 million, RMB2,099.0 million and RMB2,313.9 million as of December 31, 2023, 2024 and 2025, respectively. During the Track Record Period, our inventories consisted of (i) inventories related to our snack and beverage retail business, comprising of finished goods and (ii) inventories related to our edible fungi business, including raw materials and goods-in-transit.

As we scale up, we depend on proper demand forecasts to make procurement and production planning to better manage our inventories. Such demand, however, can change significantly between the points of time inventories are ordered and the date by which we plan to sell them. Demand may be affected by changes of competitive landscape, seasonality, new product launches, pricing and discounts, changes in consumption patterns, tastes and other factors. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting consumer demand. The procurement of certain types of inventories may require significant lead time and prepayment which may not be returnable.

If we overestimate demand for our products and fail to manage our inventories effectively, we may be subject to excessive warehousing and logistics costs, heightened risks of inventory obsolescence, decline in inventory value, and significant inventory write-offs. If we underestimate demand for our products, or if our suppliers fail to supply quality products in a timely manner, we may experience inventory shortages, which might result in loss of revenue. Any of the above may materially and adversely affect our results of operations and financial performance.

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

During the Track Record Period, some of our franchisees (individually or collectively, the “**Relevant Franchisees**”) settled their payments with us through accounts of third-party payors designated at the choices of the Relevant Franchisees (the “**Third-Party Payment Arrangement(s)**”). See “Business — Customers — Third-party Payment Arrangements.” As of June 30, 2025, we had ceased all Third-Party Payment Arrangements.

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

We are subject to credit risks of some of our business customers.

As of December 31, 2023, 2024 and 2025, we had trade receivables from third parties of RMB28.9 million, RMB21.7 million and RMB14.2 million, respectively. Adverse changes in those third parties' financial conditions may be challenging for us to detect and monitor, and may negatively affect the length of time to collect associated trade receivables or the likelihood of ultimate collection, which would in turn have a material and adverse effect on our results of operations, financial performance and business prospects.

We are subject to risks in relation to the cooperation with third-party partners.

We cooperate with various third-party partners to promote our daily business and store operations. For example, we cooperate with third-party online platforms, including but not limited to social platforms, to reach, acquire and interact with consumers, and engage in integrated online marketing and branding campaigns. Consumers may purchase products at our stores using a variety of payment methods through third-party online payment service providers, including WeChat Pay, Alipay and various online bank payment systems. We also engage professional third-party consulting firms and collaborate with IP licensors for the execution of our marketing campaigns. From time to time, we also enter into certain collaborations, such as incorporating joint ventures, with third-party business partners. There are certain risks associated with collaborating with these third-party partners, some of which may be beyond our control, including, among others:

- *Risks associated with third-party online platform.* The third-party online platform may leak, misappropriate or misuse personal information of our consumers or otherwise breach network security, and as a result, we may be subject to business disruption, increased operating expenses and consumer litigation.
- *Risks associated with third-party payment method.* There may be incidents of fraud, security breaches and other illegal activities in connection with those payment methods which are not resolved timely and effectively. Our stores may fail to comply with rules, regulations and requirements governing electronic fund transfers and be subject to increased operating expenses, fines, or the loss of ability to use third-party payment methods.
- *Risks associated with third-party agencies or other partners.* For instance, third-party consulting firms may fail to execute our marketing campaign strategies effectively or efficiently. We may also be unable to reach collaborative relationship with intended IP licensors.

If we fail to anticipate, manage or mitigate any of the above risks, our business, financial conditions and results of operations could be materially and adversely affected.

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Misconducts, fraudulent and illegal actions, or other negative incidents of our shareholders, suppliers, business partners, and other third parties and/or stakeholders, or perception that these may have occurred could materially and adversely affect our reputation, results of operations, financial performance and business prospects.

We may fail to prevent, detect and deter crimes, illegal actions or misconducts that fail to comply with applicable laws, regulations and our internal rules and standards committed by our suppliers, service providers, business partners, and other third parties and/or stakeholders. For example, no matter whether we are at fault or not, we might also be subject to reputational risks or other risks related to information regarding us or our other stakeholders. See “Appendix IV Statutory and General Information — Further Information About Our Directors, Chief Executive And Substantial Shareholders — Remuneration of Directors” for example. In addition, the failure of our suppliers to ensure product quality or to comply with food hygiene and safety standards, the failure of our logistics partners to promptly and properly deliver our products or any inappropriate actions taken by delivery riders might cause consumer complaints and governmental investigations. Our business partners may fail to comply with applicable laws and regulations and our protocols, or engage in other misconducts, and our results of operations may be materially and adversely affected. Such acts could subject us to financial losses, government investigations and sanctions, other legal liabilities and proceedings, and may have a material and adverse effect on our results of operations and business prospects.

In the event that we become subject to claims caused by actions taken by or unsatisfactory performance of our suppliers, service providers, business partners, and other third parties and/or stakeholders, we may seek compensation from or take other actions against the relevant third parties and/or stakeholders. However, such compensation may be inadequate to cover our actual losses. We may be required to bear the uncompensated portion of such losses at our own costs, which could have a material and adverse effect on our results of operations, financial performance and business prospects.

Our product sales and business operations may be influenced by seasonal fluctuations.

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 the National Day, drive consumer traffic and growth in family gathering-oriented snacks. Overall, as purchases 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.

Going forward, we expect our business expansion, financial conditions and results of operations to continue to fluctuate over the course of a full financial year. Sales and operating results between different periods within a financial year, between the same periods in different financial years, or between different financial years may not necessarily be comparable. You should not rely on interim results as being indicative of the results we may expect for the full years.

RISK FACTORS

Changes in the labor market, rising labor costs or any potential labor issues may have a material and adverse impact on our results of operations, financial information and business prospects.

Due to the nature of our business, it is crucial to hire and retain a stable, dedicated and capable workforce. Any failure to retain qualified employees by us or our franchisees and any material increase in staff turnover rate may lead to disruption to our business operations. The labor market has become increasingly competitive, and we compete with existing and emerging competitors, and companies from other labor-intensive industry for employees. We and our franchisees also face significant increases in labor costs due to increases in salaries, social benefits and employee headcount. In 2023, 2024 and 2025, our staff costs were RMB600.7 million, RMB1,172.5 million and RMB1,493.0 million, respectively. We cannot guarantee that we will continue to offer competitive remunerations and benefits. If we are unable to manage and control our labor costs, our results of operations, financial conditions and business prospects may be materially and adversely affected.

We may require a substantial amount of capital to support our operations and respond to business opportunities.

We may require cash resources in addition to cash generated from operating activities to finance our business expansion, continued growth or other future developments. In particular, we may not be able to maintain our current healthy level of cash conversion cycle, which could result in higher working capital needs and require us to seek additional fundings to support our operations and expansion. We may not be able to obtain such financing on commercially reasonable terms, or at all. In addition, our ability to raise additional funds in the future is subject to a variety of uncertainties, including, but are not limited to our future financial conditions, results of operations and cash flows; market conditions for capital raising and debt or equity financing activities; and general economic, social, political and other conditions.

If we raise additional funds through equity sources, your equity interest in us may be diluted. Alternatively, if we raise additional funds by incurring debt obligations, we may be subject to various covenants under the relevant debt instruments that may, among other things, restrict our ability to pay dividends or obtain additional financing. In case of default, creditors are usually repaid before our shareholders. If we cannot obtain sufficient capital on acceptable terms, our financial performance and business prospects may be materially and adversely affected.

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.

We purchase and maintain insurance policies that we believe are customary for businesses of our size and type and as required under the applicable laws and regulations. See “Business — Insurance.” However, we may be unable to renew our insurance policies or obtain new insurance policies without increases in costs or decreases in coverage levels. We also cannot guarantee that our insurance policies will provide adequate coverage for all the risks in connection with our business operations, nor can we assure you that our franchisees will adhere to our requirements regarding insurance coverage. In addition, we may also encounter disputes with insurance providers regarding payments of claims that we believe are covered by our policies. If we are held liable for amounts and claims exceeding the limits or beyond the scope of our insurance coverage, we may incur significant costs and be forced to divert our resources to cover the uninsured losses, which could have a material and adverse effect on our financial conditions and results of operations.

RISK FACTORS

Our success depends on the continuous and joint efforts of our senior management team and key and talented personnel. If we fail to employ, train, retain or motivate our experienced and capable staff or to optimize our organizational structure, our business may be materially and adversely affected.

Our future success is significantly dependent upon the continued service and performance of our senior management team as well as experienced and capable personnel. If we lose the services of any member of the senior management team, we may not be able to locate suitable or qualified replacements and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth. If any of our senior management team or key employees joins a competitor or forms a competing business, we may lose business opportunities, know-how and key professionals and staff members.

Our rapid growth also requires us to hire, train, retain and motivate a wide range of talents who can adapt to a dynamic, competitive and challenging business environment. We may incur significant costs and expenses in attracting, training, retaining or motivating key employees and senior management and we cannot guarantee that they will always lead to desirable results. We may need to offer attractive compensation and other benefit packages, including share-based compensation, to attract and retain them. We also need to provide our employees with sufficient trainings to help them realize their career development goals. Failure to achieve any of the foregoing could materially and negatively affect our results of operations, financial conditions, brand reputation, or results of operations.

We may face negative publicity concerning the brand ambassador, key opinion leaders and celebrities whom we engage to market and sell our products.

We engage brand ambassadors, key opinion leaders and other celebrities to promote our brands and market our products through both online and offline media. However, we cannot assure you that their endorsements or advertisements will remain effective and compatible with our brand values. Neither can we assure you that they will remain popular, or their public image will remain positive. Any deterioration in their images, misconducts or inappropriate statements would significantly tarnish our brand image and equity. In such cases, we may not be able to find suitable alternatives in a timely or cost-effective manner, or at all. In addition, we incur costs in removing, updating and replacing relevant packaging, advertising and marketing materials, which may incur additional expenses or take additional time. If any of these situations occur, our business, financial conditions and results of operations could be materially and adversely affected.

There is uncertainty about the applicability or recoverability of our deferred tax assets.

We had deferred tax assets of RMB74.6 million, RMB95.1 million and RMB62.1 million as of December 31, 2023, 2024 and 2025. We recognize deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. See Note 3 and Note 19 to the Accountants’ Report included in Appendix I to this Document for further information on our accounting policy with respect to deferred tax assets and on the movements of our deferred tax assets during the Track Record Period.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Our management judgments may not always be precise, and we may need to adjust our tax provisions accordingly. Furthermore, we cannot predict any future movements in our deferred tax assets and to what extent they may affect our financial positions in the future. Any of these events may have a material and adverse effect on our business, financial conditions and results of operations.

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Changes or uncertainties in tax treatments or government grants may materially and adversely affect our results of operations and financial performance.

During the Track Record Period, we received certain government grants and preferential tax treatments accordingly to relevant policies. We and our certain subsidiaries are engaged in agriculture and entitled to tax exemption on agricultural products. Additionally, we recorded income from government grants of RMB7.4 million, RMB105.6 million and RMB140.0 million in 2023, 2024 and 2025, respectively. Government grants are recognized when there is reasonable assurance that they will be received and we will comply with the conditions attached. The grant of any preferential tax treatments and government grants is subject to the discretion of and our continued eligibility is subject to the recognition and evaluation by the relevant governmental authorities in China.

We cannot assure you that we will continue to receive such preferential tax treatments and government grants at historical levels, or at all. We are also subject to risks of uncertainties in tax treatments, such as development in tax laws and regulations or practices of local tax authorities in the countries, regions or municipalities where we have operations. Such changes or uncertainties in tax treatments or government grants may adversely affect our results of operations and financial performance.

We face foreign exchange risks. Fluctuations in exchange rates could have a material and adverse effect on our results of operations and financial performance.

Changes in exchange rates may materially and adversely affect our results of operations and financial performance. We also anticipate that the fluctuation of foreign exchange rates may impose a greater influence on our business in light of our potential overseas expansion.

Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi in terms of the [REDACTED] from the [REDACTED]. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. Fluctuations in exchange rates between the Renminbi and other currencies may be affected by, among other things, changes in political and economic conditions and developments and may affect our financial results.

If we are unable to fulfill our obligations in respect of financial liabilities, our business, reputation and liquidity position may be materially and adversely impacted.

During the Track Record Period, we recorded financial liabilities which comprised of trade and bills payables, other payables and accruals, lease liabilities and interest-bearing borrowings. See “Financial Information — Discussion of Selected Items from Our Consolidated Statements of Financial Position.” As of December 31, 2025, our trade and bills payables, financial liabilities included in other payables and accruals, lease liabilities and interest-bearing borrowings amounted to RMB3,074.8 million, RMB1,285.0 million, RMB275.2 million and RMB1,795.1 million, respectively. If we are unable to fulfill our obligations under the financial liabilities, we may not be able to maintain our relationships with suppliers, banks, members or other parties. For example, if consumers request refunds of unused membership card balances while the relevant funds in the regulatory account are not released to us in a timely manner, our liquidity risk may increase.

Regulatory requirements regarding data protection and information security are constantly evolving, the changes of which or any data protection and information security incidents may have a material and adverse effect on our business and results of operations.

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. For details, see “Business — Data Privacy and Security.” As a result, we are subject to laws and regulations relating to the collection, storage, use, processing, transmission, retention, security and transfer of personal information and other data. Any improper handling of personal information or

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any other information security incidents, such as unauthorized access to, misuse or misappropriation of our consumer data, could result in reputation damage and/or civil or regulatory liabilities that may have significant legal, financial and operational consequences.

During the Track Record Period and up to the Latest Practicable Date, we had complied with applicable laws and regulations related to data protection and information security in all material aspects. However, we cannot guarantee that our efforts to protect our consumers’ personal information may always be sufficient or effective. The interpretation and application of regulatory requirements regarding data security and protection are constantly evolving. Complying with emerging and changing legal requirements may cause us to incur substantial costs or require us to modify our business practices.

Any significant changes in food safety and quality, retail store operation and hygiene regulations and policies could materially and adversely affect our business.

We operate our business in China and shall comply with the applicable PRC laws and regulations of food safety. Such regulations set out, among others, the safety standards for food and food additives, packaging and containers, the information required to be disclosed on the packages, and the regulations on food operating and siting and sale of food. In recent years, the governmental authorities have reiterated their focus on food safety supervision and enacted a series of laws, regulation and standards concerning food safety. See “Regulatory Overview” for detailed discussions of the applicable laws and regulations. If laws and regulations in China on food safety further evolve, our compliance costs may increase, and we may not be able to successfully pass on the additional costs externally, which will have a material and adverse impact on our financial performance and business prospects.

Failure to make lawful and continuous contributions of social insurance and housing provident funds may subject us to fines and other administrative sanctions imposed by relevant governmental authorities.

Pursuant to applicable PRC laws and regulations, employers are obligated to directly and duly contribute to the social insurance and housing provident funds for their employees. During the Track Record Period, we had not made social insurance and housing provident funds for some of our employees in full in accordance with the applicable PRC laws and regulations. See “Business — Employees — Social Insurance and Housing Provident Fund” for details.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), for the shortfall of social insurance, we may be subject to the following legal consequences: (i) to compensate for the shortfall within a prescribed period and to pay a daily overdue charge of 0.05% of the delayed payment amount, and (ii) to pay a fine of one to three times of the overdue amount if such payment is not made within the stipulated period. Under the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), for the shortfall of housing provident funds, we may be required to compensate for the shortfall within a prescribed period. If the payment is not made within such time limit, courts may issue compulsory enforcement upon us to make the payment. Furthermore, we might be subject to additional contribution, late payment fee and/or penalties imposed by the relevant authorities if the third-party human resource agency fails to pay social insurance or housing provident funds for the relevant employees in full amount and/or in a timely manner, or if the validity of such arrangements are challenged by relevant authorities. We might also be subject to potential labor disputes arising from such arrangements with the relevant employees.

We cannot assure you that the relevant governmental authorities will not require us to pay the shortfall amount and impose late fees or fines, pecuniary penalties or other administrative actions on us. If we are otherwise subject to investigations related to such incidents related to labor laws

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and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our results of operations, financial performance and business prospects may be materially and adversely affected.

We and our franchisees require various approvals, licenses and permits to operate our business. Loss or failure to obtain or renew any or all of these approvals, licenses and permits could materially and adversely affect our results of operations and business prospects.

In accordance with laws and regulations, we and our franchisees are required to maintain various approvals, licenses and permits to operate business and stores, respectively. These approvals, licenses and permits are granted upon satisfactory compliance with, among other things, the applicable laws and regulations in relation to business operation, food safety, hygiene, environmental protection and fire safety. For example, certain of our stores are required to complete fire safety acceptance, related filings, and pass fire safety inspections. During the Track Record Period, some of our stores had not completed such inspections, acceptance or filings. Each store that fails to complete the required filing may be subject to a fine of up to RMB5,000, while each store that fails to pass the fire safety inspection may be subject to a fine ranging from RMB30,000 to RMB300,000. Certain approvals are only valid for a fixed term and we may fail to renew relevant approvals and licenses. See “Business — Properties and Facilities — Leased Properties”, “Business — Licenses, Approvals and Permits — Fire Safety” and “Regulatory Overview — Food Safety and Production — Food Safety — Food Production and Operation Licensing.”

Pursuant to the franchise agreements between our franchisees and us, our franchisees are responsible for the validity and effectiveness of the pre-requisite approvals, licenses and permits for operating their franchised stores, and the franchisees shall bear any liabilities arising from non-compliance in this regard as well as compensate us for any consequential damages. Our franchisees may experience difficulties, delays or failures in obtaining the necessary approvals, licenses and permits for new stores. In addition, our franchisees are also subject to periodic examinations or verifications by relevant authorities and some of the approvals, licenses and permits are valid only for a fixed period subject to renewal and accreditation. There can be no assurance that our franchisees will be able to renew all the pre-requisite approvals, licenses and permits promptly or at all. If any of these occurs, the ongoing business operations of our relevant franchised stores could be interrupted or terminated.

We devote substantial efforts and resources for compliance. Non-compliance may expose us to regulatory actions such as corrective actions ordered by regulatory authorities, fines and suspension of business operations. In case of any non-compliance, we may have to incur significant expenses and divert substantial management time and resources to resolve any deficiencies. If a material number of franchised stores are subject to such non-compliance and related penalties or temporary closure, our business operations may be disrupted, and our financial conditions and results of operations may be materially and adversely impacted as a result. We may also experience negative publicity arising from such deficiencies, which may materially and adversely affect our financial conditions and business prospects.

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

We and our franchisees may be subject to a number of risks in relation to the leased properties in the ordinary course of the business, including but not limited to the following: (i) we and our franchisees may not be able to renew existing lease agreements at commercially reasonable terms, especially for stores in locations with a high volume of consumer traffic; (ii) we and our franchisees may also be exposed to risks of unexpected early lease termination at the request of the lessors or other reasons out of our control, which may result in store closures if we and our franchisees are not able to identify suitable alternative premises on acceptable terms to relocate in a timely manner; and (iii) our or our franchisees’ profitability may be materially and adversely affected by any substantial increase or fluctuation in local rental prices of the regions or countries where we have established business presence.

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As of December 31, 2025, we leased properties in China from third parties, mainly for warehouses, offices and self-operated stores, and franchisees leased properties mainly for the operation of franchised stores. Certain lessors with whom we entered into lease agreements did not provide the valid title certificates and/or authorizations from the property owners for the lessors to sublease the properties, and we cannot ensure that they have the rights or authorizations to lease or sublease such properties to us. Certain lease agreements had not been registered and filed with the relevant land and real estate administration bureaus in the PRC. See “Business — Properties and Facilities — Leased Properties” for details.

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

We, our shareholders, our directors, management, employees, business partners, franchisees and their employees are exposed to the risks of litigations, regulatory investigations and proceedings, claims or allegations such as those related to food safety, commercial disputes, customer relations, intellectual properties, labor and employment matters, antitrust or securities issues, and we may not always be successful in our defense against such claims or proceedings.

We face potential liabilities, expenses for legal claims and regulatory risks due to the nature of our business. For example, consumers may assert legal claims against us in connection with personal injuries related to food safety issues and governmental authorities may conduct regulatory investigations in response to any significant consumer complaints or public outcry. Sales of defective food and beverage may expose us to liabilities associated with consumer protection laws. We may also be held liable if our franchisees, suppliers or other business partners fail to comply with applicable food-safety related rules and regulations, regardless of whether the food safety incident is caused by us. While we may seek compensation from the responsible parties, the insurance or indemnification may not be available or sufficient to compensate us for our financial or reputational losses. In addition, we, our shareholders, our Directors, management, employees, business partners, franchisees and their employees may from time to time be subject to litigation and regulatory investigations and proceedings or otherwise face potential liabilities and expenses for various matters, such as commercial, labor, employment, antitrust or securities matters, which could materially and adversely affect our reputation and results of operations.

We may become subject to claims, allegations or disputes brought by our dissenting shareholders, competitors, customers, business partners or other individuals or entities. Any such claims, allegations or disputes, with or without merit and any actual or perceived unfair, unethical, or inappropriate business practices by us or malfeasance by our management could significantly disrupt our daily operation by diverting time of the our management and resources, harm our reputation, and negatively affect the [REDACTED] of our Shares.

After we are [REDACTED] on the Hong Kong Stock Exchange, we may face additional exposure to claims and lawsuits. These claims could divert management’s time and attention away from our business and result in significant costs to investigate and defend, regardless of the merits of the claims. In some instances, we may elect or be forced to pay substantial damages if we are unsuccessful in our efforts to defend against these claims, which could harm our results of operations, financial performance and business prospects.

We may infringe upon, misappropriate or otherwise violate the intellectual property rights of third parties.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate intellectual property rights held by third parties. We may be subject to legal proceedings and claims relating to the intellectual property rights of others in the

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future. There could also be existing intellectual properties of which we are not aware that our products may inadvertently infringe. If we are found to have violated the intellectual property rights of others, we may be subject to liabilities for our infringement activities or may be prohibited from using such intellectual properties, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses and may be forced to divert management time and other resources from our business and operations to defend against these infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially and adversely disrupt our business and operations by restricting or prohibiting our uses of the intellectual properties in question, and our results of operations, financial performance and business prospects could be materially and adversely affected.

If we are not able to adequately protect our intellectual properties, our business will be materially and adversely affected.

The continued ability to use our trade names, trademarks and self-developed technologies is essential to the success and competitiveness of our brands. Any unauthorized reproduction of our trademarks could diminish the value of our brands and their market acceptance, competitive advantages or goodwill. If the operations of third parties who used or imitated our trademarks or business names without our authorization result in adverse effects on consumers, we may be associated with negative publicity as a result. Any misappropriation of our proprietary knowledge will unfairly deprive us of our competitive edge stemming from, for example, the digitalization of our supply chain.

Securing our intellectual property from unauthorized use is rather challenging, costly and time-consuming. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material infringement of our intellectual properties. However, while we implement measures to protect our intellectual property rights, there is no guarantee that these measures will be sufficient to prevent, detect or correct third-party infringements. Inadequate protection on our intellectual property rights could result in infringement or the loss of these rights and exert material and adverse impact on our business. In the future, we may, from time to time, need to institute litigation proceedings to safeguard and enforce our intellectual property rights, which could result in substantial costs and diversion of management attention and resources, materially and adversely impacting our sales, profitability and business prospects. Even if we prevail in these litigations, we may not be able to successfully enforce the judgment and collect remedies awarded by the court and the court-awarded relief may fall short of compensating us for our actual or anticipated losses, whether tangible or intangible.

Our results of operations and financial performance may be materially and adversely affected by adverse and extreme weather conditions, natural disasters, public health issues, political events, war, terrorism, and other catastrophes.

Extreme weather conditions, natural disasters, public health issues, political events, war, terrorism, and other catastrophes, particularly in locations where a large number of stores are situated, could curtail our ability to run the business. As a result, we may have to incur substantial additional expenses and our results of operations and financial performance may be materially and adversely affected. For instance, our business is also dependent on proper and sufficient warehousing and prompt delivery of products to our stores. Extreme weather conditions such as destructive storms, drought, extreme temperatures, natural disasters such as earthquakes, forest fires and floods, severe traffic accidents or delays and labor strikes could also lead to warehouse interruptions and delayed or lost deliveries of products to our stores. Malfunction of refrigeration facilities caused by power failures and other events may spoil our inventories.

In addition, fires, floods, earthquakes and terrorist attacks may force evacuations and halt store operations, which may also prevent our stores from providing products and services to consumers, thereby affecting our business and tarnishing our brand. In addition, pandemics and

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other public health crises can likewise introduce sharp swings in consumer demand and business performance. These events are beyond our control, and we cannot assure you that similar events will not happen in the future. Our future responses to these events and other preventative measures may not always be effective.

Our results of operations are subject to biological asset fair value adjustments, which can be highly volatile and are subject to a number of assumptions.

We generate a small portion of revenue from edible fungi business. Our biological assets consist of our edible fungi products. Biological assets are measured at fair value less costs to sell as at the valuation dates and our edible fungi are transferred to inventory at fair value less cost to sell at the point of harvest. Changes in fair value of biological assets are recognized in profit or loss in the year in which they arise.

Our revenue from edible fungi business amounted to 5.8%, 1.7% and 1.2% in 2023, 2024 and 2025, respectively. As a result, our results of operations had been affected by biological asset fair value adjustments on our edible fungi produce. In 2023, the fair value change of biological assets reflected in other gains and losses was downward movement of RMB5.6 million. In 2024 and 2025, the fair value changes of biological assets reflected in other gains and losses were upward movements of RMB26.1 million and RMB108.2 million, respectively. For details on the biological asset fair value adjustments, see the section headed “Financial Information — Biological Asset and Valuation.” Biological assets are stated at fair value less cost to sell, and the edible fungi are accounted for as biological assets until the point of harvest. Harvested edible fungi are transferred to inventory at fair value less cost to sell when harvested. See Note 21 to the Accountants’ Report included in Appendix I to this Document for further information on determining the fair value of biological assets. In 2023, 2024 and 2025, the fair value changes of biological assets reflected in cost of sales were RMB25.9 million, RMB17.2 million and RMB105.5 million, respectively.

Selling prices for the edible fungi products could be highly volatile and susceptible to significant fluctuations from period to period. As a result of revaluations of our biological assets from period to period, our financial positions and results of operations may change significantly from period to period. In addition, an increase or decrease in selling prices for edible fungi products will increase or reduce our revenue and gains or losses arising from changes in fair value less costs of disposal of biological assets, which could make our reported profit more volatile. We cannot assure that the fair value of our biological assets will not decrease in the future, which in turn will adversely affect our financial results.

During the Track Record Period, the fair value of our biological assets at the end of each reporting period was determined by an independent professional valuer, using a number of assumptions that may vary from time to time. We intend to continue to engage an independent professional valuer to determine the fair values of our biological assets going forward. The fair value of the biological assets could be affected by, among others, the accuracy of those assumptions, as well as the quality of our edible fungi products as compared to other edible fungi products. Therefore, the resulting adjustments can be highly volatile. These assumptions may be more favorable than the actual historical rates. In addition, while these assumptions as adopted in the valuation process have been in line with the actual results, we cannot assure you that there will be no significant deviation in the future. For details on the valuation and the application of various assumptions, see the section headed “Financial Information — Material Accounting Policies, Critical Accounting Estimates and Judgment — Biological Asset.” In particular, upward adjustments and gains so recognized do not generate any cash inflow for our operations. As a result, when evaluating our results of operations and profitability, you should consider our profits and margins without taking into account the effects of these biological assets fair value adjustments.

Although we may recognize fair value gains from increases in the fair value of our biological assets, these changes will not represent changes in our cash position as long as the relevant assets continue to be held by us.

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We are subject to the following risks relating to cultivation, processing, and distribution of edible fungi.

Our edible fungi business is subject to, among others, the following risks: (i) the edible fungi market is highly competitive, and we may lose market share if we fail to compete effectively; (ii) the cultivation, processing, storage and distribution of edible fungi are exposed to climate change and agricultural risks such as bacterial and microbial contamination as well as pests and diseases. Any compromise in product quality or food safety could materially and adversely affect our operations and financial performance; (iii) we may not be able to continuously enhance the agricultural technologies applied in the cultivation of edible fungi; (iv) disruptions to our cultivation or production facilities could materially and adversely impact our business, operating results and financial performance; (v) we rely primarily on independent third-party distributors and trading companies for sales of edible fungi. If our products lose appeal, distributors may switch to competing products, and we may fail to renew distribution agreements or maintain existing distributor relationships; (vi) the cultivation, processing and distribution of edible fungi are subject to evolving agricultural policies, which may materially and adversely affect our operations; and (vii) reported profit from the cultivation, processing and distribution of edible fungi may be more volatile as any increase in the selling prices of biological assets will increase both the sales revenue and the unrealized fair value gains and vice versa.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTION WHERE WE OPERATE

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

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

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

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

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

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

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

Currently, all of our operations are conducted in China. Accordingly, our results of operations, financial performance and business prospects may be influenced by the economic, regulatory, political and social conditions in China. China has implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. China’s snack and beverage industry and edible fungi industry in general are affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, consumer demand and discretionary spending. In addition, the U.S. government has imposed a series of restrictions on U.S. outbound investment in Chinese companies engaged in certain activities involving specified sensitive technologies and implemented import tariffs on selected products. It is possible that such policy and actions may expand to cover the food industry. These regulatory developments could significantly affect on the ability of Chinese companies to raise capital from U.S. investors. It remains uncertain whether these challenges and uncertainties will be resolved, and what impact they may have on global political and economic conditions in the long term. Any changes in these factors may have material and adverse effect on our results of operations, financial performance and business prospects.

[REDACTED] may experience difficulties in effecting service of legal process and enforcing judgments against us, our shareholders, directors and management.

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

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

We are subject to the currency exchange regulatory system.

The conversion of Renminbi is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign currencies to meet our foreign exchange requirements. Under the current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us, including the payment of

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dividends, do not require advance approvals from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange businesses.

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

Any gains on the [REDACTED] of our H Shares by non-PRC [REDACTED] may, and dividends paid on our H Shares to non-PRC [REDACTED] generally will, be subject to PRC tax.

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

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

As of the Latest Practicable Date, no aforesaid provisions expressly provided that individual income taxes shall be levied on non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income taxes on non-PRC resident individual holders on gains from the [REDACTED] of H Shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the the PRC Enterprise Income Tax Law (“**EIT Law**”) and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the [REDACTED] or other [REDACTED] of H Shares are subject to PRC EIT at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and

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we intend to withhold taxes at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [REDACTED]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refunds will be subject to the PRC tax authorities’ approval.

Despite the arrangements mentioned above, the interpretation and application of existing applicable PRC tax laws and regulations by the competent tax authorities will be in accordance with the then effective laws and regulations and may change, and new taxes may be imposed, which in either case may adversely affect the value of your [REDACTED] in our H Shares.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares, and their liquidity and [REDACTED] may be volatile.

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

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

The [REDACTED] of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the [REDACTED] of and [REDACTED] for our H Shares. A number of Chinese Mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. The share prices of some of these companies have experienced significant volatilities, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards Chinese Mainland-based companies listed in Hong Kong and consequently may impact the [REDACTED] performance of our H Shares. In addition to stock market and industry factors, the [REDACTED] and [REDACTED] of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. These factors may significantly affect the [REDACTED] and volatility of our H Shares.

We will be concurrently subject to [REDACTED] and regulatory requirements of Chinese Mainland and Hong Kong.

As we are listed on the Shenzhen Stock Exchange and will be [REDACTED] on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuous compliance with all sets of [REDACTED] rules in both jurisdictions.

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The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the [REDACTED]. Under current laws and regulations of Chinese Mainland, without the approvals from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible. With different [REDACTED] characteristics, the H Share and A Share markets have divergent [REDACTED] volumes, liquidity and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] in our H Shares.

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the [REDACTED] could have a material and adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future.

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

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

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. To develop our business, we may consider offering and issuing additional shares in the future. Purchasers of the [REDACTED] may experience dilution in net tangible asset value per Share of their Shares if we issue additional shares in the future at a price that is lower than the net tangible asset value per Share at that time.

Our outstanding RSUs granted under the Share Award Plans may cause shareholding dilution to our existing Shareholders and have a negative effect on our financial performance.

We have granted RSUs under our Share Award Plans to attract and retain outstanding individuals to serve our Company and may continue to grant share-based compensation in the future. In 2023, 2024 and 2025, we incurred share-based compensation expenses of RMB155.1 million, RMB225.5 million and RMB165.2 million, respectively. See Note 31 of the Accountants' Report set out in Appendix I to this Document. We may re-evaluate and adjust existing Share Award Plans or adopt new Share Award Plans from time to time. If we choose to do so, we may experience substantial changes in our share-based compensation expenses. In addition, such Share Award Plans may dilute the shareholding percentage of our existing Shareholders and could result in a decline in the value of our H Shares, which may have an adverse effect on our results of operations.

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Our Controlling Shareholders have significant influence over us and their interests may not always be aligned with the interests of our other Shareholders.

Immediately following the completion of the [REDACTED], our Controlling Shareholders will control an aggregate of [REDACTED]% of voting rights in our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no new A Shares are issued under the Share Award Plans and there are no changes to the shareholding of our Company between the Latest Practicable Date and the [REDACTED]). Our Controlling Shareholders will, through their voting power at the Shareholders’ meetings and their delegates or positions on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisitions or dispositions of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, election of Directors and matters relating to our management and other significant corporate matters. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares in the event of a sale of our Company and may significantly reduce the [REDACTED] of our H Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future. Our ability to pay dividends will depend on whether we are able to generate sufficient earnings and distributable profits. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account our results of operations, financial conditions, cash requirements and availability, operating and capital expenditure requirements, and other factors as they may deem relevant, and subject to the approval at a Shareholders’ meeting. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations, and the calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. We may not have sufficient or any profits to enable us to distribute dividends to our Shareholders as determined under the accounting standards of PRC, even if our financial statements indicate that our operations have been profitable as determined under IFRS Accounting Standards, or vice versa. See “Financial Information — Dividends” for details of our dividend payment.

Certain statistics contained in this Document are derived from a third-party report and publicly available official sources.

This Document, particularly the sections headed “Industry Overview” and “Business”, contains information and statistics relating to the industries in which we operate. Such information and statistics were extracted from the report prepared by CIC, which was commissioned by us, and from various official publications and other industry sources. We have no reason to believe that information from official government sources is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot verify the quality or reliability of information and statistics from official government sources. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of the [REDACTED], any of our or their respective directors, officers or representatives or any other parties involved in the [REDACTED] and no representation is given as to its accuracy. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

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You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

Our A Shares are listed on the Shenzhen Stock Exchange and we have been subject to periodic reporting and other information disclosure requirements in Chinese Mainland. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on and complies with regulatory requirements of the securities authorities, industry standards and market practices in Chinese Mainland, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this Document. As a result, prospective [REDACTED] in our H Shares should be reminded that, in making their [REDACTED] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this Document. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this Document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

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

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

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

You are strongly advised to read the entire Document carefully and we strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this Document, there may be press and media coverage regarding us, our business, our industry and the [REDACTED]. There may be additional press and media coverage regarding us, our business, our industry and the [REDACTED] subsequent to the date of this Document but prior to the completion of the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this Document, including certain operating and financial information, projections, valuations and other information. None of us or any other person involved in the [REDACTED] has authorized the disclosure of any such information in the press or media coverage and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this Document, we disclaim responsibility for it, and you should not rely on such information.

WAIVERS AND EXEMPTION

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules and exemption from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

Our headquarters are based, and the business operations of our Group, are managed and conducted in the PRC. Our executive Directors ordinarily reside in the PRC, and they play very important roles in our Company’s business operations. It is in our best interests for them to remain in the locations where our Group has significant operations. We consider it practically difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of our existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, or does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Hong Kong Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Hong Kong Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Hong Kong Listing Rules subject to the following conditions:

- (a) We have appointed Mr. Wang Zening (王澤寧), the executive Director and general manager, and Mr. Yau Tsz Lun (游子麟), our company secretary who ordinarily resides in Hong Kong, as our authorized representatives (the “**Authorized Representatives**”) pursuant to Rule 3.05 of the Hong Kong Listing Rules. The Authorized Representatives will act as our Company’s principal channel of communication with the Hong Kong Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile and email to promptly deal with inquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matter within a reasonable period of time upon request of the Hong Kong Stock Exchange;
- (b) When the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) and senior management team promptly at all times. Our Company will also inform the Hong Kong Stock Exchange promptly in respect of any changes in the Authorized Representatives. We have provided the Hong Kong Stock Exchange with the contact details (i.e., mobile phone number, office phone number, email address and fax number, if applicable) of all Directors to facilitate communication with the Hong Kong Stock Exchange. Our Directors will also provide the phone number of the place of his/her accommodation to the Authorized Representatives in the event that any Director expects to travel or otherwise be out of office;
- (c) All Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period of time;

WAIVERS AND EXEMPTION

- (d) We have appointed Somerley Capital Limited as our Compliance Advisor upon the [REDACTED] pursuant to Rule 3A.19 of the Hong Kong Listing Rules for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Hong Kong Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. The Compliance Advisor will always have access to our Authorized Representatives, Directors and members of our senior management, who will act as the additional channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available. The contact details of the Compliance Advisor have been provided to the Hong Kong Stock Exchange;
- (e) The Authorized Representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor’s duties as set forth in Chapter 3A of the Hong Kong Listing Rules. There will be adequate and efficient means of communication between our Company, Authorized Representatives, Directors and other officers of our Company and the Compliance Advisor, and, to the extent reasonably practicable and legally permissible, we will keep the Compliance Advisor informed of all communications and dealings between the Hong Kong Stock Exchange and us; meetings between the Hong Kong Stock Exchange and our Directors could be arranged through our Authorized Representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Hong Kong Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Advisor; and
- (f) The Company has designated staff members as the communication officer at the Company’s headquarters after the [REDACTED] who will be responsible for maintaining day-to-day communication with the Authorized Representatives, and the Company’s professional advisors in Hong Kong, including our legal advisor in Hong Kong and the Compliance Advisor, to keep abreast of any correspondences and/or inquiries from the Hong Kong Stock Exchange and report to the executive Directors to further facilitate communication between the Hong Kong Stock Exchange and the Company.

WAIVER IN RESPECT OF ALTERATION IN SHARE CAPITAL

Paragraph 26 of Appendix D1A to the Hong Kong Listing Rules requires disclosure of the particulars of any alterations in the capital of any member of the Group within the two years immediately preceding the issue of this Document.

As of the Latest Practicable Date, we have over 70 subsidiaries. It would be unduly burdensome for us to disclose the required information in respect of each of our subsidiaries, as our Company would have to incur additional costs and devote significant resources to compiling and verifying the relevant information for such disclosure, which would not be material or meaningful to the [REDACTED] save for the Major Subsidiaries as referred to below.

We have identified 20 subsidiaries (collectively, the “**Major Subsidiaries**” and each a “**Major Subsidiary**”) that we consider to be material to our operations and/or to have contributed significantly to our financial performance during the Track Record Period. By way of illustration, the Major Subsidiaries (without intercompany eliminations) have, in aggregate, accounted for (i) 94.9%, 95.0% and 94.6% of our revenue for each of the years ended December 31, 2023, 2024 and 2025, respectively; and (ii) 65.0%, 73.5% and 72.2% of our total assets as at December 31, 2023, 2024 and 2025, respectively. The Major Subsidiaries (after the elimination of intercompany results) have, in aggregate, accounted for (i) 93.7%, 94.0% and 93.1% of our revenue for each of the years ended December 31, 2023, 2024 and 2025, respectively; (ii) 119.0%, 40.0% and 78.0% of our net profits for each of the years ended December 31, 2023, 2024 and 2025, respectively; and (iii)

WAIVERS AND EXEMPTION

68.3%, 80.2% and 81.8% of our total assets as at December 31, 2023, 2024 and 2025, respectively. Additionally, certain Major Subsidiaries hold assets, intellectual property rights, proprietary technologies or licenses and permits that are considered by the Directors to be material to the Group’s business and operations.

None of the other subsidiaries of our Company that are not Major Subsidiaries have individually contributed 5% or more of our Group’s revenue and net profits during each year within the Track Record Period, or total assets as of December 31, 2023, 2024 or 2025, nor hold any assets, intellectual property rights, proprietary technologies or licenses and permits that are considered by the Directors to be material to the Group’s business and operations. Accordingly, the remaining subsidiaries which are not Major Subsidiaries of our Group are relatively insignificant to the overall results of our Group, and have no significant impact on our Group’s business operations and future development strategies, thus the non-disclosure of information about them would not prejudice the interests of our Shareholders and potential [REDACTED]. Rather, the disclosure of the required information under the Hong Kong Listing Rules in respect of our Company and the Major Subsidiaries already provides sufficient information that is reasonably necessary for potential [REDACTED] to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group, its profits and losses and the rights attaching to the securities for which [REDACTED] is sought, as required under Rule 11.07 of the Hong Kong Listing Rules.

We have disclosed the particulars of the changes in share capital of our Company and the Major Subsidiaries in the sections headed “Statutory and General Information — Further Information About Our Group — Changes in the Share Capital of our Company” and “Statutory and General Information — Further Information About Our Group — Changes in Share Capital of Our Major Subsidiaries”, respectively, in Appendix IV to this Document.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Hong Kong Listing Rules, in respect of disclosing the particulars of any alteration in the capital of the remaining subsidiaries which are not Major Subsidiaries of our Group within the two years immediately preceding the issue of this Document.

WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

We have entered into and expect to continue certain transactions upon [REDACTED] that will constitute partially exempt continuing connected transactions of our Company under the Hong Kong Listing Rules, as described in the section headed “Continuing Connected Transactions” in this Document. Our Directors consider that strict compliance with the applicable requirements under the Hong Kong Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with the applicable requirements under Chapter 14A of the Hong Kong Listing Rules in respect of such partially exempt continuing connected transactions. For further details, see the section headed “Continuing Connected Transactions” in this Document.

WAIVER IN RELATION TO THE SHARE AWARD PLANS

Rule 17.02(1)(b) of the Hong Kong Listing Rules requires a listing applicant to, *inter alia*, disclose in the prospectus full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards.

Pursuant to paragraphs 6 to 7 of Chapter 3.6 of the Guide for New Listing Applicants, the Hong Kong Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the applicant could demonstrate that such disclosures would be irrelevant or unduly burdensome, subject to certain conditions specified therein.

WAIVERS AND EXEMPTION

Our Company has adopted the 2022 Share Award Plan, the 2023 Share Award Plan, the 2023 Second Share Award Plan, the 2024 Share Award Plan and the 2025 Share Award Plan (collectively, the “**Share Award Plans**”). For details of these Share Award Plans, see “Statutory and General Information — Share Award Plans” in Appendix IV to this Document.

As of the Latest Practicable Date, our Company had granted outstanding 14,813,950 restricted share units (“**RSUs**”), corresponding to 14,813,950 underlying A Shares, under the Share Award Plans to 323 grantees (the “**Grantees**”), representing approximately [REDACTED]% of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]).

Among the outstanding awards, four Directors, three members of senior management, 11 connected persons of the Company (who are not Directors or members of senior management), and other 305 Grantees who are employees of our Group (who are not Directors, members of senior management or connected persons of the Company) were granted RSUs for 1,050,000 A Shares, 299,940 A Shares, 5,039,645 A Shares, and 8,424,365 A Shares, respectively, which amounts to 0.55%, 0.16%, 2.63% and 4.40% of the total issued share capital of the Company as of the Latest Practicable Date, respectively. Save for the aforementioned, no other RSUs were granted to any Director, senior management, or consultants of our Company. The outstanding RSUs under the Share Award Plans have all been granted to specific individuals.

We have applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Hong Kong Listing Rules on the grounds that the waiver will not prejudice the interests of the [REDACTED] and full compliance with such disclosure requirements would be unduly burdensome for our Company for the following reasons:

- (a) given that there are 323 Grantees with outstanding RSUs under the Share Award Plans, our Directors consider that it would be unduly burdensome to disclose in this Document full details of all the RSUs granted by us to each of the Grantees, which would significantly increase the cost and time required for information compilation and document preparation for strict compliance with such disclosure requirements. We would need to collect and verify the personal information of a large number of the Grantees to meet the disclosure requirement;
- (b) the disclosure of the personal details of each Grantee, including their names and the number of RSUs granted to them, may require obtaining consent from all the Grantees in order to comply with personal data privacy laws and principles, and it would be unduly burdensome for our Company to obtain such consents given the number of the Grantees;
- (c) the grant and vesting in full of the RSUs under the Share Award Plans will not cause any material adverse impact to the financial position of our Group;
- (d) there will not be any new H Shares issued under the Share Award Plans as the foregoing plans are A Share incentive plans;
- (e) our Directors consider that a lack of full compliance with the above disclosure requirements would not prevent our Company from providing potential [REDACTED] with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group;
- (f) full disclosure of details of the Grantees (which include their names and positions), as well as the RSUs granted to each of them, would provide the Group’s competitors with the Group’s employees’ compensation details and facilitate their soliciting activities, which may impact the Group’s ability to recruit and retain valuable personnel;

WAIVERS AND EXEMPTION

- (g) material information on the RSUs under the Share Award Plans have been disclosed in this Document to provide prospective [REDACTED] with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the outstanding RSUs in making their [REDACTED] decision, and such information includes:
 - (i) a summary of the terms of the Share Award Plans;
 - (ii) the aggregate number of A Shares subject to the outstanding RSUs and the percentage in our total issued share capital of which such number represents upon the completion of the [REDACTED];
 - (iii) full details of the outstanding RSUs granted to Directors, members of the senior management and connected persons of our Company, on an individual basis, are disclosed in this Document, and such details include all the particulars required under Rule 17.02(1)(b) of the Hong Kong Listing Rules; and
 - (iv) with respect to the RSUs granted to the remaining Grantees other than those referred to in (iii) above, disclosure is made in this Document on an aggregate basis, by the range of underlying A Shares, including date of grant, purchase price and the percentage of our Company’s total issued share capital upon completion of the [REDACTED].

In light of the above, our Directors believe that the grant of the waiver sought and the non-disclosure of the required information will not hinder potential [REDACTED] from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interests of the [REDACTED].

The Hong Kong Stock Exchange [has granted] us a waiver from strict compliance with the relevant requirements under the Hong Kong Listing Rules with respect to the RSUs granted under the Share Award Plans, subject to the conditions that:

- (a) on an individual basis, full details of the outstanding RSUs granted by the Company under the Share Award Plans to each of the Directors, members of the senior management, and connected persons of the Company, including all the particulars required under Rule 17.02(1)(b) of the Hong Kong Listing Rules, be disclosed in this Document;
- (b) in respect of the RSUs granted by our Company under the Share Award Plans to the remaining Grantees other than those referred to in sub-paragraph (a) above, the following details will be disclosed in this Document on an aggregate basis and categorized into lots based on the number of A Shares underlying each individual Grantee, being (i) 300,000 A Shares or less; (ii) 300,001 to 600,000 A Shares; and (iii) 600,001 A Shares or more, and the details of each lot of A Shares will be disclosed in this Document, including (i) the number of the RSUs and A Shares underlying the RSUs, (ii) date of grant, purchase price of the RSUs granted, and (iii) the percentage of our Company’s total issued share capital represented by such lots upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]);
- (c) the aggregate number of A Shares underlying the outstanding RSUs and the percentage of our Company’s total issued share capital upon completion of the [REDACTED] will be disclosed in this Document;

WAIVERS AND EXEMPTION

- (d) a summary of the principal terms of the Share Award Plans will be disclosed in “Statutory and General Information — Share Award Plans” in Appendix IV to this Document;
- (e) the particulars of this waiver are set out in this Document; and
- (f) a full list of all the Grantees with outstanding RSUs under the Share Award Plans containing all details as required under Rule 17.02(1)(b) of the Hong Kong Listing Rules will be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display — Document Available for Inspection” in Appendix V to this Document.

WAIVER IN RESPECT OF ZHONGCHENG ACQUISITION AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants’ report to be included in a prospectus must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired, or proposed to be acquired since the date to which its latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of the prospectus.

In January 2026, the Company entered into an equity transfer transaction (the “**Zhongcheng Acquisition**”) with Jiangsu Haozailai E-commerce Co., Ltd. (江蘇好再來電子商務有限公司) (the “**Vendor**”), pursuant to which Nanjing Wancheng Information Technology Co., Ltd. (南京萬丞信息科技有限公司) (“**Nanjing Wancheng**”), a wholly-owned subsidiary of our Company, agreed to acquire, and the Vendor agreed to sell, the entire interest in the share capital of Nanjing Zhongcheng Information Technology Co., Ltd. (南京眾丞信息科技有限公司) (the “**Nanjing Zhongcheng**”, together with its subsidiaries, “**Nanjing Zhongcheng Group**”). The Zhongcheng Acquisition was completed on January 27, 2026, and Nanjing Zhongcheng has since become an indirect wholly-owned subsidiary of the Company. Please refer to “History, Development and Corporate Structure – Acquisitions and Disposals — Acquisition of Nanjing Zhongcheng after the Track Record Period” for further details.

The Zhongcheng Acquisition is expected to create synergies and support the Group’s long-term business development. Our Directors believe that the Zhongcheng Acquisition will complement and support the growth of the Group by enhancing the Group’s intellectual property portfolio in relation to the snack and beverage retail business. Our Directors believe that the terms of the Zhongcheng Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

Conditions for Granting the Waiver and Its Scope in Respect of the Zhongcheng Acquisition

We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Zhongcheng Acquisition on the following grounds:

The percentage ratios of the Zhongcheng Acquisition are all far less than 5% by reference to the most recent fiscal year of the Track Record Period

The relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for the Zhongcheng Acquisition are all far less than 5% by reference to the most recent fiscal year of the Track Record Period, being the year ended December 31, 2025.

Accordingly, we do not expect the Zhongcheng Acquisition to result in any significant changes to its financial position since December 31, 2025, and all information that is reasonably necessary for potential [REDACTED] to make an informed assessment of the Company’s activities

WAIVERS AND EXEMPTION

or financial position has been included in the Document. As such, the Company considers that a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the [REDACTED].

The historical financial information of Nanjing Zhongcheng fulfilling the disclosure requirement under Rule 4.04 of the Listing Rules would be unduly burdensome to prepare

Given that Nanjing Zhongcheng’s historical financial information was not prepared in accordance with IFRS and the Zhongcheng Acquisition was not subject to any requirement for three-year audited financial statements under the A-share regulatory regime, it would require considerable time and resources for the Company and the reporting accountants to fully familiarize ourselves with the management accounting policies of the Nanjing Zhongcheng and compile the necessary financial information and supporting documents for disclosure in the Document. It is equally impractical to request the Company to produce historical financial information prepared in accordance with IFRS. As such, we believe that it would be impractical and unduly burdensome for the Company to prepare and disclose the audited historical financial information of Nanjing Zhongcheng as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.

In addition, having considered the Zhongcheng Acquisition to be immaterial (i.e. all ratios under Rule 14.07 are less than 1%) and that the Company does not expect the Zhongcheng Acquisition to have any material effect on its business, financial condition, or operations, the Company believes that it would not be meaningful and would be unduly burdensome for it to prepare and include the financial information of Nanjing Zhongcheng during the Track Record Period in the Document. As the Company does not expect the Acquisition to result in any material changes to its financial position after the Track Record Period, the Company does not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would prejudice the interests of the [REDACTED].

Alternative Disclosure of the Zhongcheng Acquisition in the Document

We have provided alternative information about the Zhongcheng Acquisition in the Document. Such information includes details required for a disclosable transaction under Chapter 14 of the Listing Rules that our Directors consider to be material, including, for example, descriptions of (a) the background information of the Nanjing Zhongcheng and the Vendor, (b) basis of the consideration of the Zhongcheng Acquisition, (c) reasons and benefits of the Zhongcheng Acquisition, and (d) the book value of assets, revenue, profit/loss of Nanjing Zhongcheng Group for the financial year immediately prior to the Zhongcheng Acquisition. Since the relevant percentage ratios of the Zhongcheng Acquisition are less than 5% by reference to the most recent audited fiscal year of the Track Record Period, the Company believes the current disclosure is adequate for potential [REDACTED] to form an informed assessment of the Company.

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality

Executive Directors

Ms. Wang Liqing (王麗卿)	No. 18 Wucuo, Houban Village Buwen Town, Longwen District Zhangzhou, Fujian Province PRC	Chinese

Mr. Wang Zening (王澤寧)	Room 406, Building 17 No. 69, Muxuyuan Street Qinhuai District Nanjing, Jiangsu Province PRC	Chinese

Mr. Li Bo (李博) (also our employee representative Director)	Room 403, Building 11 Yida Sunshine No. 315 Zhanghua East Road Longwen District Zhangzhou, Fujian Province PRC	Chinese

Non-executive Directors

Ms. Lin Gaichun (林該春)	Room 406, Building 17 No. 69, Muxuyuan Street Qinhuai District Nanjing, Jiangsu Province PRC	Chinese

Mr. Chen Wenzhu (陳文柱)	No. 93 Nankeng, Xibang Village Jingu Town, Anxi County Fujian Province PRC	Chinese

Independent Non-executive Directors

Ms. Lin Liye (林麗葉) (our lead independent non-executive Director)	Room 102, Building 31 No. 76 Shengli West Road Xiangcheng District Zhangzhou, Fujian Province PRC	Chinese

Ms. Zheng Luying (鄭魯英)	Room 504 No. 11, Yuheli Siming District Xiamen, Fujian Province PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Dr. Zhao Jingwen (趙景文)	No. 422-25, Siming South Road Siming District Xiamen, Fujian Province PRC	Chinese
Ms. Yang Fan (楊帆)	Room 2511 Convention Plaza Apartments No. 1 Harbour Road Wan Chai Hong Kong	Chinese

For further details on our Directors, see the section headed “Directors and Senior Management”.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors and [REDACTED]

China International Capital Corporation

Hong Kong Securities Limited

29/F, One International Finance Centre

1 Harbour View Street

Central

Hong Kong

China Merchants Securities (HK)

Co., Limited

32/F, One Exchange Square

8 Connaught Place

Central

Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal Advisors to our Company

As to Hong Kong and U.S. laws

Davis Polk & Wardwell

10/F, The Hong Kong Club Building
3A Chater Road
Central
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As to PRC laws

Grandall Law Firm (Beijing)

9th Floor, Taikang Financial Building
No. 38 East Third Ring North Road
Chaoyang District
Beijing
PRC

Legal Advisors to the Joint Sponsors and the [REDACTED]

As to Hong Kong and U.S. laws

Herbert Smith Freehills Kramer

23rd Floor Gloucester Tower
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As to PRC laws

DeHeng Law Offices

12/F Tower B, Focus Place
19 Finance Street
Xicheng District
Beijing
PRC

Reporting Accountants

Forvis Mazars CPA Limited

*Certified Public Accountants and Registered
Public Interest Entity Auditor*
42nd Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Industry Consultant

**China Insights Industry Consultancy
Limited**

10F, Block B, Jing’an International Center
88 Puji Road, Jing’an District
Shanghai
PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Biological Assets Valuer

APV International Consulting & Appraisal Limited

Unit 1406A, 14/F
The Belgian Bank Building
Nos. 721-725 Nathan Road
Kowloon
Hong Kong

Data Compliance Legal Advisor

Grandall Law Firm (Beijing)

9th Floor, Taikang Financial Building
No. 38 East Third Ring North Road
Chaoyang District
Beijing
PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office	Taiwan Farmers’ Entrepreneurship Park Zhangpu County Zhangzhou, Fujian Province PRC
Headquarters and Principal Place of Business in the PRC	Taiwan Farmers’ Entrepreneurship Park Zhangpu County Zhangzhou, Fujian Province PRC
Principal Place of Business in Hong Kong	Room 1917, 19/F, Lee Garden One 33 Hysan Road Causeway Bay Hong Kong
Company’s Website	<u>https://www.vanchen.com/</u> <i>(The information contained in this website does not form part of this Document)</i>
Company Secretary	Mr. Yau Tsz Lun (游子麟) Room 1917, 19/F, Lee Garden One 33 Hysan Road Causeway Bay Hong Kong
Authorized Representatives	Mr. Wang Zening (王澤寧) Room 406, Building 17 No. 69, Muxuyuan Street Qinhuai District Nanjing, Jiangsu Province PRC Mr. Yau Tsz Lun (游子麟) Room 1917, 19/F, Lee Garden One 33 Hysan Road Causeway Bay Hong Kong
Audit Committee	Dr. Zhao Jingwen (趙景文) (<i>Chairperson</i>) Ms. Lin Liye (林麗葉) Ms. Lin Gaichun (林該春)
Nomination Committee	Ms. Lin Liye (林麗葉) (<i>Chairperson</i>) Mr. Wang Zening (王澤寧) Dr. Zhao Jingwen (趙景文)
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Strategy Committee	Ms. Wang Liqing (王麗卿) (<i>Chairperson</i>) Ms. Zheng Luying (鄭魯英) Mr. Wang Zening (王澤寧)

CORPORATE INFORMATION

[REDACTED]

Principal Bank

China Merchants Bank Co., Ltd.
Nanjing Yueya Lake Branch
No. 88 Muxuyuan Street
Qinhuai District
Nanjing
PRC

INDUSTRY OVERVIEW

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

OVERVIEW OF CHINA’S FOOD AND BEVERAGE RETAIL MARKET

Market Overview

The food and beverage retail business encompasses multiple sub-categories that meet consumers’ daily dietary needs, including segments such as snack and beverage, fresh food, 3R (ready-to-cook, ready-to-heat, and ready-to-eat) food, grains & oils, and condiments.

Market Size

In terms of GMV, China’s food and beverage retail market size (as we defined above) has grown from RMB8,852.0 billion in 2020 to RMB11,168.9 billion in 2025, with a CAGR of 4.8% from 2020 to 2025. With continuous evolution in Chinese consumer demand and ongoing innovation in sub-categories and products, the market is expected to reach RMB13,456.8 billion by 2030, with an anticipated CAGR of 3.8% from 2025 to 2030.

OVERVIEW OF CHINA’S SNACK AND BEVERAGE RETAIL MARKET

Market Overview

Snack and beverage are key categories of the food and beverage industry, encompassing a wide range of categories and characterized by frequent consumption in consumers’ daily lives. Snacks include nuts and roasted seeds, crispy snacks and biscuits, meat snacks, baked snacks, confectionery and chocolates, fruit snacks, vegetarian delicacies, and others. Beverages consist of RTD (Ready-to-drink) soft beverages, powdered and instant drinks, alcoholic beverages, and drinking dairy products.

Value Chain

China’s snack and beverage retail industry chain covers upstream manufacturers and brand owners who are responsible for research and development, manufacturing, and brand operations. The midstream sales channels distribute snack and beverage products through various channels, including hypermarkets, supermarkets, convenience stores, grocery stores, e-commerce, specialty retailers, and other channels. The downstream consists of end consumers, including individuals and households.

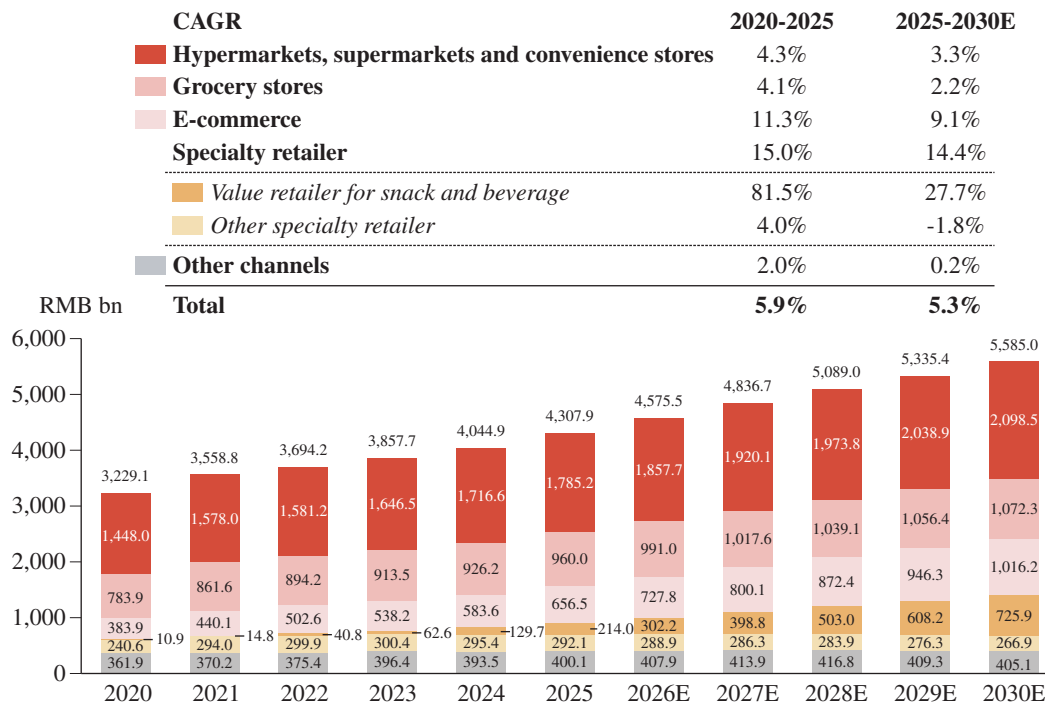
Market Size

In terms of GMV, China’s snack and beverage retail market has grown from RMB3,229.1 billion in 2020 to RMB4,307.9 billion in 2025, with a CAGR of 5.9% from 2020 to 2025. Driven by increasing consumer demands for diverse and affordable products, rising high-frequency and small-ticket purchases, and continuing penetration and expansion of value retail for snack and beverage, the market is expected to reach RMB5,585.0 billion by 2030, with an anticipated CAGR of 5.3% from 2025 to 2030.

INDUSTRY OVERVIEW

China’s snack and beverage retail market can be categorized by sales channel into (i) hypermarkets, supermarkets and convenience stores, (ii) grocery stores, including local mom-and-pop stores, (iii) e-commerce, (iv) specialty retailers, and (v) other channels. Among these, specialty retailers refer to those who primarily focus on the retail of snack and beverage products, including value retailers for snack and beverage, and other specialty retailers which offer products of single brand or single category. Compared to other traditional offline channels, value retailers for snack and beverage, usually respond swiftly to market changes through meticulous product selection, optimized operation and efficient supply chain, effectively meeting consumer demands for affordable and diversified products. The market size of value retail for snack and beverage in China has experienced the fastest growth in the snack and beverage retail industry in the past five years, with a CAGR of 81.5%. It is expected that in the next five years, as consumer demands for diversified and affordable products deepen, the market size of value retail for snack and beverage will reach RMB725.9 billion by 2030, with an anticipated CAGR of 27.7% from 2025 to 2030.

Market size of China’s snack and beverage retail market, by sales channel, in terms of GMV, 2020-2030E



Source: National Bureau of Statistics, China Beverage Industry Association, China Non-staple Food Circulation Association, International Monetary Fund, CIC

Below is a comparison of different sales channels of China’s snack and beverage retail industry:

INDUSTRY OVERVIEW

	Value retailer for snack and beverage	Hypermarkets, supermarkets and convenience stores	Grocery stores	E-commerce	Other specialty retailer
Positioning	Retailers that offer a wide range of multi-brand, multi-category, and high value-for-money snack and beverage products at competitive prices through a streamlined supply chain	Retail outlets that offer a wide range of everyday products with a focus on broad market appeal	Small, locally-operated retail shops that are often tailored to the immediate needs of the local community	Online retail platforms where consumers can purchase a wide variety of goods with the convenience of home delivery	A type of retailer that offers products of single brand or single category, including candy shops, roasted nuts and seeds shops, snack stores for specific snack brands, catering to specific consumer groups
Snack and beverage product diversity					
Value-for-money					
Accessibility and shopping experience					
Logistics efficiency and digitalization					

Source: CIC

 Superior

 Inferior

OVERVIEW OF THE MARKET OF VALUE RETAIL FOR SNACK AND BEVERAGE IN CHINA

Market Overview

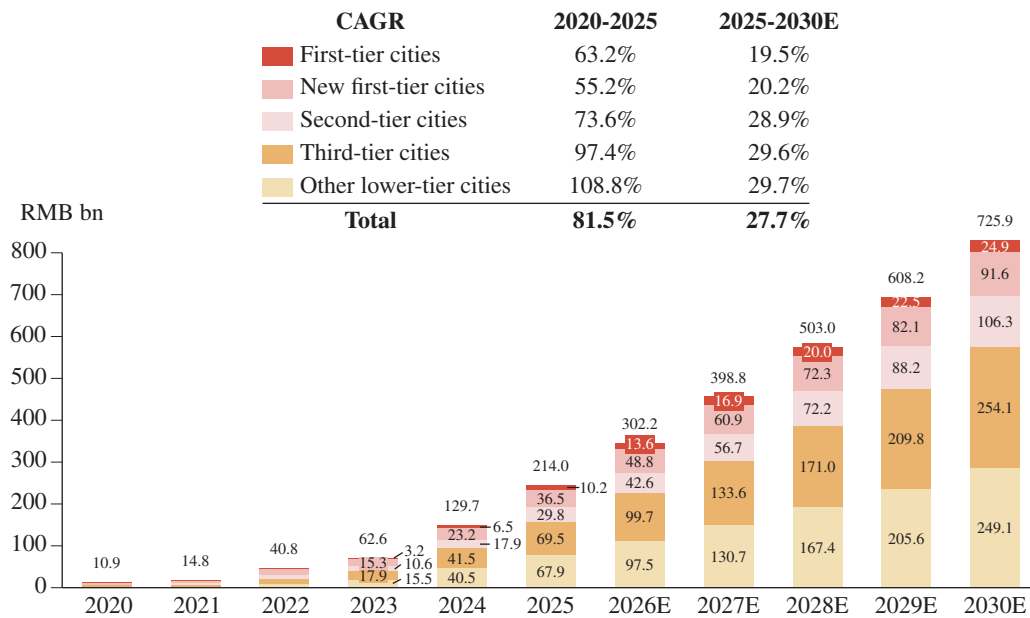
Value retail for snack and beverage is the fastest-growing channel in China’s snack and beverage retail market. This channel offers competitive prices and a wide range of products through centralized procurement, low operational costs, and streamlined, efficient supply chain, attracting a broad consumer base. With rising consumer demands for affordable products and growing acceptance of this retail model, the market of value retail for snack and beverage in China has experienced rapid growth in recent years.

Market Size

From 2020 to 2025, the market size of China’s value retail of snack and beverage in terms of GMV grew from RMB10.9 billion to RMB214.0 billion. As consumer demands for affordable products continue to rise, the market is expected to keep growing at a high speed, with an estimated market size of RMB725.9 billion by 2030. In particular, second-tier and lower-tier cities are becoming increasingly important due to rising disposable incomes and large population base. However, these cities still lack comprehensive retail channels for snack and beverage purchases compared to first-tier and new first-tier cities. This presents an opportunity for value retailers for snack and beverage to expand. Additionally, consumers in these cities are typically more price-sensitive, making value retail for snack and beverage an attractive option. This price sensitivity, combined with the growing purchasing power, indicates strong potential for value retailers for snack and beverage to capture market share by offering affordable yet quality options tailored to local preferences. As a result, second-tier and lower-tier cities are the main battlefields for value retail for snack and beverage.

INDUSTRY OVERVIEW

**Market size of China’s value retail for snack and beverage, by city tier,
in terms of GMV¹, 2020-2030E**



Source: National Bureau of Statistics, CIC

Note 1: GMV does not include that of non-snack and non-beverage products.

Market Drivers

- Trend towards frequent, small-ticket purchases:** Snack and beverage, as convenient and easily accessible products with low transaction value, have become high-frequency purchase categories for households and individuals. At the same time, snack and beverage offer a consumption experience that conveys emotional value for consumers. As consumers’ willingness to spend continues to rise, per capita annual spending on snack and beverage increased from RMB2,287 in 2020 to RMB3,066 in 2025. The trend toward frequent, small-ticket purchases of snack and beverage supports the rapid growth of value retail for snack and beverage. Declining family size in China has resulted in smaller households that tend to have more flexible consumption patterns, driving the growth of frequent, low-value consumption. Additionally, consumers’ increasing focus on emotional value means that their purchasing decisions are driven not only by functional needs but also by emotional fulfillment. By opting for affordable products that provide immediate satisfaction, such as snack and beverage, consumers enhance their emotional well-being, thereby accelerating the trend of frequent, small-ticket purchases. Value retailers for snack and beverage are positioned to capitalize on this trend, offering consumers easy access to affordable products. These stores cater to consumers’ demands for both diversification, quality and affordability, making them the preferred choice for purchasing snack and beverage.
- Mass-market penetration:** The large population and their increasing purchasing power in the mass market unleashed potential for consumption and offered greater growth opportunities compared to higher-tier markets. From 2020 to 2025, per capita consumption expenditure in China’s second-tier and lower-tier cities grew at a CAGR of 7.3%, surpassing the CAGR of 4.3% in first-tier and new first-tier cities over the same period. As economy develops and urbanization rate rises in the mass market, snack and beverage retailers are accelerating their store expansion. Retail formats in mass market are gradually maturing and upgrading, with consumers’ acceptance and demands for diversified and affordable products continue to

INDUSTRY OVERVIEW

increase. Especially, the positioning of value retailers for snack and beverage as diversified and affordable, and their accessible store network that meets the consumer demands for convenient shopping in mass-market, are driving rapid growth of this market.

- *Continuous innovation in product subcategories and packaging:* As one of the most innovation-driven categories of fast-moving consumer goods, snack and beverage have shown a clear trend toward category innovation in recent years. Brands continue to launch new products in terms of flavor, formula, and nutritional benefits to strengthen user engagement. Meanwhile, packaging sizes and formats are increasingly diverse, ranging from single serve packs and family-sharing packs to on-the-go combo packs and gift boxes, covering broader consumption occasions such as travel, commuting, leisure, and gifting.

Future Trends

- *Trend of value retail for all fast-moving consumer goods:* Value retail refers to a business model that offers a focused range of high turnover products at consistently low prices. It is typically characterized by simplified store format, high operational efficiency, strict cost control, and a streamlined shopping experience that appeals to consumers with diversification and affordability consciousness. Consumers nowadays are becoming increasingly value-oriented, seeking high quality snacks at affordable prices. Value retail model meets this demand by using large-scale procurement and enhanced supply chain management to achieve cost efficiency and offers diversified and affordable products. The model not only enhances the competitiveness of retailers but also attracts a broader customer base by offering diversified quality products at lower price. This has become an inevitable development trend not only for snack and beverage, but also for all fast-moving consumer goods as well. The overall market size of value retail in terms of GMV in China reached RMB375.6 billion in 2025, and is expected to grow to RMB1,145.7 billion by 2030, at a CAGR of 25.0%, demonstrating strong market potential of the value retail model.
- *Wider application of digital capabilities:* Value retailers for snack and beverage are increasingly leveraging digital tools in areas such as product and site selection, store management, inventory scheduling, membership systems, and marketing activities. They establish transaction data systems and business analysis models to support key business decisions such as site and product selection, intelligent product replenishment, and franchisee management. This significantly enhances overall operational efficiency and market responsiveness, while providing valuable data for optimization of the digital systems and supporting store expansion and brand building. Digital capabilities are gradually becoming a critical factor in helping companies establish a long-term competitive advantage.
- *Development of private-label products:* As consumers place greater emphasis on quality and affordability, private-label products have quickly gained market recognition. Compared to traditional brands, private-label products provide distinct advantages in pricing flexibility, cost control, and product design, effectively meeting consumers’ demands for both price and quality. Additionally, private-label products help retailers achieve differentiation, enhance brand recognition and customer loyalty, and improve overall profitability through higher gross margin. Private-label has become a key strategy for retailers to establish competitive barriers. Retailers in China, including value retailers for snack and beverage, are steadily increasing their investments in private-label products. By 2024, the average number of new private-label products developed annually by each retailer has exceeded 100, with a CAGR of over 30% from 2022 to 2024. Through private-label products, retailers continue to strengthen consumer engagement, fostering opportunities for loyalty and word-of-mouth marketing.

INDUSTRY OVERVIEW

- *Collaborations with IP-related products that empower retailers to enhance brand building:* Snack and beverage, which appeal to consumers through emotional value and social attributes, are increasingly leveraging collaborations with IP partners. Leading brands are creating their own IPs, selling IP-related products, partnering with popular IPs, launching novel store formats such as IP-themed stores to offer enhanced consumer experience. With a gradual increase of disposable income and emergence of popular new IPs in China, consumers’ willingness to purchase IP-related products has risen. By collaborating with well-known IPs, snack and beverage retailers can also enhance their brand value and deepen emotional connections with consumers, ultimately building a sustainable competitive advantage.

Regional Market Analysis

The Yangtze River Delta is one of the world’s largest city clusters and one of the regions with high income level in China. This region covered 4% of the country’s total land area, and contributed 24.7% of the nation’s GDP in 2025. Consumers in this region have strong purchasing power, and demand for snack and beverage remains robust. In 2025, average per capita disposable income in the Yangtze River Delta reached RMB64,738, higher than the national per capita disposable income of RMB43,377. Value retail for snack and beverage can effectively meet this high consumption demand through extensive market coverage and efficient supply chain management. In addition to the Yangtze River Delta, the growth in Shanhe Four Provinces is also significant. The region had a population of approximately 310 million by the end of 2024, among which, Shandong, Henan, and Hebei are the second, third, and sixth most populous provinces in China, each with populations of over 70 million by the end of 2024. In recent years, driven by shifts in consumer habits and lifestyles, demand for value retail for snack and beverage in this region has also been steadily growing.

COMPETITIVE LANDSCAPE

Competitive Landscape of China’s Food and Beverage Retail Market

China’s food and beverage retail industry is highly fragmented, with top five retailers accounting for approximately 3.6% market share in terms of GMV of food and beverage in 2025.

In terms of the GMV of food and beverage in 2025, our Group is the fourth largest food and beverage retailer in China, with a 0.6% market share.

Competitive Landscape of China’s Snack and Beverage Retail Market

China’s snack and beverage retail industry is highly fragmented with more than six million stores, including hypermarkets, supermarkets, convenience stores, grocery stores, value retailers for snack and beverage, etc. In terms of the GMV of snack and beverage in 2025, our Group is the second largest snack and beverage chain retailer in China; and our brand *Haoxianglai* is the largest snack and beverage retail brand in China, recording the highest CAGR from 2023 to 2025 among the top five snack and beverage retailers and the top five snack and beverage retail brands, respectively.

INDUSTRY OVERVIEW

Top five retailers in China’s snack and beverage retail industry, in terms of GMV, 2025

Rank	Company name	GMV ² of snack and beverage, 2025	Market share, 2025	CAGR of GMV from 2023 to 2025
		RMB bn	%	%
1 . . .	Company A	92.3	2.1%	96.9%
2 . . .	Our Group	71.2	1.7%	138.0%
3 . . .	Company B	47.7	1.1%	32.3%
4 . . .	Company C	32.7	0.8%	-0.9%
5 . . .	Company D	26.3	0.6%	33.4%

Source: CIC

Notes:

- Company A is a Hong Kong-listed company founded in 2019 and headquartered in Hunan Province.
Company B is a subsidiary of a NASDAQ-listed company founded in 1962 and headquartered in the U.S.
Company C is a Hong Kong-listed company founded in 2000 and headquartered in Shanghai.
Company D is a subsidiary of a NASDAQ and Hong Kong-listed company founded in 1999 and headquartered in Zhejiang Province.
- GMV represents the total value of orders placed by consumers of snack and beverage retail business, unless otherwise stated. The value of relevant discounts and products returned is removed from the calculation of GMV. GMV here does not include that of non-snack and non-beverage products. For comparability, our Group’s GMV represents the total GMV of all brands currently under our Group (excluding non-snack and non-beverage products). Our Group’s GMV in 2023 includes the GMV of *Laopo Daren* for the full year, notwithstanding that the brand was acquired by our Group in September 2023.

Top five retail brands in China’s snack and beverage retail industry, in terms of GMV, 2025

Rank	Brand name ¹	GMV ² of snack and beverage, 2025	Market share, 2025	CAGR of GMV from 2023 to 2025
		RMB bn	%	%
1 . . .	<i>Haoxianglai</i>	65.8	1.5%	157.6%
2 . . .	Brand A	51.1	1.2%	135.4%
3 . . .	Brand B	41.3	1.0%	46.5%
4 . . .	Brand C	41.2	1.0%	68.2%
5 . . .	Brand D	32.7	0.8%	-0.9%

Source: CIC

Notes:

- Brand A is a chain retail brand established in 2019. It is operated by a Hong Kong-listed company founded in 2019 and headquartered in Hunan Province.
Brand B is a chain retail brand established in 1983. It is operated by a subsidiary of a NASDAQ-listed company founded in 1962 and headquartered in the U.S.
Brand C is a chain retail brand established in 2017. It is operated by a Hong Kong-listed company founded in 2019 and headquartered in Hunan Province.
Brand D is a chain retail brand established in 1996. Its parent company is a Hong Kong-listed company founded in 2000 and headquartered in Shanghai.
- GMV represents the total value of orders placed by consumers of snack and beverage retail business, unless otherwise stated. The value of relevant discounts and products returned is removed from the calculation of GMV. GMV does not include that of non-snack and non-beverage products.

INDUSTRY OVERVIEW

Competitive Landscape of the Market of Value Retail for Snack and Beverage in China

The market of value retail for snack and beverage in China is growing rapidly, with nearly 60,000 stores nationwide by the end of 2025. In terms of the GMV of snack and beverage in 2025, our Group is the second largest value retailer for snack and beverage in China, with a market share of 32.9%, and our flagship brand *Haoxianglai* is the largest brand of value retail for snack and beverage in China, with a market share of 30.3%. Our brand *Laopo Daren* ranked as the sixth largest brand of value retail for snack and beverage in China during the same period, with a market share of 2.5%.

Top five value retailers for snack and beverage in China, in terms of GMV, 2025

Rank	Company name ¹	GMV ² of snack and beverage, 2025	Market share, 2025
		RMB bn	%
1 . . .	Company A	92.3	42.6%
2 . . .	Our Group	71.2	32.9%
3 . . .	Company E	16.8	7.7%
4 . . .	Company F	11.0	5.1%
5 . . .	Company G	5.1	2.4%

Source: CIC

Notes:

- Company E is a private company founded in 2019 and headquartered in Sichuan Province.
Company F is a private company founded in 2011 and headquartered in Fujian Province.
Company G is a private company founded in 1996 and headquartered in Hunan Province.
- GMV represents the total value of orders placed by consumers of snack and beverage retail business, unless otherwise stated. The value of relevant discounts and products returned is removed from the calculation of GMV. GMV here does not include that of non-snack and non-beverage products.

Top five brands of value retail for snack and beverage in China, in terms of GMV, 2025

Rank	Brand name ¹	GMV ² of snack and beverage, 2025	Market share, 2025
		RMB bn	%
1 . . .	Haoxianglai	65.8	30.3%
2 . . .	Brand A	51.1	23.6%
3 . . .	Brand C	41.2	19.0%
4 . . .	Brand E	16.8	7.7%
5 . . .	Brand F	11.0	5.1%

Source: CIC

Notes:

- Brand E is a brand of value retail for snack and beverage established in 2019. It is operated by a private company founded in 2019 and headquartered in Sichuan Province.
Brand F is a brand of value retail for snack and beverage established in 2011. It is operated by a private company founded in 2011 and headquartered in Fujian Province.
- GMV represents the total value of orders placed by consumers of snack and beverage retail business, unless otherwise stated. The value of relevant discounts and products returned is removed from the calculation of GMV. GMV here does not include that of non-snack and non-beverage products.

INDUSTRY OVERVIEW

The Yangtze River Delta offers favorable conditions for value retail for snack and beverage to develop, backed by its dense population, robust consumer spending and well-established supply chains. Over the past years, value retail for snack and beverage in the Yangtze River Delta has experienced rapid development and become one of the most active regions of industry growth. In 2025, our Group was the largest value retailer for snack and beverage in the Yangtze River Delta with a market share of approximately 63% and GMV of 2.3 times that of the second-largest competitor.

Shanhe Four Provinces has a large population and is one of the key areas for continued expansion of value retail for snack and beverage. Compared to more saturated markets in Central China and South China regions, the market of value retail for snack and beverage in Shanhe Four Provinces still has significant growth potential. In terms of GMV of snack and beverage in 2025, our Group was the largest value retailer for snack and beverage in Shanhe Four Provinces, with a market share of around 55%. Its GMV of snack and beverage in 2025 was 1.6 times that of the second-largest competitor in the region, and it also surpassed the combined GMV of snack and beverage of the second to fifth-largest competitors in the region.

Industry challenges

- *Stricter food safety regulations:* In recent years, the government has strengthened food safety regulations and enforcement, requiring companies to prioritize food safety management and compliance across all stages of their operations. At the same time, consumer awareness of food safety has risen, with growing expectations regarding the sourcing of raw materials, production processes, product quality and consistency. Companies need to reinforce their food safety control systems at critical stages, including raw material sourcing, production and distribution, while enhancing traceability, consistency, and risk mitigation throughout the entire supply chain.
- *Fast-changing consumer demand:* As consumer preferences become increasingly diverse, there is a growing emphasis on product quality, packaging design, frequent product iterations and unique experiences. The accelerating pace of product development demands that companies possess strong capabilities in trend analysis, as well as efficient product and supply chain management. Delayed responses can lead to product misalignment, inventory buildup and heightened operational pressure.

Entry Barriers and Key Success Factors

- *Product capabilities:* Consumers continuously seek novel and differentiated snack and beverage products. Therefore, it's crucial to a company's success to stay attuned to market trends, continuously launching products that meet evolving consumer needs. Additionally, snack and beverage products must meet consumers' expectations for both diversification and affordability. Through meticulous product selection, optimized procurement and product assortments, retailers can better cater to different consumer demands.
- *Brand awareness and consumer engagement:* Brand awareness is one of the key factors for a company to seize market share and achieve a long-term competitive advantage in the snack and beverage retail industry. Consumers tend to favor retail brands with high recognition, strong consumer confidence, and solid reputation. Through marketing and membership management, brands attract a large number of loyal customers and boost repurchases. As the market deepens segmentation, snack and beverage retail companies focus on enhancing brand differentiation and increasing brand awareness by developing unique brand images and driving innovation in product portfolios and store formats.
- *Supply chain capabilities:* Efficient supply chain capabilities, especially in warehousing and logistics, are crucial for success in the snack and beverage retail industry. Due to fast turnover of products and broad sales coverage, an optimized supply chain reduces operating costs and ensures timely product delivery to consumers. By streamlining supply chain processes and direct sourcing, retailers can improve operational efficiency and increase supply flexibility.

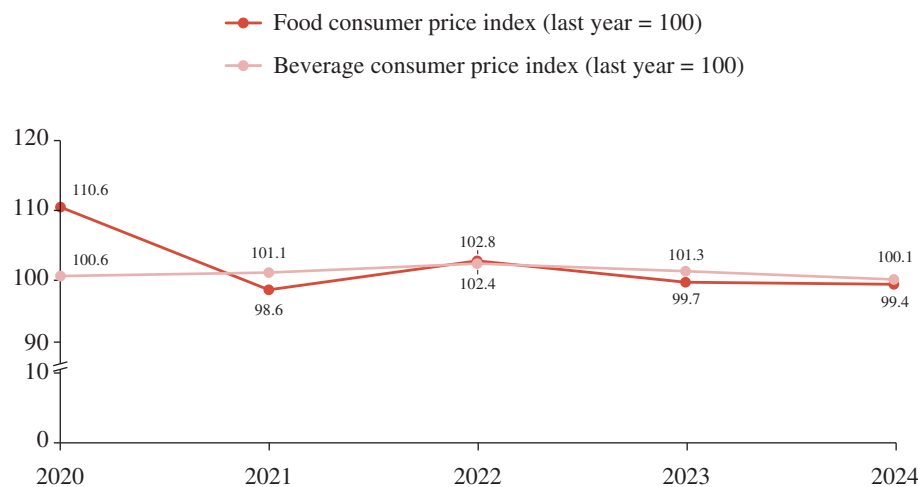
INDUSTRY OVERVIEW

- *Dense and extensive store network:* A broad and dense store network is essential for the success of snack and beverage retail companies. By improving store coverage nationwide, companies can reach a broader consumer base, boost brand exposure, and increase market penetration. Store footprint should be closely aligned with the characteristics and needs of the target consumer groups, ensuring the brand can penetrate various regions and markets, thereby strengthening its competitiveness.
- *Store managerial capabilities and operational efficiency:* A highly efficient store management system and operational support are essential for ensuring smooth store operations and boosting sales performance. Through deep collaboration with franchisees, retailers can provide comprehensive supports for branding, procurement, warehousing and logistics, and product selection, thereby improving franchisees’ operational efficiency and profitability. Effective franchisee management ensures consistent store operations and execution, while the company’s optimized resource allocation maximizes store-level operational efficiency, leading to higher profits for franchisees and driving overall business growth.
- *Digitalization and intelligence capabilities:* Digitalization plays an increasingly important role in the modern retail industry. By implementing fully digitalized systems throughout the entire process, retailers can enable comprehensive data-driven management, spanning from supply chain operations to customer service. Digitalization boosts operational efficiency and provides insights into consumer shopping habits and preferences, driving more traffic and improving overall customer experience. Furthermore, it fosters efficient collaboration among brands, franchisees and suppliers, facilitating optimization across the value chain.

COST ANALYSIS

China’s consumer price index for food and beverage remained relatively stable in the past five years, despite a decrease in the food index from 2020 to 2021 due to factors such as COVID-19. Following 2021, the overall market has rebounded as society returned to normal operations, restoring the consumer price index for food to a more balanced level. Looking ahead, the price of food and beverage is expected to remain stable, with moderate fluctuations in line with broader economic conditions.

Consumer price index of food and beverage, China, 2020-2024 (last year=100)



Source: National Bureau of Statistics, CIC

With the growth of China’s economy, the average annual wage of employees in the urban private sector of the wholesale and retail industry has risen from RMB53,018 in 2020 to RMB67,059 in 2024. This upward trend is expected to continue, driven by ongoing economic development, reflecting both sustained economic development and improvements in workforce quality.

INDUSTRY OVERVIEW

OVERVIEW OF CHINA’S EDIBLE FUNGI MARKET

Edible fungi refer to large fungi that are typically used for culinary and/or medicinal purposes. They come in a wide range of varieties. Currently, the types of edible fungi that can be cultivated artificially are primarily classified into two categories: wood-decay fungi and grass-decay fungi. This classification is based on the different nutritional sources and materials used for cultivation. Wood-decay fungi primarily use sawdust and similar materials as main nutrient sources, including enoki mushrooms, *hypsizygus tessulatus*, and velvet antler mushrooms. Grass-decay fungi mainly utilize straw and other herbaceous materials as nutrient sources, with representative species such as *volvariella volvacea* and *portabellia*.

Driven by favorable policies and growing consumer demand, the development of the edible fungi market in China is progressing steadily. The total output value of edible fungi in China was RMB346.5 billion in 2020 and RMB442.7 billion in 2025, with a CAGR of 5.0% from 2020 to 2025. It is projected that the total output value will reach RMB545.6 billion by 2030, with a CAGR of 4.3% from 2025 to 2030. As the market continues to grow, China’s edible fungi industry is expected to witness continued market demand growth, a shift towards increased standardization and intelligence, and advancements in technological innovation.

China’s edible fungi industry constitutes a substantial yet fragmented market. The overall market concentration remains low, as companies focus on distinct regional markets and establish differentiated production strengths. Looking ahead, advancements in cultivation technology and innovation will be the primary drivers enhancing competitiveness and sustainable growth.

SOURCES OF THE INDUSTRY INFORMATION

We engaged CIC, an independent market research consultant, to conduct an analysis of, and to prepare a report on, the snack and beverage retail market and the market of value retail for snack and beverage in China for use in this document, which was commissioned by us for a fee of RMB1,258,644. CIC prepared its report based on data released by government institutions and non-government organizations and its primary and secondary research. CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviews with key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics of China, and the International Monetary Fund.

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

REGULATORY OVERVIEW

PRC LAWS AND REGULATIONS

We are subject to a variety of PRC laws, regulations and rules affecting many aspects of our business. This section summarizes major PRC laws, regulations and rules that are relevant to our business operations.

COMPANY AND FOREIGN INVESTMENT

The PRC Company Law (中華人民共和國公司法), which was promulgated by the Standing Committee of the PRC National People’s Congress, or the SCNPC, and last revised on December 29, 2023 and became effective on July 1, 2024, applies to both PRC domestic companies and foreign-invested enterprises with respect to their establishment, organizational structure and management, etc. Under the PRC Company Law, a listed company shall disclose information about its shareholders and ultimate controllers, and such information must be true, accurate and complete. The PRC Company Law also stipulates the qualifications and obligations of a company’s directors and senior managers.

On March 15, 2019, the PRC National People’s Congress, or the NPC, adopted the PRC Foreign Investment Law (中華人民共和國外商投資法) (the “Foreign Investment Law”), which became effective on January 1, 2020. The Foreign Investment Law is applicable to the foreign investments within the territory of the PRC, including the investment activities directly or indirectly conducted by a foreign enterprise. Moreover, investments to be made by foreign investors and foreign-owned enterprises in the PRC shall comply with the Special Administrative Measures (Negative List) for Access of Foreign Investments (2024 Edition) (外商投資准入特別管理措施(負面清單)(2024年版)) (the “Negative List”), which was promulgated on September 6, 2024 by the NDRC, and the MOFCOM, and became effective on November 1, 2024. Industries not listed in the Negative List are generally deemed “permitted” for foreign investments.

On December 30, 2019, the MOFCOM and the SAMR, jointly promulgated the Measures for Reporting of Foreign Investment Information (外商投資信息報告辦法), which became effective on January 1, 2020. Pursuant to these Measures, where a foreign investor directly or indirectly carries out investment activities in the PRC, the foreign investor or the foreign-invested enterprise shall submit investment information, including initial reports, change reports, cancellation reports, and annual reports, etc., to the competent commercial authority for further handling.

COMMERCIAL FRANCHISE OPERATIONS

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

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

FOOD SAFETY AND PRODUCTION

Food Safety

On February 28, 2009, the SCNPC promulgated the PRC Food Safety Law (中華人民共和國食品安全法) (the “Food Safety Law”), which came into effect on June 1, 2009, last amended on September 12, 2025 and will take effect on December 1, 2025. On July 20, 2009, the State Council promulgated the Implementing Regulations of the Food Safety Law (中華人民共和國食品安全法實施條例), which was last amended on October 11, 2019 and came into effect on December 1, 2019. According to the Food Safety Law as amended on April 29, 2021 and the Implementing Regulations of the Food Safety Law, food producers and operators shall engage in food production and operation activities in compliance with these laws, regulations and food safety standards, establish a sound food safety management system, and take effective measures to prevent and control food safety risks, thus ensuring food safety.

Moreover, the PRC has established a food safety traceability system. According to the applicable laws and regulations above, food producers and operators shall establish a whole-process food safety traceability system, and truthfully record and keep information on procurement inspection, pre-delivery examination, food sales, etc. in accordance with the requirements, so as to ensure the traceability of food products.

On December 24, 2021, the SAMR published the Measures for the Administration of Supervision and Inspection of Food Production and Marketing (食品生產經營監督檢查管理辦法), which became effective on March 15, 2022. The Measures require that food producers or traders shall be responsible for the safety of the food they produce or market, and actively cooperate with the SAMR in carrying out supervision and inspection.

Food Production and Operation Licensing

According to the Food Safety Law and the Implementing Regulations of the Food Safety Law, the PRC implements a licensing system for the food production, food operation and food additives. Enterprises engaging in food production, sales and catering services shall obtain permits in accordance with law.

According to the Administrative Measures of Food Production Licensing (食品生產許可管理辦法), which was promulgated by the State Food and Drug Administration on August 31, 2015, last amended on January 2, 2020 by the SAMR and came into effect on March 1, 2020, food production licensing is based on the principle of one license for one entity, which means the same food producer engaging in food production activities shall obtain one food production permit. The relevant authorities shall implement classified licensing for food production according to the risk level of the food.

According to the Measures for the Administration of Food Operation Licensing and Registration (食品經營許可和備案管理辦法), promulgated by the SAMR on June 15, 2023 and coming into effect on December 1, 2023, the SAMR shall be responsible for guiding the national administration of food operation licensing and registration. Except for certain statutory circumstances, anyone who engages in food sales and catering services within the territory of the PRC shall obtain a food operation permit in accordance with law. One who only sells prepackaged food shall make registration with the local market regulatory department at or above the county level where it is located. Food operators engaging in food business activities at different business

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locations shall obtain food operation permits or make registrations separately in accordance with law. Applications for food operation permits shall be made based on the main business forms of the applicants and the categories of the business items.

Food production permits and food operation permits are valid for five years. If the production or operation conditions of a food producer or operator change and no longer satisfy the requirements for food production or operation, the food producer or operator shall immediately take corrective measures and shall re-apply for the permit in accordance with law if necessary. For packaging materials with direct contact with food and other food-related products with higher risks, the production licensing shall be implemented in accordance with the relevant administrative provisions of the State on production licenses for industrial products. A food producer or operator engaging in food production and operation activities without obtaining a food production permit or a food operation permit may be subject to confiscation of illegal gains, illegally produced and operated food and food additive products, and tools, facilities and raw materials used for illegal production and operation. In addition, it may be subject to fines, orders of suspension of production and/or operation, detention, or even criminal penalties.

According to the Edible Fungus Strains Management Measures (食用菌菌種管理辦法), promulgated by the Ministry of Agriculture of the PRC (now defunct) on March 27, 2006 last amended on April 29, 2015 and became effective on the same day, entities and individuals engaged in the production and operation of edible fungus strains must obtain an Edible Fungus Strains Production and Operation License.

Food Recall System

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

Pursuant to the Measures for the Administration of Food Recalls (食品召回管理辦法) promulgated by the China Food and Drug Administration (now the SAMR) on March 11, 2015 last amended on October 23, 2020 and became effective on the same day, food producers and operators shall assume primary responsibilities for food safety, establish and improve relevant management systems, collect and analyze food safety information, and fulfill the obligations to suspend the production and operation, recall, and disposal of unsafe food. Where food producers or operators find that their produced or operated food products are unsafe, they must immediately cease the production and operation, urge the customers to stop consumption by way of notices or announcements, and take necessary measures to prevent food safety risks.

Food producers and operators who violate the provisions on the suspension of production and operation, recall and disposal of unsafe food products may be subject to warnings, fines and other punishments from the market supervision and management department.

Food Labeling Management

According to the Food Safety Law, prepackaged food shall be labeled. The labels shall include the following items: (1) name, specification, net weight, and production date; (2) content or ingredient table; (3) name, address, and contact information of the producer; (4) best before date; (5) the standards code of the product; (6) storage conditions; (7) generic names of food additives used under the national standards; (8) the production license number; and (9) other items that are required by laws, regulations and food safety standards. Food operators shall sell food products in accordance with warning marks, warning specifications or cautions stated on labels thereof.

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In order to better implement the relevant provisions of the Food Safety Law, on April 20, 2011, the Ministry of Health of the PRC (now the National Health Commission of the PRC, or the “NHC”) issued the National Food Safety Standard General Rules for the Labeling of Prepackaged Food (食品安全國家標準預包裝食品標籤通則) (GB 7718-2011) (the “Standard General Rules”), which came into effect on April 20, 2012. On March 16, 2025, the NHC and SAMR issued the National Food Safety Standard General Rules for the Labeling of Prepackaged Food (食品安全國家標準預包裝食品標籤通則) (GB 7718-2025) (the “Revised Standard General Rules”), which revised and further standardized, among other things, the basic requirements for food labeling, the labeling method of food additives, the classification and labeling of the ingredient list, and the labeling requirements for food containing allergenic substances. The Revised Standard General Rules will become effective on March 16, 2027.

PRODUCTION SAFETY

On June 29, 2002, the SCNPC promulgated the PRC Production Safety Law of the PRC (中華人民共和國安全生產法) (the “Production Safety Law”), which was last amended on June 10, 2021 and became effective on September 1, 2021. In accordance with the Production Safety Law, the PRC implements a system of accountability for production safety accidents. Production and operation units must implement national or industry standards formulated in accordance with the law to ensure safe production, and provide safe production conditions that meet the requirements of laws, administrative rules, and national or industry standards. Production and business units shall set up conspicuous safety warning signs in production and business sites and relevant facilities and equipment with relatively high potential hazard. The design, manufacture, installation, use, testing, maintenance, transformation, and scrapping of safety equipment shall comply with national or industry standards.

PRODUCT QUALITY AND PRODUCT LIABILITY

On February 22, 1993, the SCNPC promulgated the Product Quality Law of the PRC (中華人民共和國產品質量法) (the “Product Quality Law”), which was last amended and took effect on December 29, 2018. According to the Product Quality Law, producers and sellers shall establish and improve their internal product quality management systems, and rigorously implement job post-related quality standards, and quality responsibilities and corresponding measures for their assessment. Both producers and sellers shall be responsible for product quality in accordance with law. The State, with respect to product quality, adopts a supervision and inspection system with random inspection as the main method. The products that may endanger human health and personal or property safety, the important industrial products that influence the national economy and the people’s livelihood, and the products that have been reported by consumers or relevant organizations as defective in quality are subject to random inspection. No producer or seller may reject any supervision or inspection over product quality that is carried out in accordance with the law.

Pursuant to the PRC Civil Code (中華人民共和國民法典) promulgated by the NPC on May 28, 2020 and effective as of January 1, 2021, a manufacturer shall bear tort liability if its product causes damage to others due to a defect. If a defect is found in a product after it has been put into circulation, the manufacturer and the seller shall take remedial measures in a timely manner including withdrawal from sale, alerts, and recalls. In the event of expanded damage arising from a failure to take remedial measures in a timely manner or inadequate remedial measures, the manufacturer and the seller shall also be liable for the aggravated part of the damage.

PROTECTION OF CONSUMER RIGHTS AND INTERESTS

On October 31, 1993, the SCNPC promulgated the Consumer Rights and Interests Protection Law of the PRC (中華人民共和國消費者權益保護法) (the “Consumer Rights and Interests Protection Law”), which was last amended on October 25, 2013 and became effective on March 15,

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2014. On March 15, 2024, the State Council promulgated the Regulation on the Implementation of the Consumer Rights and Interests Protection Law of the PRC (中華人民共和國消費者權益保護法實施條例), which was implemented on July 1, 2024.

According to the Consumer Rights and Interests Protection Law, consumers, when purchasing and utilizing commodities or receiving services, enjoy the inviolable right of personal and property safety. Consumers have the right to demand the operators to provide commodities or services in compliance with the requirements of ensuring personal and property safety. Business operators shall adhere to the principle of voluntariness, equality, fairness, honesty and credibility when dealing with consumers. Consumers who suffer personal or property damages as a result of purchasing or utilizing goods or receiving services are entitled to compensation in accordance with the law.

ADVERTISEMENT

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

ANTI-UNFAIR COMPETITION

On September 2, 1993, the SCNPC promulgated the PRC Anti-unfair Competition Law (中華人民共和國反不正當競爭法) (the “Anti-unfair Law”), which was last amended on June 27, 2025, and will take effect on October 15, 2025. According to the Anti-unfair Law, as amended on April 23, 2019, a business shall, in its production and distribution activities, adhere to the free will, equality, fairness, and good faith principles, and abide by laws and business ethics. A business shall not conduct any false or misleading commercial publicity in respect of the performance, functions, quality, sales, user reviews, and honors received of its commodities, in order to defraud or mislead consumers.

On August 30, 2007, the SCNPC promulgated the PRC Anti-Monopoly Law (中華人民共和國反壟斷法), which was amended on June 24, 2022 and became effective on August 1, 2022. The PRC Anti-Monopoly Law is applicable to monopolistic behaviors which include business operators reaching a monopoly agreement, business operators abusing their dominant market position, and business operators’ concentration that has or may have the effect of eliminating or restricting competition. Pursuant to this Law, business operators may not use data and algorithms, technology, capital advantages or platform rules to engage in monopolistic practices prohibited by this Law.

According to the Price Law of the PRC (中華人民共和國價格法) (the “Price Law”) promulgated by the SCNPC on December 29, 1997 and took effect from May 1, 1998, the production and operation costs and the market supply and demand situation should be the fundamental basis for the operator to determine the price. When selling or purchasing goods and providing services, the operator shall clearly indicate the price and indicate the name, origin of production, specifications, grade, valuation unit and price of a commodity, or service item, charging standards and other related particulars in accordance with the requirements of the competent government price department. Any operator engaged in the act of illegitimate pricing stipulated by the Price Law shall be ordered to make corrections, have the illegal income be confiscated, and may be imposed a fine of no more than five times of its illegal income; if the circumstances are serious, the business combination shall be ordered to suspend for rectification, or the administrative

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department for industry and commerce shall revoke the business license. In addition, any operator who causes consumers or other operators to pay higher prices due to illegal pricing acts should refund the overpaid portion; if damage is caused, it shall be liable for compensation according to law.

INFORMATION SECURITY AND DATA PROTECTION

The PRC Data Security Law (中華人民共和國數據安全法) (the “Data Security Law”) was passed on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law requires a data processor to establish and improve a whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities using the Internet or any other information networks, a data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of business permits or even criminal liabilities.

The PRC Personal Information Protection Law (中華人民共和國個人信息保護法) (the “Personal Information Protection Law”) was promulgated on August 20, 2021 and came into effect on November 1, 2021. Instead of relying solely on “notification and consent” as established in the PRC Cybersecurity Law (“Cybersecurity Law”), the Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (i) the individual’s consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a party; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect a natural person’s life, health and property safety under emergency circumstances; (v) the personal information that has been made public is processed within a reasonable scope in accordance with the Personal Information Protection Law; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. Any violation of the provisions and requirements under the Personal Information Protection Law may subject a personal information processor to rectifications, warnings, fines, suspension of the related business, revocation of licenses, inclusion in relevant credit record, or even criminal liabilities.

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

On April 13, 2020, thirteen PRC governmental and regulatory agencies, including the CAC, promulgated the Measures for Cybersecurity Review (網絡安全審查辦法), which was last amended on December 18, 2021, and came into effect on February 15, 2022. The Measures for Cybersecurity Review specifies that an online platform operator that possesses the personal information of more than one million users must apply for cybersecurity review by the Cybersecurity Review Office, if it plans on listing in foreign countries. The Cybersecurity Review Office may initiate a cybersecurity review if any network products and services, activities of data processing or overseas listing of companies affects or may affect national security. Pursuant to the Measures for Cybersecurity Review, any violation shall be punished in accordance with the Cybersecurity Law and the Data Security Law, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties and suspension of non-compliant operations.

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On September 24, 2024, the State Council promulgated the Regulations on Network Data Security Management (網絡數據安全管理條例), which came into force on January 1, 2025. This regulation clarifies the general provisions on network data security management, and also further supplements and refines the specific requirements on personal information protection, important data security management, cross-border security management of network data, and obligations of network platform.

MANAGEMENT OF REAL PROPERTY

State-Owned Land

According to the Regulations on the Implementation of the PRC Land Administration Law (中華人民共和國土地管理法實施條例) promulgated by the State Council on December 27, 1998, last amended on July 2, 2021 and became effective on September 1, 2021, in order to use state-owned land, the user should acquire the land in the form of paid use, including transfer of state-owned land use right.

Leased Property

The Administrative Measures for Commodity Housing Tenancy (商品房屋租賃管理辦法), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective on February 1, 2011, stipulates that within thirty days from execution of a property lease contract, the parties to the contract shall complete property leasing registration with the competent construction (real estate) department of the local government where the leased property is located. If an organization fails to perform this obligation, the competent construction (real estate) departments shall urge the organization to make corrections within a specified time limit, and shall impose a fine between RMB1,000 and RMB10,000 on the organization if it fails to make corrections within the time limit.

FOREIGN EXCHANGE

The principal regulations governing foreign exchange in China are the PRC Regulations on Foreign Exchange Administration (中華人民共和國外匯管理條例) (the “Foreign Exchange Regulations”), which was promulgated by the State Council and became effective on August 5, 2008. Under the Foreign Exchange Regulations, payments of current account items (such as profit distributions and trade and service-related foreign exchange transactions) may be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or the SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate governmental authorities is required for conversion of Renminbi into foreign currencies and remittance of foreign currencies out of the PRC under capital account items such as direct investments, repayments of overseas loans, and investments in overseas securities markets.

According to the Circular on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the “SAFE Circular 19”) promulgated by the SAFE and last amended on March 23, 2023, and the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (the “SAFE Circular 16”) promulgated by the SAFE and amended on December 4, 2023, the flow and use of Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than its affiliates unless otherwise permitted under its business scope.

In October 2019, the SAFE issued the Circular of Further Facilitating Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知) (the “SAFE Circular 28”), which was partially amended on December 4, 2023. The SAFE Circular 28 cancels the

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restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in the PRC, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知) issued by the SAFE on April 10, 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements.

ENVIRONMENTAL PROTECTION

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

FIRE CONTROL

According to the Fire Prevention Law of the People’s Republic of China (中華人民共和國消防法) (the “Fire Prevention Law”) promulgated by the SCNPC on April 29, 1998 and latest amended on April 29, 2021, and the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (建設工程消防設計審查驗收管理暫行規定) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on April 1, 2020 and latest amended on August 21, 2023, special construction projects that fail to undergo or pass the fire protection acceptance check are prohibited from being put into use. Construction projects other than special construction projects shall go through the fire safety acceptance filing, and the competent housing and urban-rural development authorities shall conduct random inspections on the fire safety acceptance of other construction projects filed. If the construction projects fail to pass the random inspection on fire safety acceptance, such projects shall be suspended from use. Any special construction projects put into use without passing the fire protection acceptance check, or failure to suspend the use of any construction projects other than special construction projects which fail to pass the random inspection on fire safety acceptance, shall be ordered to discontinue the construction, use, production or operation and be fined not less than RMB30,000 but not more than RMB300,000. Any constructing entity fails to go through the fire safety acceptance filing for any construction projects other than special construction projects shall be ordered to make corrections and imposed a fine of not more than RMB5,000 by the competent housing and urban-rural development authorities.

Pursuant to the Fire Prevention Law, the constructing entity or the entity occupying the facility shall apply to the fire prevention and rescue department of the local people’s government at or above the county level for a fire safety inspection before a public gathering place is put into

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use or opens for business. Any public gathering place put into use or operated without passing the fire safety inspection or without satisfying the fire safety requirements, shall be ordered to discontinue the construction, use, production or operation and be fined not less than RMB30,000 but not more than RMB300,000.

SECURITIES LAW AND OVERSEAS OFFERING AND LISTING OF SHARES

On December 29, 1998, the SCNPC promulgated the PRC Securities Law (中華人民共和國證券法), which was last amended on December 28, 2019 and took effect on March 1, 2020. The PRC Securities Law regulates activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The PRC Securities Law states that domestic enterprises that seek to issue securities abroad directly or indirectly or to list their securities abroad for trading shall comply with the relevant provisions of the State Council.

Pursuant to the Trial Measures for the Administration of Overseas Offering and Listing of Securities by Domestic Enterprises (境內企業境外發行證券和上市管理試行辦法) promulgated by the CSRC on February 17, 2023 and effective as of March 31, 2023, direct or indirect issuance of securities overseas by a domestic company or listing of its securities overseas is subject to the regulations of the CSRC, and in the case of an initial public offering of shares or listing overseas, the issuer or the designated entity shall file with the CSRC within three business days after the application for the initial public offering is submitted.

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

TAXATION

Enterprise Income Tax

According to the PRC Law on Enterprise Income Tax (中華人民共和國企業所得稅法) (the “EIT Law”), which was promulgated by the SCNPC on March 16, 2007, last amended and became effective on December 29, 2018, and the Implementing Regulations of the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例) (the “EIT Implementing Regulations”), which was promulgated by the State Council on December 6, 2007, last amended on December 6, 2024 and became effective on January 20, 2025, enterprises are classified into resident enterprises and non-resident enterprises. The EIT Law generally imposes a uniform enterprise income tax rate of 25% on all resident enterprises in China, including foreign-invested enterprises. However, the income from engaging in projects of agriculture, forestry, animal husbandry and fisheries of enterprises may be entitled to exemption or reduction of enterprise income tax.

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Value-Added Tax

All entities and individuals engaged in the sales of goods, provision of processing, repairs and replacement services, the sales of service, intangible assets and real estate, and the importation of goods within the territory of the PRC shall pay value-added tax (the “VAT”) in accordance with the Interim Value-added Tax Regulations of the PRC (中華人民共和國增值稅暫行條例) (the “VAT Regulations”), which was promulgated by the State Council on December 13, 1993, last amended and became effective on November 19, 2017, and the Implementing Rules for the Interim Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例實施細則), which was promulgated by the MOF on December 15, 2008, last amended on October 28, 2011, and took effect on November 1, 2011.

Vegetables sold by taxpayers who engage in the wholesale and retail of vegetables shall be exempted from VAT in accordance with the Circular on Issues Concerning the Exemption of Value-Added Tax on Vegetables in Circulation (關於免徵蔬菜流通環節增值稅有關問題的通知), which was jointly promulgated by the State Administration of Taxation and Ministry of Finance on December 31, 2011 and became effective on January 1, 2012.

On December 25, 2024, the SCNPC issued the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》) (the “VAT Law”), which will be formally implemented on January 1, 2026. The VAT Law reaffirms the provisions of the VAT Regulations and make revisions to aspects such as taxable activities, tax jurisdiction, deemed sales, non-taxable items, simplified taxation, withholding obligations, input tax, non-deductible input tax, mixed sales, and carry-over and refund of input tax.

Dividends Distribution

Pursuant to the PRC Individual Income Tax Law (中華人民共和國個人所得稅法), which was last amended on August 31, 2018, and became effective on January 1, 2019, and the Implementation Provisions of the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法實施條例), which was last amended on December 18, 2018, and became effective on January 1, 2019, dividends distributed by PRC enterprises to individuals shall be subject to individual income tax levied at a flat rate of 20%.

Pursuant to the EIT Laws and the EIT Implementing Regulations, a non-PRC resident enterprise is subject to a reduced 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists its shares in Hong Kong. If a non-PRC resident enterprise either does not have an establishment or place of business in the PRC, or has such establishment or place of business in the PRC but its PRC-sourced income is not effectively connected with the establishment or place of business, the income tax payable by the non-PRC resident enterprise shall be withheld at source.

EMPLOYMENT, SOCIAL INSURANCE, AND HOUSING PROVIDENT FUND

Employment

According to the PRC Labor Law (中華人民共和國勞動法), which was promulgated by the SCNPC on July 5, 1994, last amended and became effective on December 29, 2018, an employer shall develop and improve its rules and regulations to safeguard the rights of its employees, who are entitled to fair employment, choice of occupation, labor remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare, and certain other rights.

On June 29, 2007, the SCNPC promulgated the PRC Labor Contract Law (中華人民共和國勞動合同法) (the “Labor Contract Law”), which was amended on December 28, 2012 with effect from July 1, 2013, and the State Council promulgated the Implementing Regulations of the Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例) with immediate effect from

REGULATORY OVERVIEW

September 18, 2008. Pursuant to the Labor Contract Law and its Implementing Regulation, a written labor contract shall be executed by an employer and an employee when the employment relationship is established. Employers are forbidden to force or in a disguised manner force employees to work beyond the time limit, and employers shall pay employees for overtime work in line with related state rules and regulations. In addition, labor wages shall not be lower than local standards on minimum wages and shall be paid to employees in a timely manner.

Social Insurance and Housing Provident Fund

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

On July 31, 2025, the Supreme People’s Court of the PRC issued 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”), which took effect from September 1, 2025. Pursuant to 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.

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

INTELLECTUAL PROPERTY

Trademark

Pursuant to the PRC Trademark Law (中華人民共和國商標法) (the “**Trademark Law**”), which was promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and became effective on November 1, 2019, and the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例), which was adopted by the State Council on August 3, 2002, last amended on April 29, 2014, and became effective on May 1, 2014, the trademark registrants shall be entitled to the right to the exclusive use of their registered trademarks and shall be protected

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by law. A registered trademark is valid for a term of ten years commencing on the date of registration approval, and the term is renewable. The trademark registrant may, by concluding a trademark licensing contract, authorize other persons to use its registered trademark.

Patents

According to the PRC Patent Law (中華人民共和國專利法) promulgated by the SCNPC on March 12, 1984 and most recently amended on October 17, 2020, coming into effect on June 1, 2021, and the Implementation Rules of the PRC Patent Law (中華人民共和國專利法實施細則), promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and effective from January 20, 2024, invention patents are valid for twenty years, utility model patents are valid for ten years, and design patents are valid for fifteen years, in each case from the date of application.

Copyright

In accordance with the PRC Copyright Law (中華人民共和國著作權法), which was promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020, and became effective on June 1, 2021, works of PRC nationals, legal persons and other organizations, whether published or not, and works of non-PRC nationals or stateless persons which are first published in the territory of the PRC, shall enjoy copyright under this Law. Unless otherwise provided for by this Law, the copyright in a work shall be owned by its author. An author’s rights of authorship, modification and integrity in respect of his/her work shall continue in perpetuity.

Domain Names

Domain names are protected under the Administrative Measures for Internet Domain Names (互聯網域名管理辦法) issued by the Ministry of Industry and Information Technology, or the MIIT, on August 24, 2017 and effective from November 1, 2017, and the Implementing Rules for National Top-level Domain Registration (國家頂級域名註冊實施細則) issued by China Internet Network Information Center on June 18, 2019, which became effective on the same day. The MIIT is the main regulatory body responsible for the administration of the PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our Company was established under the laws of the PRC on December 21, 2011. Our business initially focused on industrialized cultivation of edible fungi. In 2022, we began our strategic expansion into snack and beverage retail market and have become the second-largest snack and beverage retailer in China in terms of GMV of snack and beverage in 2025, with our GMV increasing at a CAGR of 156.4% from 2023 to 2025, according to CIC. Our nationwide brand *Haoxianglai* was the first brand of value retail for snack and beverage to surpass 10,000 stores nationwide in China in 2024, according to the same source.

The shares in our Company were previously listed on the NEEQ on August 18, 2015 (former stock code: 833260). We voluntarily delisted from NEEQ on January 6, 2021 in anticipation of our listing on the ChiNext Market of the Shenzhen Stock Exchange. On April 19, 2021, our A Shares became listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300972). See “— Prior Listing on the NEEQ and Delisting” and “— Corporate Development and Major Changes in Share Capital and Shareholdings — A Share Listing” below for more details.

KEY MILESTONES

The following table shows our key business development milestones since our inception.

Year	Event
2011	• Our Company was established.
2014	• Our Company was converted into a joint stock company with limited liability.
2015	• Our shares began trading on the NEEQ in the PRC (former stock code: 833260)
2021	• Our Company voluntarily delisted from the NEEQ in January 2021. Our Company’s A Shares were listed on the ChiNext Market of Shenzhen Stock Exchange (Stock Code: 300972).
2022	• We began our strategic expansion into snack and beverage retail market in August. • We acquired the brand <i>Lu Xiao Chan</i> . • In December, we acquired the brand <i>Haoxianglai</i> and brought in its management team. • In December, we acquired the brand <i>Lai You Pin</i> and brought in its management team.
2023	• In June, we acquired the brand <i>Ya Di Ya Di</i> and brought in its management team. • In September, we acquired the brand <i>Laopo Daren</i> and brought in its management team. • In October, we consolidated <i>Lu Xiao Chan</i> , <i>Haoxianglai</i> , <i>Lai You Pin</i> and <i>Ya Di Ya Di</i> into our nation-wide brand, <i>Haoxianglai</i> .
2024	• We expanded our retail network to more than 10,000 stores nationwide.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR MAJOR SUBSIDIARIES

Details of each of our Major Subsidiaries which made a material contribution to our results of operations during the Track Record Period are set out below.

Name of subsidiary	Place of incorporation	Date of establishment and commencement of business	Shareholding Percentage by the Company and/or its subsidiary ⁽¹⁾	Principal business activities
Nanjing Jinwanchen	PRC	November 26, 2013	100%	Sale and production of edible fungi
Nanjing Wanxing	PRC	August 1, 2022	52.00%	Sale of snack and beverage
Nanjing Luxiaochan	PRC	September 9, 2022	100%	Sale of snack and beverage
Zhangzhou Luxiaochan.	PRC	December 1, 2022	100%	Sale of snack and beverage
Nanjing Wanhao	PRC	November 25, 2022	100%	Sale of snack and beverage
Nanjing Wanhao Supply Chain . .	PRC	November 29, 2022	100%	Sale of snack and beverage
Taizhou Haoxianglai	PRC	May 16, 2024	100%	Sale of snack and beverage
Taizhou Wanhao	PRC	December 1, 2022	100%	Sale of snack and beverage
Taizhou Wanxiang	PRC	December 14, 2022	100%	Sale of snack and beverage
Nanjing Wanchang Supply Chain .	PRC	April 6, 2023	100%	Sale of snack and beverage
Jiangxi Wanchang Supply Chain .	PRC	April 17, 2023	100%	Sale of snack and beverage
Jiangxi Wancong	PRC	November 17, 2020	100%	Sale of snack and beverage
Ningbo Boquan	PRC	May 18, 2010	100%	Sale of snack and beverage
Ningbo Juku	PRC	September 28, 2023	100%	Sale of snack and beverage
Taizhou Wantuo Supply Chain . .	PRC	April 26, 2023	100%	Sale of snack and beverage
Nanjing Wanpin	PRC	December 19, 2022	51.00%	Sale of snack and beverage
Nanjing Wanyou	PRC	December 27, 2022	100%	Sale of snack and beverage
Nanjing Wanyou Supply Chain . .	PRC	December 28, 2022	100%	Sale of snack and beverage
Huainan Wanyou	PRC	January 10, 2023	100%	Sale of snack and beverage
Nanjing Wanlai	PRC	February 16, 2022	100%	Sale of snack and beverage

Note:

- (1) See “— Shareholding and Corporate Structure immediately prior to the [REDACTED]” in this section below for details of the holders of the minority equity interests in our Major Subsidiaries.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Save for Taizhou Wanxiang, Jiangxi Wangcong, Ningbo Boquan and Nanjing Wanlai, which became our subsidiaries on June 7, 2023, June 30, 2023, September 28, 2023 and October 20, 2023, respectively, the Company held majority control in the above Major Subsidiaries throughout the Track Record Period.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] to us, a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Hong Kong Listing Rules, in respect of disclosing the particulars of any alteration in the capital of any member of our Group within the two years immediately preceding the issue of this Document. See “Waivers — Waiver in Respect of Alteration in Share Capital” for more details. For shareholding changes of our Major Subsidiaries during the two years immediately preceding the date of this Document, see “Statutory and General Information — Further Information About Our Company — Changes in Share Capital of Our Major Subsidiaries” in Appendix IV.

CORPORATE DEVELOPMENT AND MAJOR CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS

Early History

Our history can be traced back to 2011, when our Company was established with the name Fujian Mimosa Biotechnology Co., Ltd. (福建含羞草生物科技有限公司) on December 21, 2011, in Zhangpu County, Zhangzhou, Fujian Province, and was wholly owned by Fujian Mimosa at the time of its establishment. Upon establishment, our business initially focused on industrialized cultivation of edible fungi.

The Company’s name was later changed to Fujian Wanchen Biotechnology Co., Ltd. (福建萬辰生物科技有限公司) in December 2012 and then to Fujian Wanchen Biotechnology Co., Ltd. (福建萬辰生物科技股份有限公司) in June 2014. Our Company was renamed to Fujian Wanchen Biotechnology Group Co., Ltd. (福建萬辰生物科技集團股份有限公司) in September 2023.

On June 10, 2014, our then shareholders passed resolutions approving the conversion of our Company from a limited liability company into a joint stock limited company under the laws of the PRC. Upon completion of the joint stock company conversion in June 2014, the Company was owned as to 60.00% by Fujian Mimosa, 30.00% by Zhangzhou Jinwanchen, and 10.00% by Mr. Wang Zening, respectively.

Listing on and delisting from NEEQ

The shares in our Company were previously listed on the NEEQ on August 18, 2015 (former stock code: 833260). We voluntarily delisted from NEEQ on January 6, 2021 in anticipation of our listing on the ChiNext Market of the Shenzhen Stock Exchange. See “— Prior Listing on the NEEQ and Delisting” below for more details.

A Share Listing

On April 19, 2021, we completed the listing of our A Shares on the ChiNext market of the Shenzhen Stock Exchange (stock code: 300972) (the “**A Share Listing**”) and issued 38.375 million A Shares representing 25% of the then enlarged total issued share capital of the Company. At such time, our Company was held by Fujian Mimosa, Zhangzhou Jinwanchen and Mr. Wang Zening as to approximately 26.68%, 19.50%, 5.08%, respectively. The proceeds raised from the A Share Listing amounted to approximately RMB275.92 million. See “— Our Listing on the Shenzhen Stock Exchange and Reasons for the [REDACTED] on the Hong Kong Stock Exchange” below for more details.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Commencement and development of our snack and beverage retail business

In August 2022, the Group commenced its strategic expansion into the snack and beverage retail market. This initiative was driven by a combination of strategic and market considerations. First, the Group recognized the growth potential in the snack and beverage sector and the opportunity to diversify its revenue streams beyond its traditional edible fungi business, which, at that time, was facing profitability challenges. Second, the expansion allowed the Group to mitigate the cyclical risks inherent in agricultural products and enhance overall stability and resilience in its operations.

The Group’s entry into this new business was supported by the prior exposure of Mr. Wang Zening, and other senior management members, who, through observing the snack and beverage manufacture and supply business operated by Ms. Lin Gaichun, which were suppliers to other participants in the snack and beverage industry then, gained early insights into the operations, supply chain management, and market dynamics of the industry. Leveraging this understanding, combined with the Group’s operational capabilities and management expertise through further expansion, the Group developed the necessary infrastructure, supplier network, and retail presence to successfully capture market opportunities. The strategic move reflected the management’s commitment to generating sustainable returns for shareholders, strengthening the Group’s competitive position, and building a platform for long-term growth.

In August 2022, we established Nanjing Wanxing as our main subsidiary to conduct snack and beverage retail business. Upon establishment, Nanjing Wanxing was held as to 52% by our Company and 48% by Mr. Wang Zening. To kick-start the new business, in August 2022, Nanjing Wanxing acquired certain snack-related assets (including inventory, IP rights relate to the trademark *Lu Xiao Chan*, receivables and other current assets, and certain fixed and intangible assets) and the brand *Lu Xiao Chan* for a total consideration of approximately RMB8.87 million (excluding VAT tax) from Jiangsu Snack Workshop Chain Food Co., Ltd. (江蘇零食工坊連鎖食品有限公司) (“**Jiangsu Snack Workshop**”), which was controlled by Ms. Lin Gaichun. The consideration was determined based on an asset valuation report prepared by an independent professional valuer. Following the acquisition of its assets by Nanjing Wanxing, Jiangsu Snack Workshop was loss-making then and ceased its business operation in August 2022. The acquisition and cessation of business were implemented to align with the respective development strategies and to eliminate potential horizontal competition risks arising from our Group’s snack business expansion.

In November 2022, we established Nanjing Wanhao as our main subsidiary to develop and operate the brand *Haoxianglai*. Nanjing Wanhao was established by Nanjing Wanxing, Xinghua Dewen Management Consulting Co., Ltd. (興化德雯管理諮詢有限公司) (“**Xinghua Dewen**”), Xinghua Jihe Management Consulting Co., Ltd. (興化幾何管理諮詢有限公司) (“**Xinghua Jihe**”) and Xinghua Suhao Management Consulting Partnership (Limited Partnership) (興化蘇好管理諮詢合夥企業) (“**Xinghua Suhao**”), each of which held 51%, 29.85%, 4.90% and 14.25% of the registered capital of Nanjing Wanhao upon its establishment. Each of Xinghua Dewen and Xinghua Suhao was controlled by Mr. Peng Dejian (彭德建), and Xinghua Jihe was controlled by Mr. Zhang Haiguo (張海國). Mr. Peng Dejian and Mr. Zhanghaiguo were the management team of the brand *Haoxianglai*. In December 2022, Nanjing Wanxing together with two wholly-owned subsidiaries of Nanjing Wanhao purchased certain assets, including the IP rights, related to the brand *Haoxianglai* from Taizhou Haoxiang Lai Enterprise Management Consulting Co., Ltd. (泰州好想來企業管理諮詢有限公司) and its subsidiaries (which was ultimately controlled by Mr. Peng Dejian as to 90% and by Mr. Zhanghai Guo as to 10%) for a consideration of approximately RMB14.9 million (including VAT tax). The consideration was determined through arm’s length negotiations between the parties based on a valuation report prepared by an independent professional valuer.

In December 2022, we established Nanjing Wanyou as our main subsidiary to develop and operate the brand *Lai You Pin*. Nanjing Wanyou was established by Nanjing Wanpin (a subsidiary of our Company), Huainan Shengyu Enterprise Management Co., Ltd. (淮南市盛裕企業管理有限公司) (“**Huainan Shengyu**”) and Huainan Huixiang Enterprise Management Co., Ltd. (淮南市會想企

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業管理有限公司) (“**Huainan Huixiang**”), each of which held 51%, 45.08% and 3.92% of the registered capital of Nanjing Wanyou upon its establishment. Huainan Shengyu was owned by Mr. Zhou Peng (周鵬) and his spouse, Ms. Li Xiaoyu (李孝玉), as to 99% and 1%, respectively. Huainan Huixiang was wholly held by Mr. Yang Jun (楊俊). Mr. Zhou Peng and Mr. Yang Jun were the management team of the brand *Lai You Pin*. Nanjing Wanyou, in December 2022, purchased certain assets, including the IP rights, related to the brand *Lai You Pin* from Anhui Shengheng Food Technology Co., Ltd. (安徽省盛亨食品科技有限公司) (which was held by Mr. Zhou Peng as to 94% and Mr. Yang Jun as to 6%) and others for a consideration of approximately RMB9.9 million (including VAT tax). The consideration was determined through arm’s length negotiations between the parties based on a valuation report prepared by an independent professional valuer.

In April 2023, we established Nanjing Wanchang Commercial Management Co., Ltd. (“**Nanjing Wanchang**”) as our main subsidiary to develop and operate the brand *Ya Di Ya Di*. Nanjing Wanchang was established by Nanjing Wanxing, Nanchang Maoyi Enterprise Management Partnership (Limited Partnership) (南昌茂義企業管理合夥企業(有限合夥)) (“**Nanchang Maoyi**”) and Nanchang Shengjing Enterprise Management Partnership (Limited Partnership) (南昌盛景企業管理合夥企業(有限合夥)) (“**Nanchang Shengjing**”), each of which held 51%, 39% and 10% of the registered capital of Nanjing Wanchang upon its establishment. Nanchang Maoyi was held by Mr. Mao Yinghui (毛穎輝) and Nanchang Shengjing was held by Mr. Mao Lijun (毛麗軍), a relative of Mr. Mao Yinghui. Mr. Mao Yinghui and Mr. Mao Lijun were the management team of the brand *Ya Di Ya Di*. Nanjing Wanchang in May 2023, purchased certain snack-related assets, and in June 2023, obtained the rights to use the trademarks related to the brand *Ya Di Ya Di* (and purchased the ownership of those trademarks in July 2024), from Jiangxi Shiqi Supply Chain Co., Ltd. (江西實啟供應鏈有限公司) (which was indirectly held by Mr. Mao Yinghui as to 80% and Ms. Mao Qiusheng, a relative of Mr. Mao Yinghui, as to 20%) and others for a total consideration of approximately RMB5.3 million (including VAT tax) for the snack-related assets and approximately RMB1.7 million (including VAT tax) for the trademarks. The consideration was determined through arm’s length negotiations between the parties based on the valuation reports prepared by an independent professional valuer.

In September 2023, we established Nanjing Wanquan Commercial Management Co., Ltd. (“**Nanjing Wanquan**”) as our main subsidiary to develop and operate the brand *Laopo Daren*. Upon its establishment, Nanjing Wanxing and Mr. Yuan Zhenqin (袁振勤) held 51% and 49% of the registered capital of Nanjing Wanquan. Nanjing Wanquan, in September 2023, acquired Ningbo Boquan, which held the brand *Laopo Daren* and its related assets, from Mr. Yuan Zhenqin and his spouse, Ms. Ma Zhenmin (馬振敏), for a consideration of approximately RMB8.68 million (including VAT tax). Mr. Yuan Zhenqin and Ms. Ma Zhenmin were the management team of the brand *Laopo Daren*. The consideration was determined through arm’s length negotiations between the parties based on a valuation report prepared by an independent professional valuer.

Our Group took into account a number of factors and selection criteria when acquiring the brands *Lu Xiao Chan*, *Haoxianglai*, *Lai You Pin*, *Ya Di Ya Di* and *Laopo Daren* (the “**Acquired Brands**”), including (i) the brand awareness and reputation, (ii) the location and regional market coverage of each brand, (iii) the team experience of each brand, its development prospect and business outlook, (iv) the level of compliance with applicable laws and regulations, (v) the scale of operation, and (vi) the financial performance and operating model of the brands. At the time of the acquisitions, the regional markets of the Acquired Brands were mainly located in Jiangsu province, Anhui province, Jiangxi province and Zhejiang province. By acquiring brands located at multiple region across the PRC, we were able to broaden our penetration into different regional markets. Each of the Acquired Brands was already established and recognized within its respective market. At the time of the acquisitions, the Acquired Brands operated 0, 76, 268, 288 and 791 retail stores, respectively. There was no retail store operated by the brand *Lu Xiao Chan* at the time of acquisition. Certain snack-related assets (including inventory, IP rights relate to the trademark *Lu Xiao Chan*, receivables and other current assets, and certain fixed and intangible assets), along with the brand *Lu Xiao Chan* were acquired by Nanjing Wanxing. Subsequently, the retail store of the brand *Lu Xiao Chan* was set up by Nanjing Wanxing. See “Commencement and development of our

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

snack and beverage retail business” in this section for further details on the acquisition of the brand *Lu Xiao Chan*. The Acquired Brands operated a retail-focused business model principally engaged in the sale of snack foods and beverages through self-operated and franchised stores, supported by mature store management systems and stable supply chain arrangements in their respective regional markets. Our Group became acquainted with the original owners of the Acquired Brands through industry events and business interactions, supported by its status as an A-share listed company and existing food industry resources. Leveraging the store network of the Acquired Brands and the consolidation of our supply chain, we believed that the acquisitions would expand our sales coverage and supplier network, and achieve synergy among different strengths of the Acquired Brands, as well as better utilize our resources.

Through the above transactions, our Group was able to lay the foundation of our snack and beverage retail business by acquiring a number of regional snack and beverage retail brands and, more importantly, bringing in the management teams of those brands and their industry experience and insights. Our Group continued to operate the Acquired Brands and businesses under the same model after the acquisitions in general. To further facilitate brand consolidation and increase operational efficiency, our Group has implemented unified procurement and consolidated supply chain alignment across the Acquired Brands and intelligent warehousing systems to reduce overall procurement costs across the Acquired Brands, and enhance their digital operating infrastructure, thereby enabling digital management of the Acquired Brands.

In October 2023, we consolidated *Lu Xiao Chan*, *Haoxianglai*, *Lai You Pin* and *Ya Di Ya Di* into our nation-wide flagship brand, *Haoxianglai* and grew our store network organically to the scale today.

Led and managed by Mr. Wang Zening and other senior management team members, working together with the deeply experienced management teams that joined our Group as described above, our snack and beverage business grew rapidly since August 2022. We had 232 stores as of December 31, 2022; as of December 31, 2025, our network had 18,314 stores across 30 provinces, municipalities and autonomous regions in China.

Private placement of A Shares in 2024

On March 21, 2024, to strengthen Mr. Wang Zening’s control over the Company, while raising funds to accelerate the operation and development of the Company’s snack and beverage retail business, our Company completed a private placement of 17,699,115 A Shares at RMB11.30 per A Share to Mr. Wang Zening. Mr. Wang Zening held 25,619,115 A Shares, representing 14.86% of the total issued share capital as of the date of completion. The proceeds raised from such A-share private placement amounted to RMB200 million. As of December 31, 2025, we had utilized approximately 73.60% of the net proceeds raised in the private placement.

Change of name in 2026

On January 15, 2026, our Company was renamed to our current name, Fujian Wanchen Food Group Co., Ltd. (福建萬辰食品集團股份有限公司).

PRIOR LISTING ON THE NEEQ AND DELISTING

On August 18, 2015, shares of our Company were listed on the NEEQ under the stock code of 833260.

On March 31, 2020, trading of the Company’s shares on the NEEQ was suspended due to the acceptance of our application for listing on the ChiNext Market of the Shenzhen Stock Exchange. In anticipation of our listing on the ChiNext Market of the Shenzhen Stock Exchange, we applied for voluntary delisting from the NEEQ and received regulatory approval on December 31, 2020. The voluntary delisting was completed on January 6, 2021.

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Our Directors were of the view that the delisting from the NEEQ was commercially sensible and in line with our Group’s development needs and long term strategic planning in the equity market. Our Directors have confirmed that during the period that our Company’s shares were listed on NEEQ, it was in compliance with all applicable laws, regulations and the rules of NEEQ in all material respect.

Based on the due diligence works conducted by the Joint Sponsors, nothing has come to their attention on matters that should be brought to the attention to the Stock Exchange or our Shareholders.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300972) since April 19, 2021. Our Directors have confirmed that as at the Latest Practicable Date, the Company had no instance of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respect since the A Share Listing, and, to the best knowledge of our Directors after having made all reasonable enquiries, there was no material matter that should be brought to the [REDACTED] attention in relation to our compliance record on the Shenzhen Stock Exchange. Based on the filings on the website of the Shenzhen Stock Exchange and the information available in the public domain, our PRC Legal Advisor is of the view that the above confirmation of our Directors with regard to our compliance record is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisor’s view as set out above, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance record of the Company on the Shenzhen Stock Exchange.

Our Company is seeking a [REDACTED] of its H Shares on the Hong Kong Stock Exchange in order to advance our global strategic layout, establish an international capital operation platform and enhance our comprehensive competitiveness. Our Directors believe that the [REDACTED] on the Stock Exchange will be in the interests of our Group and the shareholders as a whole since Hong Kong, being a gateway between the PRC and the international market, will allow our Group to have greater access to international investors and global markets. For more details, see “Business” and “Future Plans and Use of [REDACTED]”.

ACQUISITIONS AND DISPOSALS

During the Track Record Period and up to the Latest Practicable Date, we have carried out the following significant acquisitions.

Acquisition of the minority interest in Nanjing Wanyou

On August 11, 2025, to integrate premium-quality assets and further enhance the profitability of the Company, the Company entered into an agreement to acquire a total of 49.00% of the minority equity interests of Nanjing Wanyou (the “**Wanyou Acquisition**”), a subsidiary of the Company, from Huainan Shengyu and Huainan Huixiang, collectively with Huainan Shengyu, the “**Sellers**”), for a consideration of approximately RMB1,379.23 million (the “**Wanyou Acquisition Agreement**”). The consideration was determined with reference to an independent valuation prepared as of May 31, 2025. The settlement was made in cash, consisting of the Company’s own cash and bank borrowings, with approximately RMB1,268.89 million payable to Huainan Shengyu and approximately RMB110.34 million payable to Huainan Huixiang.

Nanjing Wanyou was established on December 27, 2022 in the PRC as a limited liability company, and is principally engaged in the operation of value retail chain for snack and beverage. The Sellers are private limited liability companies established in the PRC. Huainan Shengyu is

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owned by Mr. Zhou Peng (周鵬), a senior management of Nanjing Wanyou, as to 99.00%, and by Ms. Li Xiaoyu (李孝玉), the spouse of Mr. Zhou Peng, as to 1.00%. Huainan Huixiang is wholly held by Mr. Yang Jun (楊俊), a deputy general manager of our Company.

Prior to the transaction, Nanjing Wanyou was a subsidiary indirectly owned by the Company as to 51.00% through Nanjing Wanpin. The Wanyou Acquisition allowed us to increase our direct and indirect control over it to 100%, further consolidating our control over its operations, enhance integration of premium retail assets, and strengthen our value retail for snack and beverage business.

The Sellers have provided the Company with performance compensation undertakings and impairment compensation arrangements in respect of the transaction. Specifically, the Sellers have undertaken that the net profit of Nanjing Wanyou for each of the financial years 2025, 2026, and 2027 shall not be less than RMB320 million, RMB330 million, and RMB350 million, respectively. In the event that the actual net profit in any commitment year is lower than the committed amount for that year, the Sellers shall compensate the Company in cash, with the compensation amount for that specific year calculated as the shortfall between cumulative committed and actually achieved net profit as of the end of the current period divided by the total profit commitment, multiplied by the transaction consideration, minus any compensation previously paid. Furthermore, within four months following the expiry of the performance commitment period, an impairment test will be performed on the acquired equity interest; if any impairment is identified, the Sellers shall provide additional cash compensation equal to the impairment amount attributable to the acquired equity proportion minus any cash compensation previously paid, ensuring adequate protection for the Company's value and shareholder interests.

On August 11, 2025, concurrently with the Wanyou Acquisition, to further align the interests of Mr. Zhou Peng, who is a key management member of Nanjing Wanyou, with the interests of the Company and drive motivation across the key leadership team, Fujian Mimosa, Zhangzhou Jinwanchen, Mr. Wang Zening and Mr. Zhang Haiguo (張海國), an employee of our Group and a senior management of several of our subsidiaries, entered into an agreement (“**Share Transfer and Voting Proxy Agreement**”) to transfer 9,890,000 A Shares of the Company (representing approximately 5.27% of the total issued share capital of the Company as at the date of the Wanyou Acquisition Agreement) to Mr. Zhou Peng, comprising 2,047,400 A Shares from Fujian Mimosa, 412,200 A Shares from Zhangzhou Jinwanchen, 6,404,700 A Shares from Mr. Wang Zening and 1,025,700 A Shares from Mr. Zhang Haiguo (“**Share Transfers**”). The total consideration for the Share Transfers is approximately RMB1,268.89 million, in which approximately RMB262.68 million shall be payable to Fujian Mimosa, approximately RMB52.89 million to Zhangzhou Jinwanchen, approximately RMB821.72 million to Mr. Wang Zening and approximately RMB131.60 million to Zhang Haiguo. Mr. Zhou Peng agreed to a lock-up undertaking in respect of the 9,890,000 A Shares he received pursuant to the Share Transfers, pursuant to which he shall not dispose of any of such shares in the 12 months upon the completion of the Share Transfers.

In connection with the Wanyou Acquisition and the Share Transfers, Mr. Zhou Peng, together with his spouse, Ms. Li Xiaoyu, agreed under the Share Transfers and Voting Proxy Agreement to grant Mr. Wang Zening a voting proxy over the A Shares of the Company held by them (i.e. 12,291,000 A Shares as of the Latest Practicable Date, including: (i) 11,090,000 A Shares from Mr. Zhou Peng, comprising the 9,890,000 A Shares acquired by Mr. Zhou Peng pursuant to the Share Transfers and 1,200,000 A Shares of his existing shareholding; and (ii) 1,201,000 A Shares from Ms. Li Xiaoyu, representing approximately 6.43% of the total issued share capital of the Company as at the Latest Practicable Date) and any additional Shares to be owned by them after the agreement took effect, with effect upon the completion of the Share Transfers (the “**2025 Voting Proxy Agreement**”). The voting proxy under the 2025 Voting Proxy Agreement was exclusively granted to Mr. Wang Zening so that he was able to exercise the voting rights associated with the relevant Shares, including but not limited to the rights to convene, propose agenda items for, and vote on matters (without any reserved matters) presented for consideration at, general meetings without the presence of Mr. Zhou Peng or Ms. Li Xiaoyu, but excluding economic rights such as right to dividends. Besides, Mr. Zhou Peng and Ms. Li Xiaoyu shall not exercise the voting rights corresponding to the relevant Shares in their capacity as shareholders, nor shall they grant any third party the right to exercise such voting rights. They may dispose of or pledge the relevant Shares in compliance with applicable laws and regulations. The 2025 Voting Proxy Agreement shall have a

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term of 20 years from the date on which registration for the transfer of title to the underlying shares is completed, unless otherwise agreed by the parties; Mr. Zhou Peng and Ms. Li Xiaoyu may not unilaterally terminate the said agreement. The effectiveness of the 2025 Voting Proxy Agreement was conditional upon the completion of the aforementioned Share Transfers in 2025, which in turn were conditional upon the approval of the Wanyou Acquisition by the Company’s shareholders at the general meeting. However, the Wanyou Acquisition was not conditional upon the 2025 Voting Proxy Agreement or the completion of the aforementioned Share Transfers in 2025. The 2025 Voting Proxy Agreement came into effect on December 3, 2025.

Meanwhile, Mr. Yang Jun has undertaken to purchase A Shares through centralized bidding, bulk purchase and other methods within 12 months following the signing of the Wanyou Acquisition Agreement, for a total consideration not less than the cash consideration Huainan Huixiang shall receive under such agreement. Yang Jun had finished the purchase of 860,000 A Shares as stipulated in the agreement at the consideration of RMB111.284 million as at the Latest Practicable Date. Such A Shares will not be subject to any voting proxy arrangements.

In October 2025, the Wanyou Acquisition was approved by the State Administration for Market Regulation regarding the concentration of undertakings, and by the Company’s shareholders at the general meeting on November 3, 2025. On December 15, 2025, the Wanyou Acquisition and the corresponding industrial and commercial registration change were completed.

As the Wanyou Acquisition involves acquisition of the minority interest in an existing subsidiary of the Group, it does not fall within the scope of Rule 4.05A (if it completes within the Track Record Period) or Rules 4.04(2) and 4.04(4) (if it completes after the Track Record Period) of the Hong Kong Listing Rules.

Acquisition of the minority interest in Nanjing Wanhao

On August 15, 2024, for similar commercial considerations as those for the Wanyou Acquisition, the Company entered into an agreement to acquire a total of 49.00% of the minority equity interests of Nanjing Wanhao (the “**Wanhao Acquisition**”), a subsidiary of the Company, from Xinghua Dewen, Xinghua Suhao and Xinghua Jihe, collectively with Xinghua Dewen and Xinghua Suhao, the “**Sellers**”), for a consideration of RMB294.0 million (the “**Wanhao Acquisition Agreement**”). The consideration was determined with reference to various factors including the net assets of Nanjing Wanhao at the time of the acquisition, its historical financial performance, and the fact that it was an existing subsidiary of our Group. The settlement was made in cash, with RMB179.1 million paid to Xinghua Dewen, RMB85.5 million paid to Xinghua Suhao and RMB29.4 million paid to Xinghua Jihe.

Nanjing Wanhao was established on November 25, 2022 in the PRC as a limited liability company, and is principally engaged in the operation of value retail chain for snack and beverage. The Sellers are private limited liability companies established in the PRC. Each of Xinghua Dewen and Xinghua Suhao was controlled by Mr. Peng Dejian (彭德建), an employee of our Company and a director of several of our subsidiaries. Xinghua Jihe was controlled by Mr. Zhang Haiguo.

Prior to the transaction, Nanjing Wanhao was a subsidiary indirectly owned by the Company as to 51.00% through Nanjing Wanxing. The Wanhao Acquisition allowed us to increase our direct and indirect control over it to 100%, further consolidating our control over its operations, enhance integration of premium retail assets, and strengthen our value retail for snack and beverage business.

As the Wanhao Acquisition involved acquisition of the minority interest in an existing subsidiary of the Group, it does not fall within the scope of Rule 4.05A of the Listing Rules. As advised by our PRC Legal Advisor, the Wanhao Acquisition has been properly and legally completed and settled and all necessary regulatory approvals required under PRC laws have been obtained.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Save as disclosed above, we did not conduct any other acquisitions, disposals or mergers that we consider to be significant to us during the Track Record Period and up to the Latest Practicable Date.

Acquisition of Nanjing Zhongcheng after the Track Record Period

In January 2026, we entered into an equity transfer transaction (the “**Zhongcheng Acquisition**”) with Jiangsu Haozilai E-commerce Co., Ltd. (江蘇好再來電子商務有限公司), pursuant to which and Nanjing Wancheng, a wholly-owned subsidiary of our Company, agreed to acquire, and the Vendor agreed to sell, the entire share capital of Nanjing Zhongcheng Information Technology Co., Ltd. (南京眾丞信息科技有限公司). The Zhongcheng Acquisition was completed on January 27, 2026, and Nanjing Zhongcheng has since become an indirect wholly-owned subsidiary of the Company. The total consideration of the Zhongcheng Acquisition was RMB54.02 million, which was determined by commercial arm’s length negotiations with reference to the valuation prepared by an independent valuer engaged by the Company. The settlement was made in cash using the Group’s own source of funds.

The Nanjing Zhongcheng was established on November 26, 2021 in the PRC as a limited liability company, and was wholly owned by the Vendor prior to the completion of the Zhongcheng Acquisition. Nanjing Zhongcheng Group is primarily engaged in providing information technology development services and related technical support. According to the unaudited consolidated financial statements of the Nanjing Zhongcheng prepared in accordance with the PRC Generally Accepted Accounting Principles, the total assets of Nanjing Zhongcheng Group amounted to approximately RMB46.22 million as of December 31, 2024, the total revenue of Nanjing Zhongcheng Group amounted to approximately RMB15.26 million for the financial year ended December 31, 2024, the profits from the operations of Nanjing Zhongcheng Group amounted to approximately RMB5.58 million for the financial year ended December 31, 2024.

The Vendor is a limited liability company incorporated in the PRC on October 19, 2020, primarily engaged in snack food production and sales, and is wholly owned by Taizhou Haoxiang Lai Enterprise Management Consulting Co., Ltd. (泰州好想來企業管理諮詢有限公司), which is controlled by Mr. Peng Dejian as to 65.89%.

The Zhongcheng Acquisition is expected to create synergies and support the Group’s long-term business development. Our Directors believe that the Zhongcheng Acquisition will complement and support the growth of the Group by enhancing the Group’s intellectual property portfolio in relation to the snack and beverage retail business. Our Directors believe that the terms of the Zhongcheng Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in relation to the Zhongcheng Acquisition. Please refer to “Waivers and Exemption – Waiver in Respect of Zhongcheng Acquisition after the Track Record Period” for further details.

HISTORICAL CONCERT PARTY AGREEMENTS

On February 8, 2015, Mr. Wang Zening, Ms. Wang Liqing and Mr. Chen Wenzhu entered into an act-in-concert agreement (“**AIC Agreement**”), pursuant to which they agreed to act in concert with respect to material matters of the Company at the Company’s board meetings and general meetings, as well as at general meetings of Fujian Mimosa and Zhangzhou Jinwanchen. The AIC Agreement was entered into to maintain the stability in the control over the Company. The AIC Agreement was in effect from February 8, 2015 to April 18, 2025. During this period, as advised by our PRC Legal Advisor, under applicable PRC laws and regulations, the Company’s controlling shareholder was Fujian Mimosa, and its *de facto* controllers (實際控制人) were Mr. Wang Zening, Ms. Wang Liqing and Mr. Chen Wenzhu (who collectively controlled approximately 53.98% of the Company’s voting rights prior to the termination of the AIC Agreement).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

As the parties to the AIC Agreement elected not to renew the same following negotiation among the parties and reflecting each of the parties’ individual decision, the AIC Agreement expired on April 18, 2025. As advised by our PRC Legal Advisor, under applicable PRC laws and regulations, the Company’s controlling shareholder remained to be Fujian Mimosa, and its *de facto* controller is deemed to be Mr. Wang Zening given he holds a majority stake in each of Fujian Mimosa and Zhangzhou Jinwanchen.

Calculated on the basis of a total number of 191,293,385 A Shares in issue as of the Latest Practicable Date, Fujian Mimosa held 30,711,800 A Shares, representing approximately 16.05% of the Company’s total issued share capital, and Zhangzhou Jinwanchen held 22,672,479 A Shares, representing approximately 11.85% of the Company’s total issued share capital as of the Latest Practicable Date. Fujian Mimosa is owned as to 80.00% by Mr. Wang Zening, 19.00% by Mr. Chen Wenzhu, and 1.00% by Ms. Wang Liqing. Zhangzhou Jinwanchen is owned as to approximately 53.33% by Mr. Wang Zening, as to 37.67% by Ms. Wang Liqing and as to approximately 9.00% by various other minority shareholders in aggregate. As of the Latest Practicable Date, Mr. Wang Zening directly held 19,214,415 A Shares, representing approximately 10.04% of the Company’s total issued share capital; Ms. Wang Liqing directly held 135,000 A Shares, representing approximately 0.07% of the Company’s total issued share capital; and Mr. Chen Wenzhu held no A Shares directly in the Company.

Notwithstanding the foregoing, as Mr. Wang Zening, Mr. Chen Wenzhu and Ms. Wang Liqing continue to hold equity interests in the Company through Fujian Mimosa and/or Zhangzhou Jinwanchen (as the case may be), pursuant to Chapter 1.1C of the Guide for New Listing Applicants, Mr. Wang Zening, Ms. Wang Liqing, Mr. Chen Wenzhu, Fujian Mimosa and Zhangzhou Jinwanchen collectively constitute a group of Controlling Shareholders under the Hong Kong Listing Rules. Accordingly, the Controlling Shareholders have remained unchanged since the beginning of 2024, being the last financial year up to the Latest Practicable Date. See “Relationship with Our Controlling Shareholders” for further details.

VOTING PROXY AGREEMENTS

Apart from the 2025 Voting Proxy Agreement described in the section headed “— Significant Acquisitions and Disposals — Acquisition of the minority interest in Nanjing Wanyou” above, Mr. Wang Zening has entered into another voting proxy agreement in 2024, as detailed below.

On September 30, 2024, to further align the interests of Mr. Peng Dejian, who is a director of several of our subsidiaries, with the interests of the Company and drive motivation across the key leadership team, Fujian Mimosa, Zhangzhou Jinwanchen and Mr. Peng Dejian entered into a share transfer agreement pursuant to which Fujian Mimosa and Zhangzhou Jinwanchen shall transfer to Mr. Peng Dejian a total of 13,461,370 A Shares for a consideration of RMB375,706,836.70.

Mr. Peng Dejian, together with his spouse, Ms. Fan Hongjuan, entered into an agreement with Mr. Wang Zening on November 26, 2024 (the “**2024 Voting Proxy Agreement**”) and irrevocably granted Mr. Wang Zening a voting proxy over the 22,038,855 A Shares held by them (calculated as at the Latest Practicable Date and representing approximately 11.52% of the issued share capital of our Company as at the Latest Practicable Date) and any additional Shares to be owned by them after the 2024 Voting Proxy Agreement took effect. The voting proxy under the 2024 Voting Proxy Agreement was exclusively granted to Mr. Wang Zening so that he was able to exercise all shareholders rights associated with the relevant Shares, including the rights to convene, propose agenda items for, and vote on matters (without any reserved matters) presented for consideration at, general meetings without the presence of Mr. Peng Dejian or Ms. Fan Hongjuan, but excluding economic rights such as right to dividends. Besides, Mr. Peng Dejian and Ms. Fan Hongjuan shall not exercise the voting rights corresponding to the relevant Shares in their capacity as shareholders, nor shall they grant any third party the right to exercise such voting rights. They may dispose of or pledge the relevant Shares in compliance with applicable laws and regulations. The 2024 Voting Proxy Agreement will continue until terminated by agreement by Mr. Wang Zening, Mr. Peng

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Dejian and Ms. Fan Hongjuan; Mr. Peng Dejian and Ms. Fan Hongjuan may not unilaterally terminate the said agreement. The effectiveness of the 2024 Voting Proxy Agreement was conditional upon the completion of the aforementioned share transfers in 2024, but was not conditional upon the Wanhao Acquisition. The Wanhao Acquisition was not conditional upon the 2024 Voting Proxy Agreement or the completion of the aforementioned share transfer in 2024.

EMPLOYEE SHARE INCENTIVE PLANS OF THE COMPANY

In order to enhance our Company’s competitiveness in the talent market, comprehensively address our growing needs for talent and build a high-quality workforce, we have adopted the 2022 Share Award Plan, the 2023 Share Award Plan, the 2023 Second Share Award Plan, the 2024 Share Award Plan and the 2025 Share Award Plan and have granted restricted share units thereunder, the vesting of which will be satisfied by newly issued A Shares. See “Appendix IV — Statutory and General Information — Share Award Plans” for details.

PUBLIC FLOAT AND FREE FLOAT

To the best knowledge of our Company, upon completion of the [REDACTED], assuming the [REDACTED] is not exercised and no new A Shares are issued under the Share Award Plans, a total number of [REDACTED] H Shares held by [REDACTED] Shareholders, representing approximately [REDACTED]% of our Company’s total issued Shares, will be counted towards the public float, which is higher than the prescribed percentage of Shares required to be held in public hands of [REDACTED]% under Rules 19A.13A(2) of the Listing Rules (based on the indicative [REDACTED]).

Based on the minimum [REDACTED] of HK\$[REDACTED] per [REDACTED], the Company is also expected to satisfy the free float requirement under Rule 19A.13C(2) of the Listing Rules.

The following chart sets forth our simplified shareholding and corporate structure immediately prior to the [REDACTED] (assuming no new A Shares are issued under the Share Award Plans and there are no changes to the shareholding of our Company between the Latest Practicable Date and the [REDACTED]):



HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) Mr. Wang Zening, Ms. Wang Liqing, Mr. Chen Wenzhu, Fujian Mimosa and Zhangzhou Jinwanchen together constitute a group of Controlling Shareholders of our Company. Each of Fujian Mimosa and Zhangzhou Jinwanchen is an investment vehicle; they do not hold shares in other companies. See the section headed “Relationship with our Controlling Shareholders” for details.
- The other minority shareholders of Zhangzhou Jinwanchen are Mr. Li Bo, Mr. Wang Song, Ms. Cai Dongna and Mr. Chen Ziwen (collectively, the “**Employee Jinwanchen Shareholders**”), holding 4%, 2%, 2% and 1% equity interest therein, respectively. Mr. Li Bo is our executive Director; Mr. Wang Song and Ms. Cai Dongna are senior management members of our Company; Mr. Chen Ziwen is a former supervisor of the Company (his term ended more than 12 months before the [REDACTED]). They are otherwise independent from the Company and the Controlling Shareholders and their respective associates. Considering: (a) Zhangzhou Jinwanchen by itself does not have any controlling interest in the Company, and none of Mr. Li Bo, Mr. Wang Song, Ms. Cai Dongna and Mr. Chen Ziwen holds any controlling interest in Zhangzhou Jinwanchen; (b) each of Mr. Li Bo, Mr. Wang Song, Ms. Cai Dongna and Mr. Chen Ziwen is independent from the Company and the Controlling Shareholders and their respective associates; and (c) none of Mr. Li Bo, Mr. Wang Song, Ms. Cai Dongna and Mr. Chen Ziwen has any acting in concert agreement or consensus building process with the Controlling Shareholders in respect of matters relating to the Company, Mr. Li Bo, Mr. Wang Song, Ms. Cai Dongna and Mr. Chen Ziwen are not part of the group of Controlling Shareholders of our Company. The Employee Jinwanchen Shareholders are neither accustomed to taking instructions from nor subject to the influence of the Controlling Shareholders in respect of voting decisions of Zhangzhou Jinwanchen and/or our Company, since they are independent individuals who make their voting decisions based on their own judgment, and no agreement, arrangement or concerted action exists between them and the Controlling Shareholders in relation to voting.
- Pursuant to the 2024 Voting Proxy Agreement between Mr. Peng Dejian, Ms. Fan Hongjuan and Mr. Wang Zening, Mr. Wang Zening is entitled to the voting rights attached to Shares representing an aggregate of approximately 11.52% of the total issued Shares of our Company as at the Latest Practicable Date. Mr. Wang Zening has also entered into the 2025 Voting Proxy Agreement with Mr. Zhou Peng and Ms. Li Xiaoyu, under which he is entitled to the voting rights attached to 12,291,000 A Shares representing an aggregate of approximately 6.43% of the total share capital of our Company as at the Latest Practicable Date. Details of the 2024 Voting Proxy Agreement and the 2025 Voting Proxy Agreement are disclosed in the sections headed “History, Development and Corporate Structure — Voting Proxy Agreements” and “History, Development and Corporate Structure — Significant Acquisitions and Disposals — Acquisition of the minority interest in Nanjing Wanyou”.
- Zhangzhou Jinwanchen disposed 1,578,751 A Shares between 28 July 2025 and 27 October 2025, which was a voluntary disposal and was not made pursuant to any mandatory or regulatory requirements.
- As of the Latest Practicable Date, Nanjing Wanxing was held by us as to 52% and by Mr. Wang Zening as to 48%.
- As of the Latest Practicable Date, Nanjing Wantuo Commercial Management Co., Ltd. was held as to (1) 51% by Nanjing Wanxing, (2) 21.6% by Jinzhou Daqiang Enterprise Management Consulting Co., Ltd. (錦州大強企業管理諮詢有限公司) (“**Jinzhou Daqiang**”), which is indirectly held by Xu Dongfei and Guo Jiasong as to 51% and by Wang Qiong, Jing Wenyao and Wang Jingchun as to 49%, all are Independent Third Parties; (3) 10.23% by Xinghua Dewen, which is held by Mr. Peng Dejian (an employee of our Group and a director of several of our subsidiaries) and his spouse, Ms. Fan Hongjuan, as to 99% and 1%, respectively; (4) 10% by Xinghua Changhao Management Consulting Partnership (Limited Partnership) (興化常好管理諮詢合夥企業(有限合夥)), whose general partner is controlled by Mr. Peng Dejian and Ms. Fan Hongjuan; (5) 4.9% by Xinghua Wanqiang Management Consulting Partnership (Limited Partnership) (興化萬強管理諮詢合夥企業(有限合夥)) whose general partner is controlled by Mr. Peng Dejian and Ms. Fan Hongjuan; (6) 2% by Xinghua Jihe, which is controlled by Mr. Zhang Haiguo (an employee of our Group and a senior management of several of our subsidiaries); and (7) 0.27% by Xinghua Suhao Management Consulting Partnership (Limited Partnership) (興化蘇好管理諮詢合夥企業(有限合夥)), whose general partner is controlled by Mr. Peng Dejian and Ms. Fan Hongjuan.
- As of the Latest Practicable Date, Nanjing Wanchang Commercial Management Co., Ltd. was held by (1) Nanjing Wanxing as to 51%, (2) Nanchang Maoyi Enterprise Management Partnership (Limited Partnership) (南昌茂義企業管理合夥企業(有限合夥)) as to 39%, and (3) Nanchang Shengjing Enterprise Management Partnership (Limited Partnership) (南昌盛景企業管理合夥企業(有限合夥)) as to 10%. Other than Nanjing Wanxing, the other two shareholders are held by Mao Yinghui (毛穎輝), an employee of the Group and senior management of several of our subsidiaries, and Mao Lijung (毛麗軍), a relative of Mao Yinghui.
- As of the Latest Practicable Date, Nanjing Wanquan Commercial Management Co., Ltd. was held by Nanjing Wanxing as to 51%, and Mr. Yuan Zhenqin (袁振勤), a director of one of our subsidiary, as to 49%.
- As of the Latest Practicable Date, Nanjing Wanpin was held by (1) us as to 51%, (2) Mr. Wang Zening as to 24.5%, (3) Huainan Shengyu as to 8.74%, (4) Xinghua Dwen as to 7.80%, (5) Song Xiaofei (宋小非) as to 3.00%, (6) Sun Aidi (孫愛迪) as to 3.00%, (7) Xinghua Jihe as to 1.20% and (8) Huainan Huixiang as to 0.76%. Huainan Shengyu is owned by Mr. Zhou Peng, a senior management of Nanjing Wanyou, as to 99.00%, and by his spouse, Li Xiaoyu, as to 1.00%. Huainan Huixiang is wholly owned by Mr. Yang Jun, a vice general manager of our Company. Song Xiaofei and Sun Aidi are Independent Third Parties.

The following chart sets forth our simplified shareholding and corporate structure immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no new A Shares are issued under the Share Award Plans and there are no changes to the shareholding of our Company between the Latest Practicable Date and the [REDACTED]):



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.



BUSINESS

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, “*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 “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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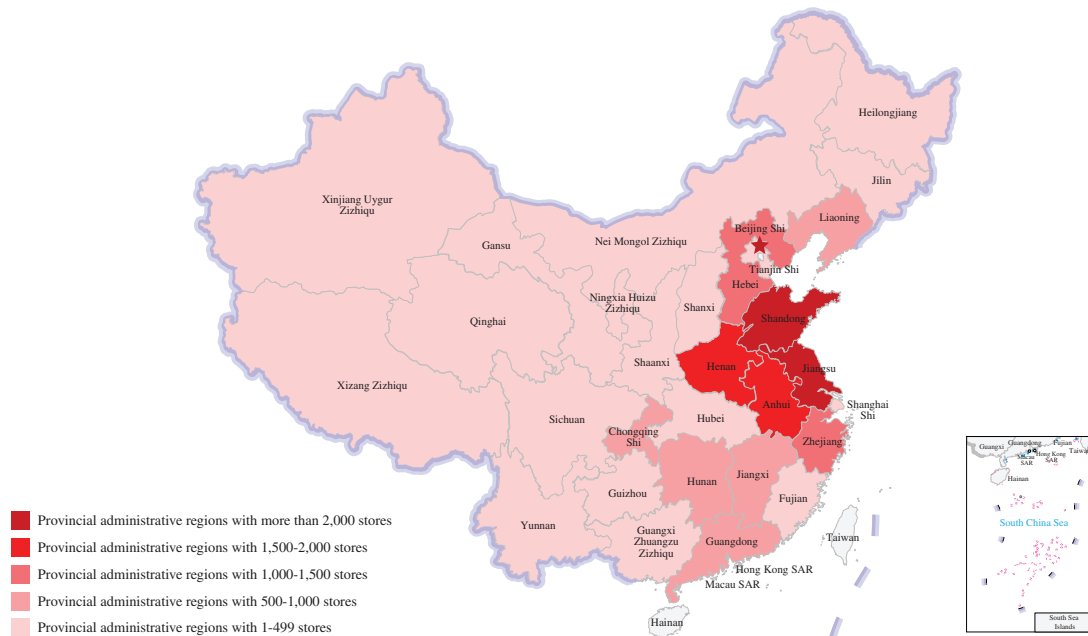
Our revenue from snack and beverage retail business increased during the Track Record Period, primarily due to the growth of our store network and the number of orders. The changes in revenue of our edible fungi business were primarily due to the changes of sales volume as a result of market conditions. 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.

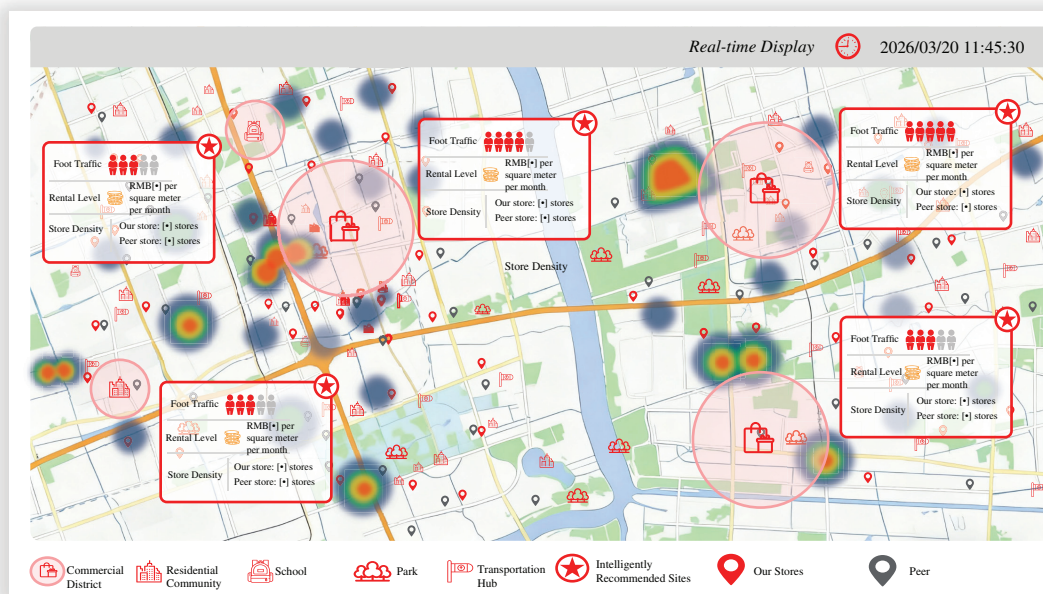
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Site Selection

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	(75)	(208)	(575)
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	(13)	(67)	(205)
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	
	RMB	%	RMB	%	RMB	%
(RMB in thousands, except for percentages)						
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
					114,548.2	107,805.3
					13,060.0	15,343.4
					1,383.4	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, “Haixiang 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					199,432	2.2

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					569,469	1.7

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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.

BUSINESS

- *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)

BUSINESS

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.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon [REDACTED], our Board will consist of nine Directors, comprising three executive Directors, two non-executive Directors and four independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

BOARD OF DIRECTORS

The following table sets forth the key information about our Directors.

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as a Director	Responsibilities
Executive Directors					
Ms. Wang Liqing ⁽¹⁾ (王麗卿)	60	Chairperson of the Board and executive Director	December 2011	June 10, 2014	Responsible for the overall formulation and execution of the Group’s strategies, overseeing daily operations of the Group, managing corporate resources and risks, ensuring compliance with laws and regulations, and upholding accountability to shareholders and stakeholders
Mr. Wang Zening ⁽¹⁾ (王澤寧)	32	Executive Director and general manager	April 2015	April 9, 2015	Responsible for the overall formulation and execution of the Group’s strategies, overseeing daily operations of the Group, formulating the Group’s annual targets, business plans and operational policies
Mr. Li Bo (李博)	42	Executive Director and deputy general manager; employee representative Director	October 2012	June 10, 2014	Responsible for leading the Group’s R&D center and overseeing research and development in the edible fungi business
Non-executive Directors					
Ms. Lin Gaichun ⁽¹⁾ (林該春)	58	Non-executive Director	December 2012	December 18, 2012	Overseeing our Group’s management and providing advice on strategic development
Mr. Chen Wenzhu ⁽¹⁾ (陳文柱)	46	Non-executive Director	March 2015	March 31, 2015	Overseeing our Group’s management and providing advice on strategic development

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as a Director	Responsibilities
Independent Non-executive Directors					
Ms. Lin Liye (林麗葉)	60	Independent Non-executive Director (our lead independent non-executive Director)	May 2023	May 26, 2023	Providing independent opinion and judgment
Ms. Zheng Luying (鄭魯英)	48	Independent Non-executive Director	November 6, 2025	November 6, 2025	Providing independent opinion and judgment
Dr. Zhao Jingwen (趙景文)	53	Independent Non-executive Director	September 2023	September 22, 2023	Providing independent opinion and judgment
Ms. Yang Fan (楊帆)	60	Independent Non-executive Director	September 2025	September 18, 2025	Providing independent opinion and judgment

Note:

- Ms. Wang Liqing is Mr. Wang Zening’s aunt. Ms. Lin Gaichun is Mr. Wang Zening’s mother. Mr. Chen Wenzhu is Ms. Wang Liqing’s cousin.

Executive Directors

Ms. Wang Liqing (王麗卿), aged 60, joined our Group in December 2011 and has served as a Director since June 2014. Ms. Wang had served as our general manager from June 2014 until she was elected as the chairperson of the Board in July 2025. She was re-designated as an executive Director in August 2025. Ms. Wang is responsible for the overall formulation and executing the Group strategy, overseeing daily operations of the Group, managing corporate resources and risks, ensuring compliance with laws and regulations, and upholding accountability to shareholders and stakeholders.

From 1995 to 2013, Ms. Wang served as deputy general manager of Fujian Eastern Food Group Co., Ltd. (福建東方食品集團有限公司) (“**Fujian Eastern Food**”), a limited liability company incorporated under the laws of the PRC, which is principally engaged in the manufacturing and supply of snacks and food products to snack retail and wholesale businesses in China. Between 2009 and 2025, she held several other positions within the family business, such as the general manager of Zhangzhou Mimosa Foods Co., Ltd. (漳州含羞草食品有限公司) (“**Zhangzhou Mimosa**”), a limited liability company incorporated under the laws of the PRC, which is a subsidiary of, and engages in the same principal business as, Fujian Eastern Food; an executive director and manager of Zhangzhou Jinwanchen; and a supervisor of Haizhilu (Fujian) Foods Co., Ltd. (海之路(福建)食品有限公司), a limited liability company incorporated under the laws of the PRC, which is primarily engaged in the manufacturing and supply of snack products to retail and supermarket businesses in China. She has been serving as a supervisor at Nanjing Mimosa Foods Co., Ltd. (南京含羞草食品有限公司) (“**Nanjing Mimosa**”), a limited liability company incorporated under the laws of the PRC, which is a subsidiary of Fujian Eastern Food, since May 2002 and at Fujian Hailitian Foods Co., Ltd. (福建海麗天食品有限公司), a limited liability company incorporated under the laws of the PRC, which is principally engaged in the manufacturing and supply of snack products to retail and supermarket businesses in China, from January 2015 to January 2026.

Ms. Wang does not hold any tertiary or above academic qualification.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Zening (王澤寧), aged 32, joined our Group in April 2015 and has served as a Director since April 2015. Mr. Wang had served as our deputy general manager since March 2017 until he was appointed as our general manager in July 2025. He was re-designated as an executive Director in August 2025. Mr. Wang is responsible for the overall formulation and execution of the Group’s strategies, overseeing daily operations of the Group, formulating the Group’s annual targets, business plans and operational policies.

Mr. Wang has been our core management since he joined the Group as a Director in 2015, and he contributed most significantly to our Group as he, with the support of other management, spearheaded our Group’s initial development into the snack and beverage retail business in 2022 and oversaw the exceptional growth of the said business segment since then. Mr. Wang has been the primary driving force of the strategic formulation, business development and day-to-day execution of our Group’s snack and beverage retail business. Mr. Wang has held several management positions within the Group since 2022, including the general manager of Nanjing Wanxing, the general manager of Nanjing Wanpin, the general manager of Nanjing Luxiaochan, and the manager of Zhangzhou Luxiaochan. Mr. Wang is currently a member of the 15th Nanjing City Committee of the Chinese People’s Political Consultative Conference (南京市政協第十五屆委員會).

Mr. Wang received a bachelor’s degree in economics from the University of Michigan in the United States in April 2016, and a Master of Science degree from Columbia University in the United States in February 2019.

Mr. Li Bo (李博), aged 42, joined our Group in October 2012 and has served as our deputy manager since then and a Director since June 2014. Mr. Li was re-designated as an executive Director in August 2025. Mr. Li is responsible for leading the Group’s R&D center and overseeing research and development in the edible fungi business.

Prior to joining our group, Mr. Li served as deputy general manager for Jiangsu Kangsheng Agriculture Development Co., Ltd (江蘇康盛農業發展有限公司), a limited liability company incorporated under the laws of the PRC principally engaged in the cultivation, processing and distribution of edible mushrooms, from June 2011 to September 2012, primarily responsible for formulating business plans and supervising implementation of the company’s strategies. Mr. Li served as the technical director of the production division of Zhejiang Ruifeng Agriculture Development Co., Ltd. (浙江瑞豐農業發展有限公司) (subsequently renamed Zhejiang Ruifeng Agriculture Development Joint Stock Co., Ltd. (浙江瑞豐農業開發股份有限公司)), a limited liability company incorporated under the laws of the PRC principally engaged in the cultivation and sale of legumes, from December 2009 to May 2011, leading the technology R&D function.

Mr. Li has participated in the compilation of academic publications such as *China Edible Fungi Breeding Science* (《中國食用菌菌種學》) and *Practical Industrialized Cultivation of Edible Fungi* (《食用菌工廠化栽培實踐》). He acted as one of the principal drafters in formulating the *Technical Specification for Industrialized Cultivation of Flammulina Velutipes* (《金針菇工廠化栽培技術規範》). He also presided over various industry projects and research projects relating to edible fungi at provincial or municipal levels.

Mr. Li graduated from Shenyang Normal University (瀋陽師範大學) in the PRC with a bachelor’s degree in biotechnology in July 2006, and obtained a master’s degree in genetics from Fujian Agriculture and Forestry University (福建農林大學) in the PRC in July 2009.

Non-executive Directors

Ms. Lin Gaichun (林該春), aged 58, joined our Group in December 2012 and has been a Director since then. She was re-designated as a non-executive Director in August 2025. Ms. Lin is primarily responsible for overseeing our Group’s management and providing advice on strategic development.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Lin has been serving several roles in the family business, including but not limited to an executive director of Nanjing Mimosa since August 2011, executive director and manager of Zhangzhou Mimosa since August 2011 and February 2017, respectively, executive director of Fujian Eastern Food since August 2011 and a supervisor of Zhangzhou Jinwanchen. She is also the director of Nanjing Wanxing, Zhangzhou Luxiaochan and Nanjing Luxiaochan.

Ms. Lin does not hold any tertiary or above academic qualification.

Mr. Chen Wenzhu (陳文柱), aged 46, joined our Group in March 2015 as a Director and has since been serving in this position. He was re-designated as a non-executive Director in August 2025. Mr. Chen is primarily responsible for overseeing our Group’s management and providing advice on strategic development.

Mr. Chen has been serving as a manager of Fujian Mimosa since October 2015, after briefly serving as its executive director and manager from June 2015 to October 2015, an executive director of Nanjing Karoyi Gifts Co., Ltd. (南京卡羅依禮品有限公司), a limited liability company incorporated under the laws of the PRC principally engaged in the manufacturing and supply of small merchandises and stationeries since July 2007, and a supervisor of Nanjing Huazao Plastics Co., Ltd. (南京華造塑業有限公司), a limited liability company incorporated under the laws of the PRC principally engaged in the manufacturing and supply of small merchandises and stationeries since May 2009. He previously served as a director of Jiangsu Mimosa Agriculture Co., Ltd. (江蘇含羞草農業有限公司), a limited liability company incorporated under the laws of the PRC principally engaged in the manufacturing and supply of snacks and food products to retail and supermarket businesses in China from October 2009 to December 2011 and as a procurement manager of Nanjing Mimosa from January 1999 to December 2007.

Mr. Chen does not hold any tertiary or above academic qualification.

Independent Non-executive Directors

Ms. Lin Liye (林麗葉), aged 60, joined our Group in June 2014. She has served as an independent non-executive Director from June 2014 to August 2020, and re-appointed as an independent non-executive Director since May 2023. She is primarily responsible for providing independent opinion and judgment.

Ms. Lin has extensive experience in accounting, education and corporate governance. She has been serving as an independent director of Zhangzhou Wanbao Energy Technology Co., Ltd. (漳州萬寶能源科技股份有限公司) from January 2022 to March 2024. She has been a faculty member at Zhangzhou Vocational and Technical College (漳州職業技術學院) since August 2006, where she is currently an associate professor. Prior to that, she taught at Zhangzhou Finance and Trade School (漳州財貿學校) from March 1995 to August 2006, and worked as an accountant at Zhangzhou Keyang Flower and Vegetable Co., Ltd. (漳州科洋花卉蔬菜有限公司) from December 1991 to March 1995, at Zhangzhou Vegetable Company (漳州市蔬菜公司) from December 1990 to December 1991 and at Shenzhen Fulin Hotel (深圳富臨大酒店) from July 1989 to December 1990.

Ms. Lin obtained a bachelor’s degree in business enterprise management from Shenzhen University (深圳大學) in the PRC in June 1989. She is also a certified public accountant in the PRC since May 1996.

Ms. Zheng Luying (鄭魯英), aged 48, was appointed as an independent non-executive Director of the Company in November 2025 and has been serving in this position since then. She is primarily responsible for providing independent opinion and judgment.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Zheng has over 22 years of experience in the legal and education industries. Ms. Zheng has served as an independent non-executive director of Haixin Foods Co., Ltd. (海欣食品股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002702), and Fujian Aonong Biological Technology Group Incorporation Limited (福建傲農生物科技集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603363), since May 2024 and October 2021, respectively. Since March 2023, she has worked as an arbitrator at Xiamen Arbitration Commission (廈門仲裁委員會). She is currently an associate professor at the School of Business Management of Jimei University (集美大學). From May 2019 to April 2021, she served as a part-time lawyer at Fujian Xiamen United Xinshi Law Firm (福建聯合信實律師事務所). From May 2003 to November 2010, she worked as a senior officer at the Bank of East Asia, Xiamen Branch (東亞銀行有限公司廈門分行).

Ms. Zheng had previously served as an independent director at several listed and unlisted companies: at Xiamen Bolion Tech Co., Ltd. (廈門市鉑聯科技股份有限公司), a company listed on the Beijing Stock Exchange (stock code: 838192), from June 2023 to May 2025; at Xiamen Yingsheng Technology Co., Ltd. (廈門贏晟科技股份有限公司) from September 2021 to September 2022; at Fujian Baiyuan Machinery Co., Ltd. (福建佰源智能裝備股份有限公司) from July 2021 to June 2023; and at Xiamen Sandexin Technology Co., Ltd. (廈門三德信科技股份有限公司) from January 2021 to December 2023.

Ms. Zheng obtained her bachelor’s degree in economic law from Xiamen University (廈門大學) in July 2000, and further obtained her master’s degree in economic law in June 2003 and PhD degree in intellectual property law in June 2014 from the same university. Ms. Zheng obtained her PRC legal profession certification in March 2001.

Dr. Zhao Jingwen (趙景文), aged 53, joined our Group in September 2023 and has served as the independent non-executive Director since then. He is primarily responsible for providing independent opinion and judgment.

Since August 2004, Dr. Zhao worked at Xiamen University (廈門大學), primarily responsible for teaching and research in accounting and finance, and now serves as the vice professor of department of finance, school of management. From February 2014 to February 2015, he was a visiting scholar at American University in the United States.

Dr. Zhao obtained a bachelor’s degree in science in statistics from Xiamen University (廈門大學) in the PRC in July 1996, a master’s degree in management in Accounting from Xiamen University (廈門大學) in the PRC in July 1999, and a doctorate degree in business administration from Tsinghua University (清華大學) in the PRC in July 2004.

Ms. Yang Fan (楊帆), aged 60, has been appointed as an independent non-executive Director of our Company with effect from September 2025. Ms. Yang is primarily responsible for contributing to the formulation of board strategies and decisions, supervising the performance of the management, safeguarding the interests of minority shareholders, and providing professional advice and independent judgment to the Board.

Ms. Yang has served as the managing director of Harbour Bay International Limited since June 2023, and a family affairs advisor at the Right Time Asset Management Company Limited since February 2025. Ms. Yang has been serving as an independent non-executive director of Hans Group Holdings Limited, a company listed on the Stock Exchange (stock code: 0554), since July 2025.

From August 2020 to February 2022, she served as the director and head of the real estate fund investment and management center, head of operation center in China Everbright Limited (中國光大控股有限公司) (stock code: 0165). From March 2010 to July 2020, Ms. Yang successively served as an assistant general manager and deputy general manager of New China Asset Management Co., Ltd. (新華資產管理股份有限公司), where she was responsible for financial products and insurance

DIRECTORS AND SENIOR MANAGEMENT

alternative investments. From 2007 to 2009, Ms. Yang worked as an executive director at Benchmark Development Limited (百致達發展有限公司) in Shanghai. In 1999, she served at Nortel Networks (China) Co., Ltd. (加拿大北電網絡(中國)有限公司) (dissolved in January 2009) in Beijing. In 1996, she worked as an investment representative at Guangdong Holdings Limited (粵海金融控股有限公司) in Hong Kong and re-designated as a director in 1997. From 1991 to 1993, she worked at CheerGoal Industrial Ltd. in Hong Kong.

Ms. Yang obtained a bachelor’s degree in world economics from Renmin University of China (中國人民大學) in the PRC in July 1988 and a master’s degree in business administration (MBA) from the University of Southern California in the United States, in August 1998.

Ms. Yang received a Certificate in Company Direction from the Institute of Directors, UK, in September 2022 and a Diploma in Company Direction from the Institute of Directors, UK, in December 2022.

SENIOR MANAGEMENT

The following table sets forth the key information about our senior management.

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as a Member of Senior Management	Responsibilities
Ms. Cai Dongna (蔡冬娜)	54	Finance director, Board secretary and deputy general manager	January 2014	January 2014	Responsible for overseeing the Group’s financial management, risk control and internal governance
Mr. Wang Song (王松)	39	Deputy general manager and technical director	July 2012	July 2012	Responsible for overseeing the Group’s daily operations, business planning and managing technical matters
Mr. Yang Jun (楊俊)	40	Deputy general manager	December 2022	July 2025	Responsible for formulating business plans and overseeing strategy implementation

Ms. Cai Dongna (蔡冬娜), aged 54, joined our Group in January 2014 and has served as our finance director since then. She was appointed as our Board secretary in March 2019 and has also served as our deputy general manager since August 2021. Ms. Cai is primarily responsible for overseeing the financial management, risk control and internal governance of our Group.

Prior to joining our Group, from January 2007 to December 2013, Ms. Cai served as the finance director of Fujian Eastern Food. From January 2002 to December 2006, she was the finance manager of the same company.

Ms. Cai obtained an associate degree in economic management and accounting from Liming Vocational University (黎明職業大學) in the PRC in July 1994.

Mr. Wang Song (王松), aged 39, joined our Group in July 2012 and has since served as the deputy general manager and technical director of the Company. Mr. Wang is primarily responsible for overseeing the Group’s daily operations, business planning and managing technical matters.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang participated in several scientific research projects, including the Fujian Province Science and Technology Program on “Research and Demonstration on the Breeding of Specialized Varieties and Supporting Industrial Technologies for Bottle-Cultivated *Flammulina velutipes*, ”(福建省科技計劃項目“金針菇瓶裝工廠化專業品種選育及產業應用配套技術研究與示範”), the Fujian Province Seed Industry Enterprise Upgrading Program on “Breeding of New *Hypsizygus marmoreus* Varieties and Key Technologies for Superior Seed Propagation, ”(福建省種業企業培育項目“真姬菇新品種育種和良種繁育技術攻關”), as well as the Fujian Provincial Project “Integration and Demonstration of Key Technologies for the Development of the Enoki Mushroom Industry” (金針菇產業發展關鍵技術集成和示範).

Mr. Wang obtained a bachelor’s degree in science in biological sciences from Jiamusi University (佳木斯大學) in the PRC in June 2009 and a master’s degree in science in microbiology from Fujian Agriculture and Forestry University (福建農林大學) in the PRC in July 2012.

Mr. Yang Jun (楊俊), aged 40, joined our Group in December 2022 and has served as deputy general manager of the Company since July 2025. Mr. Yang is primarily responsible for formulating business plans and overseeing strategy implementation.

Mr. Yang has extensive industry experience in snack retail. Mr. Yang has served in a number of key positions within the Group, including as the general manager of Huainan Wanyou Supply Chain Management Co., Ltd. Hefei Branch (淮南萬優供應鏈管理有限公司合肥分公司) and Nanjing Wanyou Supply Chain since December 2022, and as the general manager of Nanjing Wanyou Commercial Chain Management Co., Ltd. (南京萬優商業連鎖管理有限公司) since January 2023.

Prior to joining our Group, Mr. Yang worked at Anhui Shengheng Food Technology Co., Ltd. (安徽盛亨食品科技有限公司) as general manager from May 2021 to December 2023; at Hefei Hansiya Brand Design Co., Ltd. (合肥翰思雅品牌設計有限公司) as a chief executive officer from January 2017 to April 2021; at Anhui Xizhe Technology Co., Ltd. (安徽西哲科技有限公司) (voluntarily deregistered in July 2023 as its shareholders resolved to cease its business operations for investment planning reasons; it was solvent before the de-registration) as executive director, general manager and chief financial officer from November 2017 to July 2023.

Mr. Yang obtained a diploma in business administration from Southwestern University of Finance and Economics (西南財經大學) in the PRC in July 2010.

GENERAL

Save as disclosed above, none of the Directors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

Save as disclosed above, none of the Directors or members of the senior management of our Company is related to any other Directors and members of the senior management of our Company.

Save as disclosed herein, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules as of the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. Yau Tsz Lun (游子麟) was appointed as company secretary with effect from [REDACTED]. Mr. Yau is a manager of Company Secretarial Services of Tricor Services Limited, Asia’s leading business expansion specialist. Mr. Yau has over 6 years of experience in the company secretarial field. He has been providing professional corporate services, corporate governance and compliance services to Hong Kong listed companies as well as multinational, private and offshore companies.

Mr. Yau is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, our Company has formed four Board committees, namely the Audit Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Strategy Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Hong Kong Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Dr. Zhao Jingwen, Ms. Lin Liye and Ms. Lin Gaichun. Ms. Lin Liye holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules. Dr. Zhao Jingwen serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, reviewing the Company’s financial information and its disclosure, monitoring and evaluating the work of both external and internal auditors, and overseeing the establishment and maintenance of effective internal controls. The Committee is responsible for providing recommendations to the Board on the appointment or removal of external auditors, as well as on the appointment or dismissal of the finance director. It also evaluates changes in accounting policies or estimates and corrections of errors that do not arise from accounting standard changes. Furthermore, the Audit Committee reviews the Company’s financial reports — placing particular emphasis on major accounting and audit issues, fraud risk, misstatements, and the remediation of any identified issues, and must ensure that any proposals for board consideration are approved by a majority of committee members before submission to the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A and paragraph B.3 of the Corporate Governance Code. The Nomination Committee will consist of three Directors, namely Ms. Lin Liye, Mr. Wang Zening and Dr. Zhao Jingwen. Ms. Lin Liye will serve as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, developing the selection criteria and procedures for members of the Board of Directors and senior management, identifying, evaluating and reviewing candidates for such positions, and making recommendations to the Board regarding the nomination or removal of directors as well as the appointment or dismissal of senior management. The Nomination Committee is also responsible for ensuring that any cases in which its recommendations are not adopted by the Board are properly documented with reasons provided, and for submitting recommendations for candidates to the Board in a timely manner, generally one to two months before the Board makes a decision.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration and Evaluation Committee

We have established a Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Hong Kong Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration and Evaluation Committee consists of three Directors, namely Ms. Lin Liye, Ms. Wang Liqing, and Ms. Zheng Luying. Ms. Lin Liye serves as the chairperson of the Remuneration and Evaluation Committee. The primary duties of the Remuneration and Evaluation Committee include, but are not limited to, developing performance evaluation standards for directors and senior management and conducting corresponding evaluations; formulating and reviewing remuneration policies and schemes for directors and senior management; recommending remuneration for non-executive directors and incentive arrangements such as share-based or employee share ownership plans; overseeing compensation for executive directors and senior management in the event of dismissal or termination; and ensuring that directors do not participate in determining their own compensation.

Strategy Committee

We have established a Strategy Committee. The Strategy Committee consists of three Directors, namely Ms. Wang Liqing, Ms. Zheng Luying and Mr. Wang Zening. Ms. Wang Liqing serves as the chairperson of the Strategy Committee. The primary duties of the Strategy Committee include, but are not limited to, conducting in-depth reviews and recommending actions on the Company’s long-term strategic development, major investment and financing proposals requiring board approval, significant capital operations or asset management initiatives, and other critical matters affecting the Company’s growth. The Committee is also tasked with overseeing the implementation of approved strategies and investments, and performing any additional responsibilities delegated by the Board of Directors.

CONFIRMATIONS FROM OUR DIRECTORS

Rule 8.10 of the Hong Kong Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company’s business which would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

Rule 3.09D of the Hong Kong Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Hong Kong Listing Rules in September 2025, and (ii) understands his or her obligations as a director of a [REDACTED] issuer under the Hong Kong Listing Rules.

Rule 3.13 of the Hong Kong Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Hong Kong Listing Rules, (ii) that he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Hong Kong Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his/her appointments.

COMPENSATION OF DIRECTORS

Our Directors receive compensation in the form of director’s fees, salaries, allowances, discretionary bonuses (if applicable), share-based compensation, retirement benefit scheme contributions and other benefits in kind.

DIRECTORS AND SENIOR MANAGEMENT

For the years ended December 31, 2023, 2024 and 2025, the aggregate amount of remuneration paid or payable to our Directors amounted to RMB11.5 million, RMB7.6 million and RMB6.7 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2026, to be approximately RMB6.2 million.

The total emoluments for the remaining individuals among the five highest paid individuals amounted to RMB69.6 million, RMB71.6 million and RMB47.6 million for the years ended December 31, 2023, 2024 and 2025, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above and in “Accountants’ Report”, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

For additional information on Directors’ remuneration during the Track Record Period as well as information on the highest paid individuals, see Note 10 and Note 11 of the Accountants’ Report set out in Appendix I to this Document. For the details of the restricted share units that were granted to our directors and senior management, see “Statutory and General Information — Share Award Plans” in Appendix IV for further details.

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules after the [REDACTED].

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we [have adopted] the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but are not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, finance and accounting and corporate governance in addition to industry experience in food industry. We have four independent non-executive Directors with different industry backgrounds, representing more than one-third of the members of our Board. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operations.

DIRECTORS AND SENIOR MANAGEMENT

Besides, we particularly recognize the importance of gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [REDACTED], our Nomination Committee will examine the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rules 3A.19 and 3A.23 of the Hong Kong Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Hong Kong Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Hong Kong Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- (c) where we propose to use the [REDACTED] from the [REDACTED] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and
- (d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the [REDACTED] or [REDACTED] of its [REDACTED] securities or any other matters in accordance with Rule 13.10 of the Hong Kong Listing Rules.

Pursuant to Rule 3A.24 of the Hong Kong Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Hong Kong Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Hong Kong Listing Rules and laws and regulations.

The term of the appointment will commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Calculated on the basis of a total number of 191,293,385 A Shares in issue as of the Latest Practicable Date, the total issued share capital of our Company was directly held as to approximately 16.05% by Fujian Mimosa, approximately 11.85% by Zhangzhou Jinwanchen, approximately 10.04% by Mr. Wang Zening and approximately 0.07% by Ms. Wang Liqing. Fujian Mimosa was in turn held as to 80.00% by Mr. Wang Zening, as to 19.00% by Mr. Chen Wenzhu and as to 1.00% by Ms. Wang Liqing. Zhangzhou Jinwanchen was in turn held as to approximately 53.33% by Mr. Wang Zening, as to 37.67% by Ms. Wang Liqing and as to approximately 9.00% by various other minority shareholders in aggregate as of the Latest Practicable Date. Mr. Chen Wenzhu held no direct shareholding in the Company as of the Latest Practicable Date.

Additionally, pursuant to the 2024 Voting Proxy Agreement, Mr. Wang Zening is entitled to the voting rights attached to A Shares representing an aggregate of approximately 11.52% of the total issued share capital of our Company as at the Latest Practicable Date. Mr. Wang Zening has also entered into the 2025 Voting Proxy Agreement, under which he was entitled to the voting rights attached to 12,291,000 A Shares representing an aggregate of approximately 6.43% of the total share capital of our Company as at the Latest Practicable Date. Each of the proxy grantors under the 2024 Voting Proxy Agreement and the 2025 Proxy Agreement [will] provide a lock-up undertaking to the Company in substantially the same form as the non-disposal undertakings to be given by the Controlling Shareholders in accordance with Rule 10.07(1) of the Listing Rules. Details of the 2024 Voting Proxy Agreement and the 2025 Voting Proxy Agreement are disclosed in the sections headed “History, Development and Corporate Structure — Voting Proxy Agreements” and “History, Development and Corporate Structure — Significant Acquisitions and Disposals — Acquisition of the minority interest in Nanjing Wanyou”.

Since Mr. Wang Zening, Ms. Wang Liqing and Mr. Chen Wenzhu hold their interests in the Company through a common investment vehicle, Fujian Mimosa; and Mr. Wang Zening and Ms. Wang Liqing also hold their interests in the Company through another common investment vehicle, Zhangzhou Jinwanchen, Mr. Wang Zening, Ms. Wang Liqing and Mr. Chen Wenzhu, Fujian Mimosa and Zhangzhou Jinwanchen constitute a group of Controlling Shareholders of our Company pursuant to chapter 1.1 C of the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange. Together, they controlled an aggregate of 55.97% of voting rights in our Company as at the Latest Practicable Date, and will control an aggregate of [REDACTED]% of voting rights in our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no new A Shares are issued under the Share Award Plans and there are no changes to the shareholding of our Company between the Latest Practicable Date and the [REDACTED]). Calculated on the basis of a total number of [REDACTED] Shares in issue following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no new A Shares are issued under the Share Award Plans and there are no changes to the shareholding of our Company between the Latest Practicable Date and the [REDACTED]), the total issued share capital of our Company will be held directly as to approximately [REDACTED]% by Fujian Mimosa, approximately [REDACTED]% by Zhangzhou Jinwanchen, approximately [REDACTED]% by Mr. Wang Zening and approximately [REDACTED]% by Ms. Wang Liqing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

DELINEATION OF BUSINESS

Our Business

Our Group is principally engaged in the operation of store-based retail sales of snacks, food and beverages and primarily operates our snack and beverage retail business under a franchise model. During the Track Record Period, our product mix covered 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.

Our Controlling Shareholders’ Business

Our Controlling Shareholder, apart from its interests in our Group, has also been principally engaged in the following businesses through its subsidiaries and close associates:

- *Fujian Eastern Group*: (i) Fujian Eastern Food Group Co., Ltd. (福建東方食品集團有限公司) (“**Fujian Eastern Food**”), (ii) Zhangzhou Mimosa Food Co., Ltd. (漳州含羞草食品有限公司), both principally engaged in the manufacturing and supply of snacks and food products (including dried fruit and nuts) to snack retail and wholesale businesses in China, and (iii) Nanjing Mimosa Food Co., Ltd. (南京含羞草食品有限公司), which had ceased business operation as of the Latest Practicable Date;
- *Mimosa Food Group*: (i) Mimosa (Jiangsu) Food Co., Ltd. (含羞草(江蘇)食品有限公司) (“**Mimosa Food**”), which is principally engaged in manufacturing and supply of snacks and food products (including dried fruit and nuts), and (ii) Jiangsu Mimosa Agriculture Co., Ltd. (江蘇含羞草農業有限公司), which is principally engaged in the supply of snacks and food products procured from Mimosa Food to retail and supermarket businesses in China; and
- *Other companies controlled by Directors and/or Controlling Shareholders or their close associates*: (i) Zhangzhou Mimosa Import and Export Co., Ltd. (漳州含羞草進出口貿易有限公司), which is principally engaged in the import and export of snack products (including concentrated juice, essence and other food accessories and food additives) with overseas snack retail and wholesale businesses as well as snack raw ingredients businesses, (ii) Jiangsu Wanchen Real Property Investment Co., Ltd. (江蘇萬宸置業投資有限公司), which is principally engaged in the property development and leasing, (iii) Jiangsu Snack Workshop Chain Food Co., Ltd. (江蘇零食工坊連鎖食品有限公司), which had ceased business operation as of the Latest Practicable Date, (iv) Yunnan Qinxianyang Food Co., Ltd. (雲南沁鮮揚食品有限公司), which is principally engaged in the manufacturing and supply of snack products (including dried fruit) to retail and supermarket businesses in China, (v) Zhangzhou Changtai District Wang Liqing Vegetables and Fruits Business (漳州市長泰區王麗卿蔬果經營部) (“**Zhangzhou Changtai**”), which had no business operation, (vi) Fujian Hailitian Food Co., Ltd. (福建海麗天食品有限公司) and Haizhilu (Fujian) Food Co., Ltd. (海之路(福建)食品有限公司) (together, “**Hailitian Group**”), where the former is principally engaged in the manufacturing and supply of snack products (including ingredients for milk tea such as taro balls and dried fruit) to retail and supermarket businesses in China, the latter is still in the construction phase and has not conducted any business operations to date, (vii) Nanjing Kaluoyi Gifts Co., Ltd. (南京卡羅依禮品有限公司) and Nanjing Huazao Plastics Co., Ltd. (南京華造塑業有限公司) (together, “**Nanjing Entities**”), both principally engaged in the manufacturing and supply of small merchandises and stationeries.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Except for (i) Zhangzhou Changtai, which is a trading entity solely owned by Ms. Wang Liqing, (ii) Hailitian Group, which is controlled by Mr. Cai Haiquan, the spouse of Ms. Wang Liqing, and (iii) Nanjing Entities, which are controlled by Mr. Chen Wenzhu and his spouse, Chen Yuqin, the Fujian Eastern Group, Mimosa Food Group and other companies controlled by Directors and/or Controlling Shareholders or their close associates are controlled, directly or indirectly, through Fujian Eastern Food and/or Mimosa Food, by Mr. Wang Jiankun and/or Ms. Lin Gaichun.

Clear Delineation of Business

The principal businesses of those companies mentioned above are clearly delineated and do not compete with the businesses of our Group, as illustrated as follows: (i) Fujian Eastern Group does not engage in store-based retail of snacks, food or beverage, (ii) Mimosa Food Group does not engage in store-based retail of snacks, food or beverage. It is an upstream supplier rather than a competitor of our Group, and (iii) for the other companies mentioned above (a) they are not engaged in store-based retail of snacks, food or beverage, or (b) their principal businesses are completely different from those of our Group, for instance, property development and leasing or manufacturing and supply of small merchandises and stationeries, or (c) they had ceased operation as at the Latest Practicable Date. To the best knowledge of our Directors, these companies do not have overlapping customers with our Group. As such, there is no direct or substantial competition between the abovementioned businesses of our Controlling Shareholders and/or Directors and those of our Group.

Given the clear delineation between the principal business of our Group and those of our Controlling Shareholders and/or Directors, our Board is satisfied that our business is and will continue to be independent of the businesses of our Controlling Shareholders and/or Directors.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Controlling Shareholders and their close associates upon and after the [REDACTED].

Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises nine Directors, including three executive Directors, two non-executive Directors and four independent non-executive Directors.

Our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Controlling Shareholders and their close associates for the following reasons:

- (a) all our executive Directors and senior managers have substantial experience in the industry as further described in the section headed “Directors and Senior Management”, which will enable them to discharge their duties independently from the Controlling Shareholders;
- (b) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (c) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company’s best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and
- (d) our Company is an A-share listed company and has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions. Where a Board meeting or Shareholders’ meeting is held to consider a proposed transaction in which our Directors or Controlling Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Controlling Shareholders and their close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting.

Operational Independence

Our Company has full rights to make all decisions regarding, and to carry out, our own business operations independently. We hold and enjoy the benefit of all relevant permits and licenses necessary to carry out our business in all material respects. Our Group has sufficient assets, capital, equipment, technology and employees to operate its business independently from our Controlling Shareholders. We have independent access to our customers and suppliers and an independent management team to handle our day-to-day operations. We have also established a set of internal control measures to facilitate the effective operation of our business.

During the Track Record Period, our Group entered into certain transactions with certain associates of our Controlling Shareholders, including (i) procurement of food products from the Mimosa Food Group by our Group (defined and discussed in the section headed “Continuing Connected Transactions”); (ii) provision of goods and products between Nanjing Wanxing Group (defined and discussed in the section headed “Continuing Connected Transactions”) the other members of our Group; and (iii) grant of software licenses by the other members of our Group to Nanjing Wanxing Group which would constitute non-exempt and partially-exempt continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules after [REDACTED]. For more details, see the section headed “Continuing Connected Transactions”. Considering that the amounts of the relevant transactions are not significant to our Group, our Directors believe that such transactions will not have any impact on the operational independence of our Group.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders and/or their close associates during the Track Record Period and will continue to operate independently of the business of our Controlling Shareholders upon [REDACTED].

Financial Independence

Our Group has its own internal control, accounting, funding, reporting and financial management system as well as accounting and finance department. Moreover, our Group opens and manages bank accounts independently, and has never shared any bank account with Controlling Shareholders. Our Group has independent taxation registration according to the relevant laws, and makes tax payments independently according to the applicable PRC taxation laws and regulations. Our Group has never made any tax payment jointly with Controlling Shareholders or any other entities controlled by them.

As of the Latest Practicable Date, our Group does not rely on our Controlling Shareholders and/or their close associates for any provision of financial assistance. Our Directors confirm that as at the Latest Practicable Date, there are no outstanding loan, guarantees or pledges from any of the Controlling Shareholders or their close associates to our Group or vice versa.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and its close associates.

RULE 8.10 OF THE HONG KONG LISTING RULES

As of the Latest Practicable Date, none of our Controlling Shareholders or Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company’s business which would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- where a Shareholders’ meeting is to be held for considering proposed transactions in which our Controlling Shareholders or their close associates have a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- our Group has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if any transaction is proposed between our Group and our Controlling Shareholders and their close associates, we will comply with the requirements of the Articles of Association and the Hong Kong Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent Shareholders’ approval;
- our Board consists of a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
- we have appointed Somerley Capital Limited as our Compliance Advisor, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Hong Kong Listing Rules including various requirements relating to directors’ duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Hong Kong Listing Rules or applicable laws and regulations in Hong Kong.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Controlling Shareholders, and to protect our minority Shareholders’ interests after the [REDACTED].

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain agreements with parties that will be considered as our connected persons (as defined under Chapter 14A of the Hong Kong Listing Rules). The transactions set out in this section are expected to continue after the [REDACTED] which will constitute our non-exempt and partially-exempt continuing connected transactions under the Hong Kong Listing Rules.

OUR CONNECTED PERSONS

Following the [REDACTED], we expect to continue our transactions with the following parties which will be connected persons of our Company under the Hong Kong Listing Rules:

Name of Connected Person	Connected Relationship
Mimosa (Jiangsu) Food Co., Ltd. (含羞草(江蘇)食品有限公司) (“ Mimosa Food ”, together with its subsidiary, Jiangsu Mimosa Agriculture Co., Ltd. (江蘇含羞草農業有限公司), the “ Mimosa Food Group ”).	As of the Latest Practicable Date, 100% of the equity interests in Mimosa Food were directly held by Mr. Wang Jiankun (王健坤), who is a former director of the Company, and the sibling, father and spouse, respectively, of our executive Director Ms. Wang Liqing, executive Director Mr. Wang Zening and non-executive Director Ms. Lin Gaichun. Therefore, Mimosa Food and its subsidiaries will be connected persons of our Company upon [REDACTED] under Rule 14A.12 of the Hong Kong Listing Rules.
Nanjing Wanxing Commercial Management Co., Ltd. (南京萬興商業管理有限公司) (“ Nanjing Wanxing ”, together with its subsidiaries, “ Nanjing Wanxing Group ”).	As of the Latest Practicable Date, our executive Director Mr. Wang Zening directly held 48.0% of the equity interests in Nanjing Wanxing, which is a subsidiary of our Company. Therefore, Nanjing Wanxing and its subsidiaries will be connected subsidiaries and therefore connected persons of our Company upon [REDACTED] under Rule 14A.16 of the Hong Kong Listing Rules.
Nanjing Wanpin Commercial Management Co., Ltd. (南京萬品商業管理有限公司) (“ Nanjing Wanpin ”, together with its subsidiaries, “ Nanjing Wanpin Group ”).	As of the Latest Practicable Date, our executive Director Mr. Wang Zening directly held 24.5% of the equity interests in Nanjing Wanpin, which is a subsidiary of our Company. Therefore, Nanjing Wanpin and its subsidiaries will be connected subsidiaries and therefore connected persons of our Company upon [REDACTED] under Rule 14A.16 of the Hong Kong Listing Rules.

For the purposes of this section only, our Group, excluding the Nanjing Wanxing Group and the Nanjing Wanpin Group, shall be referred to as the “**Other Group Members**”.

SUMMARY OF NON-EXEMPT AND PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

			Proposed annual caps for the Year Ending December 31,		
Transactions	Applicable Listing Rule	Waiver	2026	2027	2028
(RMB million)					
A. <i>Mimosa Food Framework Agreement</i>					
<i>Non-exempt continuing connected transactions</i>					
1. . . Procurement of food products from Mimosa Food Group by our Group	14A.35 14A.36 14A.52 14A.53 14A.105	Announcement and independent Shareholders’ approval requirement	550.00	700.00	800.00

CONTINUING CONNECTED TRANSACTIONS

				Proposed annual caps for the Year Ending December 31,		
Transactions		Applicable Listing Rule	Waiver	2026	2027	2028
(RMB million)						
B. Intragroup Business Operations Framework Agreement						
<i>Partially-exempt continuing connected transactions</i>						
1.1	Provision of goods and products by Other Group Members to Nanjing Wanxing Group	14A.35 14A.76(2)(a) 14A.105	Announcement requirement	29.79	38.73	46.47
1.2	Provision of goods and products by Other Group Members to Nanjing Wanpin Group	14A.35 14A.76(2)(a) 14A.105	Announcement requirement	31.23	40.60	48.72
1.3	Provision of goods and products by Nanjing Wanxing Group to Nanjing Wanpin Group	14A.35 14A.76(2)(a) 14A.105	Announcement requirement	58.35	75.86	91.03
1.4	Provision of goods and products by Nanjing Wanxing Group to Other Group Members	14A.35 14A.76(2)(a) 14A.105	Announcement requirement	4.80	6.24	7.49
2.1	Grant of software licenses by Other Group Members to Nanjing Wanxing Group	14A.35 14A.76(2)(a) 14A.105	Announcement requirement	23.39	30.41	36.49
2.2	Grant of software licenses by Other Group Members to Nanjing Wanpin Group	14A.35 14A.76(2)(a) 14A.105	Announcement requirement	8.50	11.05	13.26
3. . .	Procurement of marketing services by the other members of the Group from Nanjing Wanxing Group	14A.35 14A.76(2)(a) 14A.105	Announcement requirement	35.00	35.00	35.00

MIMOSA FOOD FRAMEWORK AGREEMENT

On [●], 2026, our Company (for itself and on behalf of its subsidiaries) entered into a framework agreement (the “**Mimosa Food Framework Agreement**”) with Mimosa Food (for itself and on behalf of the Mimosa Food Group), pursuant to which we agree, among others, to purchase from Mimosa Food Group food and snack products manufactured and supplied by Mimosa Food Group, including but not limited to dried fruits, confectionery and nuts, for a term commencing from the [REDACTED] and ending on December 31, 2028, which may be renewed as the parties may mutually agree in compliance with the requirements of the Hong Kong Listing Rules and other applicable laws and regulations.

During the Track Record Period, our Company entered into annual framework agreements with Mimosa Food Group, the pricing basis and major terms of which are reflected in, and consistent with, the Mimosa Food Framework Agreement. Such annual framework agreements are subject to the supervision of the regulators in the A-share market, with purchase orders to be placed by our Company for specific transactions thereunder. The Mimosa Food Framework Agreement was additionally entered into primarily to comply with the requirements of Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Subject to the terms as provided in the Mimosa Food Framework Agreement, we will enter into specific sub-agreements with members of Mimosa Food Group to set out the specific terms and conditions for each transaction or purchase order under the Mimosa Food Framework Agreement.

Pricing Basis

The prices to be paid by our Group to the Mimosa Food Group for the procurement of food and snack products under the Mimosa Food Framework Agreement shall be determined between the parties on an arm’s length basis with reference to the following factors:

- (i) the quality of the food and snack products supplied by the Mimosa Food Group compared with those supplied by other suppliers in the market who are Independent Third Parties;
- (ii) the quantity of each order, the timeline for meeting the order and the stability of our Group’s orders over the mid-to-long term;
- (iii) the pricing charged by Mimosa Food Group when supplying the same or similar products to Independent Third Parties;
- (iv) Mimosa Food Group’s costs for manufacturing the food and snack products supplied;
- (v) the market prices of similar goods and products sold by other suppliers who are Independent Third Parties for similar goods and products; and
- (vi) the historical pricing basis under annual framework agreements entered into between our Company and Mimosa Food Group during the Track Record Period.

To ensure the prices to be paid by our Group are on normal commercial terms, are fair and reasonable and in the interests of our Shareholders as a whole, before entering into any sub-agreement or purchase order under the Mimosa Food Framework Agreement, the procurement department of the Group will require Mimosa Food Group to provide the transaction prices at which it sells the same or similar products to other Independent Third Parties. Concurrently, the procurement department of the Group will also take into account market prices and transaction terms offered by Independent Third Parties for products of the same or similar type to ensure the terms offered by Mimosa Food Group are similar and not less favorable to our Group compared with the terms offered by Independent Third Parties. Our procurement department also monitors procurement pricing of food and snack products in the market on a continuous basis to ensure that the subsequent procurement prices are fair and reasonable and are consistent with market prices.

The major terms (including pricing terms) under the Mimosa Food Framework Agreement are in line with and no less favourable to our Group than (i) those between our Group and our other suppliers who are Independent Third Parties for comparable products, and (ii) those between Mimosa Food Group and its other customers for comparable products. In particular, during the Track Record Period,

- (i) the average unit price of products transacted between our Group and Mimosa Food Group was generally in line with or lower than (a) those charged by our other suppliers who are Independent Third Parties for comparable products; and (b) those charged by Mimosa Food Group to its other customers for comparable products subject to a pricing adjustment attributable to the differences in order delivery schedule and batch sizes; and
- (ii) there were no material differences between the major terms of transactions between our Group and Mimosa Food Group, including payment terms, delivery arrangements, quality inspection standards and product return and exchange policies, and (a) those applicable to comparable transactions with our other suppliers who were Independent Third Parties; and (b) those applicable to comparable transactions between Mimosa Food Group and its other customers.

CONTINUING CONNECTED TRANSACTIONS

Historical Amounts, Annual Caps and Basis for Annual Caps

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts with respect to the procurement of food and snack products from Mimosa Food Group were approximately RMB141.08 million, RMB441.35 million and RMB459.54 million, respectively. The fluctuations in historical transaction amounts are primarily driven by the sustained expansion of our Company’s revenue, particularly the increase in our store count, as well as the launch of new products by Mimosa Food Group. As at December 31, 2023, 2024 and 2025, the number of Company’s stores reached 4,726, 14,196, and 18,314, respectively. According to the information provided by Mimosa Food Group, our Group’s purchase amounts represented approximately 24.64%, 59.74% and 88.92% of Mimosa Food Group’s revenue in each of 2023, 2024 and 2025. According to Mimosa Food Group, such increase was driven by changes in the performance of its customers — while the purchases by our Group increased consistently due to the rapid growth in our Group’s snack and beverage retail business from 2023 to 2025, purchases from its other independent customers experienced mild decline during the same period due to the slowing down of those customers’ own sales.

The proposed annual caps of the transaction fees contemplated under the Mimosa Food Framework Agreement with respect to the procurement of goods and products from Mimosa Food Group are RMB550.00 million, RMB700.00 million and RMB800.00 million for the years ending December 31, 2026, 2027 and 2028.

In arriving at the proposed annual caps of the transaction fees above, the Board has considered the following factors:

- (i) the historical transaction amounts between our Group and Mimosa Food Group for the procurement of goods and products by our Group during the Track Record Period, which showed an increasing trend. In particular, the transaction amount incurred more than doubled in the year ended December 31, 2024 compared to the year ended December 31, 2023;
- (ii) the expected increase in the number of our Company’s stores, taking into account the significant growth in the number of our Company’s stores during the Track Record Period;
- (iii) the expected increase in the number of SKUs to be supplied by the Mimosa Food Group over the next three years, driven by the increasing popularity of their products among consumers and their growing brand recognition, taking into account (i) the increase in the number of SKUs supplied by Mimosa Food Group in the year of December 31, 2025 as compared to those in the year of December 31, 2024, and (ii) the expansion of the scope of products procured from Mimosa Food Group since the second half of 2025 with new product categories including multi-flavor milk cakes, mango strips, mango rolls and dried fruit products, such as dried blueberries;
- (iv) the expected increase in the volume of food and snack products procurement by our Group, which is expected to remain substantial and steady over the next three years, as a result of the Group’s expected business growth over the next three years. The annual caps were calculated based on the following assumptions and estimation: based on the transaction amount in 2025, the annual transaction amounts for 2026, 2027 and 2028 were estimated to increase based on the year-on-year growth rates of 40%-20%, which was backed by the Group’s relevant business growth rate for the years ending December 31, 2026, 2027, and 2028, respectively; and
- (v) the historical prices charged by the Mimosa Food Group for food and snack products and our expectation that the average pricing will remain generally steady.

CONTINUING CONNECTED TRANSACTIONS

Reason for the Transaction

Mimosa Food Group is a manufacturer and supplier of a wide variety of snack and food products; its customers are retail and supermarket businesses in China. According to the information provided by Mimosa Food Group, Mimosa Food Group recorded approximately RMB796.9 million in revenue and had over 900 employees in 2024.

Having considered the quality, variety and brand recognition of its products, and its reliability as a supplier, we consider the procurement of products from Mimosa Food Group to be consistent with the business and commercial objectives of the Group.

Our Directors, including the independent non-executive Directors, are of the view that (i) the Mimosa Food Framework Agreement is entered into in the ordinary and usual course of our business, (ii) the Mimosa Food Framework Agreement is on normal commercial terms or better, and (iii) the respective terms and the proposed annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Hong Kong Listing Rules implications

As the highest applicable percentage ratio in respect of the above continuing connected transaction is expected to exceed 5% on an annual basis, the transactions contemplated under the Mimosa Food Framework Agreement will, upon [REDACTED], constitute a non-exempt continuing connected transaction of the Company and will be subject to the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

INTRAGROUP BUSINESS OPERATIONS FRAMEWORK AGREEMENT

On [●], 2026, the Company (for itself and on behalf of the Other Group Members) entered into a framework agreement (the “**Intragroup Business Operations Framework Agreement**”) with Nanjing Wanxing (for itself and on behalf of the Nanjing Wanxing Group) and Nanjing Wanpin (for itself and on behalf of the Nanjing Wanpin Group), to regulate transactions between Nanjing Wanxing Group, Nanjing Wanpin Group and/or Other Group Members pertaining to, among others:

- the procurement of various types of goods and products;
- grant of software licenses; and
- procurement of marketing services.

The initial term of the Intragroup Business Operations Framework Agreement will commence on the [REDACTED] and end on December 31, 2028, which may be renewed as the parties may mutually agree in compliance with the requirements of the Hong Kong Listing Rules and other applicable laws and regulations.

Subject to the terms as provided in the Intragroup Business Operations Framework Agreement, the parties will enter into specific sub-agreements or purchase orders to set out the specific terms and conditions for each transaction under the Intragroup Business Operations Framework Agreement.

For the avoidance of doubt, since Nanjing Wanxing and Nanjing Wanpin are subsidiaries of the Company, transactions between Nanjing Wanxing Group, Nanjing Wanpin Group and Other Group Members are intragroup transactions of the Group, and therefore the transaction amounts under the Intragroup Business Operations Framework Agreement are not costs or expenses of the Group in the Group’s consolidated financial statements.

CONTINUING CONNECTED TRANSACTIONS

1. Provision of Goods and Products

Our Group members (including Nanjing Wanxing Group and Nanjing Wanpin Group) have historically been purchasing and selling various goods and products, including but not limited to snacks, baked goods, beverages, foodware and drinkware, from and to each other in the ordinary course of the Group’s business. To avoid disruption to the continued operations of the Group, we expect to continue the aforementioned transaction among the following parties upon and following the [REDACTED]:

- provision of goods and products by Other Group Members to Nanjing Wanxing Group;
- provision of goods and products by Other Group Members to Nanjing Wanpin Group;
- provision of goods and products by Nanjing Wanxing Group to Nanjing Wanpin Group; and
- provision of goods and products by Nanjing Wanxing Group to Other Group Members.

The background of such transactions is as follows:

- (a) Nanjing Wanxing Group and Nanjing Wanpin Group contract with and supply food products (such as snacks, baked goods and beverages) to our franchised stores in our Group’s ordinary course of business. Certain members of the Other Group Members have warehouses which are shared within our Group. As part of our centrally coordinated supply chain management system, we would dispatch products from our closest warehouses to fulfill orders by our franchised stores, which means that orders by franchised stores of Nanjing Wanxing Group or Nanjing Wanpin Group may be fulfilled by the stock of Other Group Members. In this case, Nanjing Wanxing Group or Nanjing Wanpin Group would purchase the products from the relevant Other Group Members as intra-group transactions.
- (b) Our Group members (including members of Nanjing Wanpin Group) may also purchase goods (such as snacks, baked goods and beverages) from Nanjing Wanxing Group from time to time for the Group’s business development or promotional activities. Such products may be those sold by Nanjing Wanxing Group to Independent Third Parties in its ordinary course of business, or products acquired by Nanjing Wanxing Group in bulk for the Group.

Pricing Basis

The prices to be charged for the purchase of goods and products under the Intragroup Business Operations Framework Agreement shall be determined as follows:

- (a) for intra-group purchases of food products to fulfill orders by the franchised stores, the prices charged intra-group shall be the same as the prices at which the Other Group Members acquired such products from our suppliers, which are the same across all of our Group members; plus warehouse and logistics costs to reflect intra-group cost sharing of the warehouse facilities and delivery logistics. The said warehouse and logistics costs shall be assessed on a per-order basis, typically ranging from 2% to 5% of the value of the goods, depending on facility and equipment rental costs, labor expenses, and delivery radius; and

CONTINUING CONNECTED TRANSACTIONS

- (b) for intra-group purchases of products from Nanjing Wanxing Group for the Group’s business development or promotional activities, the prices charged intra-group shall be the same as the prices charged by Nanjing Wanxing Group to Independent Third Parties (in the case of products sold by Nanjing Wanxing Group to external parties in its ordinary course of business) or the prices at which Nanjing Wanxing Group acquired the goods from Independent Third Parties (for products acquired by Nanjing Wanxing Group for the Group).

Historical Amounts, Annual Caps and Basis for Annual Caps

The table below sets out the historical transactions amounts for the years ended December 31, 2023, 2024 and 2025 and the proposed annual caps of the transaction fees for the years ending December 31, 2026, 2027 and 2028:

	Historical transaction amount			Proposed annual cap		
	For the Year Ended December 31,					
	2023	2024	2025	2026	2027	2028
	(RMB million)					
Provision of goods and products by Other Group Members to Nanjing Wanxing Group.	2.19	22.22	17.81	29.79	38.73	46.47
Provision of goods and products by Other Group Members to Nanjing Wanpin Group	38.56	29.77	9.51	31.23	40.60	48.72
Provision of goods and products by Nanjing Wanxing Group to Nanjing Wanpin Group	Nil	Nil	31.62	58.35	75.86	91.03
Provision of goods and products by Nanjing Wanxing Group to Other Group Members.. . . .	Nil	0.20	3.86	4.80	6.24	7.49

As Nanjing Wanxing Group and Nanjing Wanpin Group are subsidiaries of the Company and the above-described transactions are of substantially the same nature, we have aggregated the said transactions pursuant to Rule 14A.83 of the Hong Kong Listing Rules.

As explained above, Nanjing Wanxing Group and Nanjing Wanpin Group contract with and supply food products to our franchised stores in our Group’s ordinary course of business, while certain members of the Other Group Members have warehouses which are shared within our Group; the intra-group purchases of goods and services were primarily a result of our centrally coordinated supply chain management system. As such, the fluctuations in historical transaction amounts were primarily driven by the Group’s overall revenue from the snack and beverage retail business and the number and distribution of our warehouses.

- In 2024 and 2025, to meet the increasing demand for storage capacity and delivery coverage, certain members of Nanjing Wanxing Group and Nanjing Wanpin Group established their own warehouses, thereby reducing the need to purchase goods and services from the Other Group Members, leading to a decreasing trend in the transaction amounts from 2023 to 2024 and into 2025.

CONTINUING CONNECTED TRANSACTIONS

- In 2025, certain members of Nanjing Wanpin Group adjusted their business model to procure products from the shared warehouses operated by members of Nanjing Wanxing Group, thereby leading to an increasing trend in the transaction amounts for the provision of goods and products by Nanjing Wanxing Group to Nanjing Wanpin Group from 2024 to 2025. Concurrently, Nanjing Wanxing Group expanded its business from primarily engaging in the sale of snack gift boxes to a centralized procurement of imported products for the Group, with these imported products being procured by Nanjing Wanxing Group and subsequently resold to Other Group Members, resulting in an increasing trend in the transaction amounts for the provision of goods and products by Nanjing Wanxing Group to Other Group Members from 2024 to 2025.

In arriving at the proposed annual caps of the transaction fees above, the Board has considered the following factors:

- (i) the expected amount and value of orders to be received by the Group from its franchised stores, which is expected to increase substantially and consistently over the next three years. The annual caps were calculated based on the following assumptions and estimation: based on the transaction amount in 2025, the annual transaction amounts for 2026, 2027 and 2028 were estimated to increase based on the year-on-year growth rates of 40%-20%, which was backed by the Group’s relevant business growth rate for the years ending December 31, 2026, 2027, and 2028, respectively;
- (ii) the above increasing trend is moderated by the expectation that the Group will increase the density of its warehousing network, which will reduce the amount of intra-group goods purchases for order fulfillment purposes;
- (iii) the expected amount of goods needed for the Group’s business and development or promotional activities, which is expected to remain stable and immaterial; and
- (iv) the expected increase in the number of our Company’s stores, taking into account the significant growth in the number of our Company’s stores during the Track Record Period.

2. Grant of Software Licenses

Certain Other Group Members have historically and will continue to grant to Nanjing Wanxing Group and Nanjing Wanpin Group certain software licenses for various applications, including but not limited to management of warehousing, logistics, inventory, supply chains, franchisees, human resources and enterprise resource planning. The software subject to license grant transactions contemplated under the Intragroup Business Operations Framework Agreement pertain to both software developed by the Group and to software originally developed by and licensed to the Other Group Members from Independent Third Parties. No historical transactions for the software license grants to Nanjing Wanxing Group and Nanjing Wanpin Group occurred in 2023 and 2024, as the related software was only acquired by the Group in December 2024, with costs allocated to subsidiaries hereafter.

Pricing Basis

The fees to be charged for the software licenses under the Intragroup Business Operations Framework Agreement shall be determined on the following basis: the overall costs incurred by Other Group Members for the software provided (which primarily comprise, where the software is developed by the Group, the development and maintenance costs of the software, or, where the software is originally licensed from an Independent Third Party, the costs of obtaining such license) shall be shared by the members of the Nanjing Wanxing Group and Nanjing Wanpin Group.

CONTINUING CONNECTED TRANSACTIONS

Depending on the nature or purpose of the relevant software, the cost sharing shall be determined primarily based on usage (e.g. the number of warehouses, the number of members in the Nanjing Wanxing Group or Nanjing Wanpin Group (as applicable), or the number of persons that utilize the relevant software).

Historical Amounts, Annual Caps and Basis for Annual Caps

The table below sets out the historical transactions amounts for the years ended December 31, 2023, 2024 and 2025 and the proposed annual caps of the transaction fees for the years ending December 31, 2026, 2027 and 2028:

	Historical transaction amount			Proposed annual cap		
	For the Year Ended December 31,					
	2023	2024	2025	2026	2027	2028
	(RMB million)					
Grant of software licenses by Other Group Members to Nanjing Wanxing Group and Nanjing Wanpin Group	Nil	Nil	22.86	31.89	41.46	49.75

In arriving at the proposed annual caps of the transaction fees above, the Board has considered the following factors:

- (i) the Group’s expected development and maintenance costs for self-developed software and the expected costs of licensing software from external Independent Third Parties, which are expected to remain relatively stable;
- (ii) the expected increase in the usage of the relevant softwares due to the growth of our Group’s business; and
- (iii) as the above mentioned costs and usage are closely related to the number of stores in our Group, the annual caps were calculated based on the following assumptions and estimation: based on the transaction amount in 2025, the annual transaction amounts for 2026, 2027 and 2028 were estimated to increase based on the year-on-year growth rates of 40%-20%, which was backed by the Group’s relevant business growth rate for the years ending December 31, 2026, 2027, and 2028.

3. Procurement of Marketing Services

Nanjing Wanxing is one of our main Group members that enter into contracts for marketing services, including but not limited to product displays and online and offline promotional activities, with external Independent Third Parties for our Group. The other members of the Group then share the cost of such marketing services by purchasing parts of such marketing services from Nanjing Wanxing Group as intra-group transactions. To avoid disruption to the continued operations of the Group, we expect to continue to procure marketing services from Nanjing Wanxing Group.

CONTINUING CONNECTED TRANSACTIONS

Pricing Basis

The fees to be charged for the marketing services under the Intragroup Business Operations Framework Agreement shall be determined on the following basis: the overall costs incurred by Nanjing Wanxing Group for the marketing services purchased from external Independent Third Parties shall be shared by the other members of the Group primarily based on the revenue contribution of that Group member to the Group; which may be adjusted taking into account other factors (e.g. the geographical coverage of the marketing service) to more fairly reflect the actual benefits received by the Group member from the relevant marketing service.

Historical Amounts, Annual Caps and Basis for Annual Caps

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts with respect to the procurement of marketing services by the other members of the Group from Nanjing Wanxing Group were approximately nil, RMB10.91 million and RMB29.28 million, respectively.

The proposed annual caps of the transaction fees contemplated under the Intragroup Business Operations Framework Agreement with respect to the procurement of marketing services by the other members of the Group from Nanjing Wanxing Group are RMB35.00 million, RMB35.00 million and RMB35.00 million for the years ending December 31, 2026, 2027 and 2028.

In arriving at the proposed annual caps of the transaction fees above, the Board has considered the following factors:

- (i) the historical transaction amounts between the other members of the Group and Nanjing Wanxing Group for the provision of marketing services during the Track Record Period with an increase in the marketing service transaction amounts recorded in the second half of 2025 due to the Group’s marketing plans;
- (ii) the evolution of the Group’s marketing strategy as its business matures, resulting in a more disciplined and cost-controlled approach to marketing expenditure following the establishment of its brand recognition and market share; and
- (iii) the expectation that there will be no material increase to the scope or amount of marketing services to be procured by the other members of the Group in the next three financial years compared with the current levels. As such, the annual caps for each of the next three financial years are kept as the same as the amount in the full financial year of 2024.

Reason for the Transactions

Nanjing Wanxing and Nanjing Wanpin have been and still remain subsidiaries of the Company. There have historically been a number of intragroup transactions among (i) Nanjing Wanxing Group, (ii) Nanjing Wanpin Group and (iii) Other Group Members. Our Directors are of the view that these intragroup transactions are mutually beneficial and are in the best interests of the Group and the Shareholders as a whole, as they provide members of the group cost-effective opportunities to leverage common resources for the purposes of, among other things, order fulfillment, warehousing, sourcing of goods and products; use of intellectual property licenses; and marketing activities.

Our Directors, including the independent non-executive Directors, are of the view that (i) the Intragroup Business Operations Framework Agreement is entered into in the ordinary and usual course of our business, (ii) the Intragroup Business Operations Framework Agreement is on normal commercial terms or better, and (iii) the respective terms and the proposed annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

Hong Kong Listing Rules implications

As the highest applicable percentage ratio in respect of each of the above continuing connected transactions (including the transactions aggregated in the manner described in the paragraph headed “Continuing Connected Transactions — Intragroup Business Operations Framework Agreement — Provision of Goods and Products — Historical Amounts, Annual Caps and Basis for Annual Caps” above) is expected to be above 0.1% but below 5% on an annual basis, the transactions contemplated under the Intragroup Business Operations Framework Agreement are subject to the reporting, annual review and announcement requirements, but exempt from independent Shareholders’ approval requirement pursuant to Rule 14A.76 of the Hong Kong Listing Rules.

WAIVERS

Partially-exempt and non-exempt continuing connected transactions

In respect of the partially-exempt continuing connected transactions described above, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the announcement requirements under the Hong Kong Listing Rules pursuant to Rule 14A.105 of the Hong Kong Listing Rules.

In respect of the non-exempt continuing connected transactions described above, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the announcement, circular and independent shareholders’ approval requirements under the Hong Kong Listing Rules pursuant to Rule 14A.105 of the Hong Kong Listing Rules.

Full-exempt continuing connected transactions

Upon [REDACTED], we will have certain other continuing connected transaction which are expected to be fully exempt pursuant to Rule 14A.76 of the Hong Kong Listing Rules. For details, please refer to Note 34 to the Accountants’ Report set out in Appendix I to this Document.

1. Warehousing and Logistics Services

On October 1, 2023, our Group entered into agreements (the “**Warehousing and Logistics Services Agreements**”) with Ningbo Daku Trading Co., Ltd. (寧波大庫商貿有限公司) (“**Ningbo Daku**”) for a period from October 1, 2023 to September 30, 2026 relating to the provision of warehousing and logistics services, including:

- storage and sorting of goods, handling and verification of warehouse receipts, and product delivery; and
- rental of warehousing logistics distribution equipment.

The prices to be charged under the Warehousing and Logistics Services Agreements shall be determined as follows:

- for the provision of storage and delivery and related services, the prices were calculated based on the number of units dispatched from the warehouse, at a fixed unit price per item, which was determined with reference to the scope of the warehousing and distribution services; and
- for the rental of equipment, the prices were based on a fixed monthly rental fee.

CONTINUING CONNECTED TRANSACTIONS

The historical transactions under the Warehousing and Logistics Services Agreements amounted to RMB7,024,000, RMB34,644,000 and RMB38,974,000 for the years ended December 31, 2023, 2024 and 2025, respectively.

Hong Kong Listing Rules implications

Ningbo Daku is controlled by Mr. Yuan Zhenqin (袁振勤), a connected person of the Company at subsidiary level. As Ningbo Daku is his associate, the transactions contemplated under the Warehousing and Logistics Services Agreements constitute connected transactions of the Company. As the Warehousing and Logistics Services Agreements were entered into and have been conducted in the ordinary and usual course of business and on normal commercial terms or better, and the highest applicable percentage ratio for the fees payable by our Group to Ningbo Daku is expected to be less than 1% on an annual basis, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1).

2. *Guarantees*

Mr. Wang Jiankun and Ms. Lin Gaichun have jointly provided guarantees for the Group’s repayment obligations under certain interest-bearing bank borrowings taken out by the Group in its ordinary course of business to support its day-to-day operations (the “**Guarantees**”), which are expected to survive the [REDACTED]. Historically, the Group’s interest-bearing borrowings covered by the Guarantees amounted to RMB334,104,000, RMB346,451,000 and RMB405,986,000 as at December 31, 2023, 2024 and 2025. As at December 31, 2025, the Group’s unutilized banking facilities not subject to any guarantees by Mr. Wang Jiankun and/or Ms. Lin Gaichun amounted to RMB1,354,416,000. As such, the Company considers that it has sufficient unutilized banking facilities not subject to guarantees from Mr. Wang Jiankun and/or Ms. Lin Gaichun available for use and it is able to operate independently from Mr. Wang Jiankun and Ms. Lin Gaichun.

Hong Kong Listing Rules implications

The Guarantees constitute financial assistance provided by connected persons of our Company for the benefit of the Group. As they are (i) on normal commercial terms or better as they are provided unilaterally by Mr. Wang Jiankun and Ms. Lin Gaichun to guarantee our obligations under the bank borrowings without any reciprocal obligation from our Group to Mr. Wang Jiankun and Ms. Lin Gaichun and (ii) not secured by the assets of our Group, the Guarantees will be fully exempt from the annual review, reporting, announcement and independent Shareholders’ approval requirements under Rule 14A.90 of the Listing Rules.

JOINT SPONSORS’ VIEW

Based on the documentation, information and data provided by the Company and participation in the due diligence and discussion with the Company, the Joint Sponsors are of the view that: (i) the Mimosa Food Framework Agreement and the Intragroup Business Operations Framework Agreement for which waivers have been sought have been entered into in the ordinary and usual course of business of the Company on normal commercial terms or better, are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole, and (ii) the proposed annual caps of each of the Mimosa Food Framework Agreement and the Intragroup Business Operations Framework Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

INTERNAL CONTROL MEASURES

In order to ensure that (i) the terms under the relevant framework agreements mentioned above are fair and reasonable, and no more favorable to the relevant connected party than terms available to Independent Third Parties, and (ii) the transactions thereunder are carried out under normal commercial terms or better, we will adopt the following internal control procedures upon the [REDACTED]:

- our Board and the finance department of our Group will be jointly responsible for evaluating the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps to ensure compliance with the Hong Kong Listing Rules;
- the legal department and the finance department of our Group will be jointly responsible for reviewing our Group’s list of connected persons and information about the continuing connected transactions to ensure such information is consistent, accurate and complete, and in compliance with the Hong Kong Listing Rules;
- the legal department and the finance department of our Group will regularly monitor the fulfillment status of the annual caps and the transaction updates under the relevant agreement;
- the legal department and the finance department of our Group will regularly monitor the continuing connected transactions and shall timely report to our Board once they are made aware of any non-compliant matters or that certain connected transactions have been restricted by any regulatory authorities; and
- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions and provide annual confirmation to ensure that, in accordance with the Hong Kong Listing Rules, the transactions are conducted in accordance with the terms and pricing policies of the relevant agreement, and are on normal commercial terms or better.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no new A Shares are issued under the Share Award Plans and there are no changes to the shareholding of our Company between the Latest Practicable Date and the [REDACTED]), the following persons will have an interest and/or short position in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Shareholder	Capacity/Nature of interest ⁽¹⁾	Description of Shares	Number of Shares directly or indirectly held	Approximate percentage of interest in the total issued share capital as of the Latest Practicable Date ⁽²⁾	Approximate percentage of interest in our A Shares immediately following the completion of the [REDACTED] ⁽²⁾⁽³⁾	Approximate percentage of interest in the total issued share capital immediately following the completion of the [REDACTED] ⁽³⁾
Fujian Mimosa ⁽⁴⁾	Beneficial owner	A Shares	30,711,800	16.05%	[REDACTED]%	[REDACTED]%
Zhangzhou Jinwanchen ⁽⁴⁾	Beneficial owner	A Shares	22,672,479	11.85%	[REDACTED]%	[REDACTED]%
Mr. Wang Zening ⁽⁴⁾	Beneficial owner	A Shares	19,214,415	10.04%	[REDACTED]%	[REDACTED]%
	Beneficial owner ⁽⁵⁾	A Shares	280,000	0.15%	[REDACTED]%	[REDACTED]%
	Interest in controlled corporations ⁽⁴⁾	A Shares	53,384,279	27.91%	[REDACTED]%	[REDACTED]%
	Interest under contract ⁽⁶⁾	A Shares	34,329,855	17.95%	[REDACTED]%	[REDACTED]%
Ms. Wang Liqing ⁽⁴⁾	Beneficial owner	A Shares	135,000	0.07%	[REDACTED]%	[REDACTED]%
	Beneficial owner ⁽⁵⁾	A Shares	420,000	0.22%	[REDACTED]%	[REDACTED]%
	Interest in controlled corporations ⁽⁴⁾	A Shares	22,672,479	11.85%	[REDACTED]%	[REDACTED]%
Mr. Peng Dejian ⁽⁶⁾⁽⁷⁾	Beneficial owner	A Shares	20,838,855	10.89%	[REDACTED]%	[REDACTED]%
	Beneficial owner ⁽⁵⁾	A Shares	300,000	0.16%	[REDACTED]%	[REDACTED]%
	Interest of spouse ⁽⁶⁾	A Shares	1,200,000	0.63%	[REDACTED]%	[REDACTED]%
	Interest of spouse ⁽⁵⁾⁽⁶⁾	A Shares	300,000	0.16%	[REDACTED]%	[REDACTED]%
Mr. Zhou Peng ⁽⁶⁾⁽⁸⁾	Beneficial owner	A Shares	11,090,000	5.80%	[REDACTED]%	[REDACTED]%
	Beneficial owner ⁽⁵⁾	A Shares	1,200,000	0.63%	[REDACTED]%	[REDACTED]%
	Interest of spouse ⁽⁶⁾	A Shares	1,201,000	0.63%	[REDACTED]%	[REDACTED]%
	Interest of spouse ⁽⁵⁾⁽⁶⁾	A Shares	1,200,000	0.63%	[REDACTED]%	[REDACTED]%

SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) All interests stated are long positions in the Shares.
- (2) The calculation is based on the total number of 191,293,385 A Shares in issue as of the Latest Practicable Date.
- (3) The calculation is based on the total number of 191,293,385 A Shares and [REDACTED] H Shares in issue immediately after completion of the [REDACTED] since [REDACTED] H Shares will be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised, no new A Shares are issued under the Share Award Plans and there are no changes to the shareholding of our Company between the Latest Practicable Date and the [REDACTED]).
- (4) Mr. Wang Zening holds approximately 80% and approximately 53.33% interests in the issued share capital of Fujian Mimosa and Zhangzhou Jinwanchen, respectively. Ms. Wang Liqing holds approximately 37.67% interests in the issued share capital of Zhangzhou Jinwanchen. Therefore, pursuant to the SFO, Mr. Wang Zening is deemed to be interested in the 30,711,800 A Shares held by Fujian Mimosa, and each of Mr. Wang Zening and Ms. Wang Liqing is deemed to be interested in the 22,672,479 A Shares held by Zhangzhou Jinwanchen. Further, as announced by the Company pursuant to applicable PRC rules and regulations, the Company was notified by Zhangzhou Jinwanchen that it disposed 1,578,751 A Shares between 28 July 2025 and 27 October 2025.
- (5) Represent the A Shares underlying the unvested RSUs each of Mr. Wang Zening, Ms. Wang Liqing, Mr. Peng Dejian, Ms. Fan Hongjuan, Mr. Zhou Peng and Ms. Li Xiaoyu was granted under the Share Award Plans as at the Latest Practicable Date.
- (6) Pursuant to the 2024 Voting Proxy Agreement, Mr. Wang Zening is entitled to the votes attached to an aggregate of 22,038,855 Shares held by Mr. Peng Dejian and his spouse Ms. Fan Hongjuan as at the Latest Practicable Date. Accordingly, under the SFO, Mr. Wang Zening is deemed to be interested in the subject shares under the 2024 Voting Proxy Agreement. See “History, Development, and Corporate Structure — Voting Proxy Agreements” for further details.

Pursuant to the 2025 Voting Proxy Agreement, Mr. Wang Zening is entitled to the voting rights attached to an aggregate of 12,291,000 A Shares held by Mr. Zhou Peng and his spouse Ms. Li Xiaoyu, which came into effect on December 3, 2025. Accordingly, under the SFO, Mr. Wang Zening is deemed to be interested in the subject shares under the 2025 Voting Proxy Agreement. See “History, Development and Corporate Structure — Significant Acquisitions and Disposals — Acquisition of the minority interest in Nanjing Wanyou” for further details.
- (7) Mr. Peng Dejian pledged 6,361,800 A Shares held by him on June 17, 2025 to Huaneng Guicheng Trust Corp., Ltd. (華能貴誠信託有限公司).
- (8) Mr. Zhou Peng pledged 2,552,800 A Shares held by him on January 13, 2026 to Huaneng Guicheng Trust Corp., Ltd. (華能貴誠信託有限公司).

Save as disclosed above and in the section headed “Appendix IV — Statutory and General Information — Further Information about our Directors, Chief Executive and Substantial Shareholders — Interests of the substantial shareholders in other members of our Group”, our Directors are not aware of any person who will, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised, no new A Shares are issued under the Share Award Plans and there are no changes to the shareholding of our Company between the Latest Practicable Date and the [REDACTED]), have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company consisted of 191,293,385 A Shares of nominal value of RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

Description of Shares	Number of Shares	Percentage of issued share capital (%)
A Shares in issue	191,293,385	100.00
Total	<u>191,293,385</u>	<u>100.00</u>

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [REDACTED], assuming that the [REDACTED] is not exercised and no new A Shares are issued under the Share Award Plans, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital (%)
A Shares in issue	191,293,385	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	<u>[REDACTED]</u>	<u>100.00</u>

Immediately following completion of the [REDACTED], assuming that the [REDACTED] is fully exercised and no new A Shares are issued under the Share Award Plans, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital (%)
A Shares in issue	191,293,385	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	<u>[REDACTED]</u>	<u>100.00</u>

SHARE CAPITAL

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be subscribed for or [REDACTED] by Hong Kong and other overseas [REDACTED] and [REDACTED]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and [REDACTED] by mainland Chinese [REDACTED] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A shareholders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our holders of A Shares to issue H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the general meeting of our Company held on September 8, 2025 upon, among other things, the following major terms:

(1) Size of the [REDACTED]

The proposed number of H Shares to be [REDACTED] initially shall not exceed [REDACTED]% of the total issued share capital as enlarged by the H Shares to be [REDACTED] pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be [REDACTED] pursuant to the full exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially under the [REDACTED].

(2) Method of [REDACTED]

The method of [REDACTED] shall be by way of a [REDACTED] for subscription in Hong Kong and an [REDACTED] to institutional and professional [REDACTED].

SHARE CAPITAL

(3) Target [REDACTED]

The H Shares shall be [REDACTED] to overseas institutional [REDACTED], enterprises and individual [REDACTED], [REDACTED] and other [REDACTED] in compliance with regulatory requirements.

(4) [REDACTED] basis

The [REDACTED] of the H Shares will be determined after due consideration of the interests of existing Shareholders, the acceptance of [REDACTED], domestic and overseas capital markets and issuance risks, and in accordance with international practices through the demands for orders and book building process.

(5) Validity period

The [REDACTED] of H Shares and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within [REDACTED] from the date when the Shareholders’ meeting was held on September 8, 2025.

There are no other approved [REDACTED] plans for any other shares except for the [REDACTED].

SHAREHOLDERS’ GENERAL MEETING

For details of circumstances under which our Shareholders’ general meeting is required, see “Appendix III — Summary of Articles of Association”.

SHARE AWARD PLANS

We have adopted the Share Award Plans and have granted restricted share units thereunder, the vesting of which will be satisfied by newly issued A Shares. For details, see “Appendix IV — Statutory and General Information — Share Award Plans”.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information including the notes thereto, included in the Accountants’ Report set out in Appendix I to this Document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this Document, including the sections headed “Risk Factors” and “Business.”

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

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, we ranked as the second-largest snack and beverage retailer in China, according to CIC. 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 the same source.

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 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. In addition, we are also engaged in the cultivation and sale of edible fungi.

BASIS OF PRESENTATION AND PREPARATION

The historical financial information has been prepared in accordance with the IFRS Accounting Standards (“**IFRS**”) which comprise all standards and interpretations approved by the International Accounting Standards Board. The historical financial information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Hong Kong Listing Rules.

All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the historical financial information throughout the Track Record Period.

FINANCIAL INFORMATION

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Store Network Expansion and Consumer Base Growth

As we primarily generate revenue from selling snacks and beverages through franchised and self-operated stores, the scale of our store network is critical to our revenue growth. During the Track Record Period, our store network had grown significantly, encompassing 4,560, 14,098 and 18,282 franchised stores and 166, 98 and 32 self-operated stores as of December 31, 2023, 2024 and 2025, respectively. We direct our business growth generally toward economically developed or densely populated regions, where higher purchasing power and consumer traffic can support stronger sales. 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.

In parallel, our growing consumer base further supports our revenue growth. In 2025, our stores recorded approximately 2.4 billion transactions. At the core of our consumer base is our large and loyal membership system. We had approximately 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. Such engagement level illustrates the vibrancy of our consumer base, which in turn drives sustained repurchases and supports revenue growth.

Our Ability in Product Selection and Development

Our product selection and development capabilities are critical to driving consumer traffic and sales volume. 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. We explore new initiatives and keep enriching our product mix to better fulfill the needs of consumers. In 2025, we launched an average of approximately 220 new SKUs every month, ensuring freshness of offerings while maintaining operational efficiency through constant optimization.

In addition, we collaborate with upstream manufacturers to develop private-label products, which allow us to respond quickly to ever-evolving consumer preferences with agility, and deliver products that are either priced with affordability or differentiated in quality and features. We believe our private-label products will further drive revenue growth through diversifying and differentiating our product offerings, and enhancing product quality while ensuring affordable price, thereby increasing consumer traffic and strengthening brand loyalty.

Our Ability to Efficiently Manage Supply Chain

Efficient management of our supply chain is a critical factor in managing costs and improving profitability. As of December 31, 2025, approximately 96% of our products were procured directly from brand owners, effectively eliminating intermediaries and achieving more control over procurement costs. This direct procurement model allows us to negotiate better terms and pass on cost savings to our consumers.

To optimize logistics, we strategically position our warehouses in close alignment with our store network, enabling deliveries to approximately 80% of our stores within 24 hours to maintain optimal inventory levels and minimize stockouts. By utilizing technology and optimizing both procurement and logistics, we enhance supply chain efficiency, maintain cost control, and improve profitability across the business. In December 2025, our average order fulfillment rate under *Haoxianglai* brand exceeded 99%, above the industry average of 90%-95%, according to CIC.

Our Ability to Improve Operational Efficiency

Efficient management and control of operating expenses are crucial to our success. Our unified nationwide brand, *Haoxianglai*, not only strengthens brand awareness but also drives cost efficiencies by allowing marketing and promotional expenses to be shared across the network, standardizing training and operations, among others. We have maintained relatively low selling and distribution costs for our snack and beverage retail business. Since rapidly scaling our store network

FINANCIAL INFORMATION

in 2023, we have kept selling and distribution costs below 5% of revenue from this segment, which further decreased to around 3% in 2025. Additionally, our administrative expenses have remained relatively low and exhibited a generally downward trend throughout the Track Record Period. While we expect the absolute amount of operating expenses to increase as our business grows, we anticipate ongoing improvements in operational efficiency and expect to benefit from economies of scale as we continue to scale up.

KEY OPERATING DATA

The following table sets forth our key operating data as of the dates and for the years indicated which we believe are useful for understanding our business performance, operational scale, and growth trends during the Track Record Period. We present these operating metrics because they are closely linked to our financial performance. For example, total GMV, total number of stores and total number of orders. These metrics should be read in conjunction with the discussion of our results of operations and other financial information included elsewhere in this Document.

	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.

MATERIAL ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and assumptions concerning the future and judgments are made by the management in the preparation of the historical financial information. They affect the application of our accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognized in the period of revision and future periods, in case the revision also affects future periods. During the Track Record Period, there had not been any material deviation from our management’s estimates or assumptions and actual results, and we had not made any material changes to these estimates or assumptions. We do not expect any material changes to these estimates and assumptions in the foreseeable future. For a better understanding of our material accounting policy information and material accounting judgment and estimates, please refer to Note 3 to the Accountants’ Report included in Appendix I to this Document.

	Years ended December 31,					
	2023			2024		
	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	%	Results before biological assets fair value adjustments	Biological assets fair value adjustments
	RMB	RMB	RMB	(RMB in thousands, except percentages)	RMB	RMB
Revenue						
Snack and beverage retail business ("Snack")	8,759,025	-	8,759,025	94.2	31,790,207	-
Edible fungi business ("Fungi")	534,715	-	534,715	5.8	538,623	-
Subtotal	9,293,740	-	9,293,740	100.0	32,328,830	-
Cost of sales						
Snack	(7,925,134)	-	(7,925,134)	(85.3)	(28,336,922)	-
Fungi	(504,500)	(25,882)	(530,382)	(5.7)	(514,345)	(17,204)
Subtotal	(8,429,634)	(25,882)	(8,455,516)	(91.0)	(28,851,267)	(17,204)
Gross profit						
Snack	833,891	-	833,891	9.0	3,453,285	-
Fungi	30,215	(25,882)	4,333	0.0	24,278	(17,204)
Subtotal	864,106	(25,882)	838,224	9.0	3,477,563	(17,204)
Other income	11,199	-	11,199	0.2	133,176	-
Other gains and (losses), net	(19,357)	(5,595)	(24,952)	(0.3)	(44,456)	26,148
Selling and distribution costs	(433,843)	-	(433,843)	(4.7)	(1,430,819)	(1,430,819)
Administrative expenses	(476,785)	-	(476,785)	(5.1)	(1,053,468)	-
Finance costs	(28,745)	-	(28,745)	(0.3)	(50,848)	-
(Loss)/Profit before taxation	(83,425)	(31,477)	(114,902)	(1.2)	1,031,148	8,944
Income tax expense	(61,304)	-	(61,304)	(0.7)	(429,180)	-
(Loss)/Profit for the year and total comprehensive (expense)/income for the year	(144,729)	(31,477)	(176,206)	(1.9)	601,968	8,944
(Loss)/Profit for the year and total comprehensive (expense)/income for the year attributable to:						
Owners of the Company			(113,110)	(1.2)		
Non-controlling interests			(63,096)	(0.7)		
			(176,206)	(1.9)	610,912	2,426,575

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Non-IFRS Measure

To supplement our consolidated financial statements presented in accordance with IFRS, we use adjusted net profit/(loss) (non-IFRS measure) for the year as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company. We believe that this measure provides useful information to [REDACTED] in understanding and evaluating our consolidated results of operations in the same manner as it helps management. However, our presentation of adjusted net profit/(loss) (non-IFRS measure) for the year may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit/(loss) (non-IFRS measure) as profit/(loss) for the year, adjusted for net share-based compensation expenses, which are non-cash in nature, and [REDACTED].

The following table reconciles our non-IFRS measure for the years presented with the nearest measures prepared in accordance with IFRS.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Profit/(loss) for the year	(176,206)	610,912	2,426,575
Add back:			
Share-based compensation expenses, net .	147,971	219,374	144,186
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit/(loss) (non-IFRS measure)	(28,235)	830,286	2,574,191

DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, our revenue was derived from (i) snack and beverage retail business and (ii) edible fungi business. In 2023, we strategically transitioned our business focus to snack and beverage retail business. As a result, revenue from snack and beverage retail business has increased rapidly and constituted 94.2%, 98.3% and 98.8% of our total revenue in 2023, 2024 and 2025, respectively.

Snack and beverage retail business

During the Track Record Period, we generated revenue primarily from sale of snacks and beverages to our franchisees, through our self-operated stores and through wholesale. We primarily adopt a franchise model, which is a common practice in the industry and helps us grow our store network in an efficient manner. We also generate wholesale revenue, where we sell our products in bulk to enterprise customers. During the Track Record Period, our wholesale revenue accounted for less than 1% of our total revenue.

Edible fungi business

We generate revenue from edible fungi, including enoki mushrooms, hypsizygus tessulatus and velvet antler mushrooms.

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The following table sets forth the breakdown of our revenue by the nature of products, in absolute amounts and as percentages of our total revenue, for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>						
Snack						
Franchised stores	8,320,591	89.5	31,150,071	96.3	50,425,059	98.0
Self-operated stores	390,966	4.2	524,048	1.6	324,047	0.6
Wholesale	47,468	0.5	116,088	0.4	107,817	0.2
Subtotal	8,759,025	94.2	31,790,207	98.3	50,856,923	98.8
Fungi	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

Cost of Sales

The following table sets forth a breakdown of our cost of sales by major cost components, in absolute amounts and as percentages of our total cost of sales, for the years indicated. The changes in our cost of sales by major costs components were in line with the fluctuations in our revenue by business.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>						
Snack						
Cost of procurement	7,800,728	92.3	27,945,053	96.8	43,953,272	97.3
Others	124,406	1.5	391,869	1.4	636,814	1.4
Subtotal	7,925,134	93.8	28,336,922	98.2	44,590,086	98.7
Fungi						
Cost of production	479,546	5.7	475,830	1.6	540,925	1.2
- Manufacturing costs . . .	453,664	5.4	458,626	1.5	435,388	1.0
- Fair value adjustments of biological assets recorded in cost of sale	25,882	0.3	17,204	0.1	105,537	0.2
Others	50,836	0.5	55,719	0.2	58,913	0.1
Subtotal	530,382	6.2	531,549	1.8	599,838	1.3
Total	8,455,516	100.0	28,868,471	100.0	45,189,924	100.0

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The cost of sales of our snack and beverage retail business consists of (i) cost of procurement, which comprises costs in procuring snacks and beverages from suppliers and represents a single cost component by nature; and (ii) others, which include logistics costs for delivering snack and beverage to our stores.

The cost of sales of our edible fungi business consists of (i) cost of production, which includes manufacturing costs and fair value adjustments of biological asset; and (ii) others, which include packaging costs for our fungi products.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by our products for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>						
Snack	833,891	9.5	3,453,285	10.9	6,266,837	12.3
Fungi	4,333	0.8	7,074	1.3	2,388	0.4
Total	838,224	9.0	3,460,359	10.7	6,269,225	12.2

Our franchise model enables us to scale rapidly and efficiently. From 2023 to 2025, our gross profit margin maintained a steady growth. We plan to continue to improve our gross margin by further leveraging our economies of scale, streamlining supply chain and optimizing product mix offered in our store network.

During the Track Record Period, the gross profit margin for our edible fungi business was primarily influenced by the fluctuation of selling prices of fungi products due to market demand, as well as cost related to agricultural production.

Selling and Distribution Costs

Our selling and distribution costs consist of (i) employee compensation, including salaries, bonuses, and other benefits for our sales and marketing personnel; (ii) traveling and office expenses, which include travel expenses for business trips, office-related expenses, and logistics costs for self-operated stores; (iii) marketing and promotional expenses, which consist of business promotion expenses incurred for brand marketing and strategic planning, as well as service fees charged by online platforms; (iv) business development expenses, primarily in connection with supporting the store opening, relocation and renovation of our franchised stores; (v) depreciation and amortization related to fixed assets and right-of-use assets, (vi) short-term lease expenses and (vii) others, which comprise utility costs, property management costs, costs of store equipment, and training costs for franchisees.

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The following table sets forth a breakdown of our selling and distribution costs, in absolute amounts and as percentages of our total selling and distribution costs, for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)					
Employee compensation	222,513	51.3	626,700	43.8	731,378	47.4
Traveling and office expenses . .	64,824	14.9	169,220	11.8	187,057	12.1
Marketing and promotional expenses	50,716	11.7	184,440	12.9	244,227	15.8
Business development expenses .	8,479	2.0	334,271	23.4	305,639	19.8
Depreciation and amortization .	63,240	14.6	74,718	5.2	44,407	2.9
Short-term lease expenses	240	0.1	956	0.1	782	0.1
Others	23,831	5.4	40,514	2.8	30,950	1.9
Subtotal	433,843	100.0	1,430,819	100.0	1,544,440	100.0

Administrative Expenses

Our administrative expenses consist of (i) employee compensation, including salaries, bonuses, share-based payment expenses and other benefits for our administrative personnel; (ii) professional service fees, in connection with hiring auditors, software service providers and other professional parties for our daily and [REDACTED] compliance activities; (iii) depreciation and amortization, which include depreciation of self-owned and leased properties, buildings, machineries, office equipment, computer equipment, motor vehicles, other equipment and leasehold improvements; (iv) traveling and office expenses; (v) storage and transportation costs, which include warehousing service fees; (vi) taxes and surcharges; and (vii) others, which comprise repair costs, utilities and property management fees, external donation, bank charges and other miscellaneous expenses.

The following table sets forth a breakdown of administrative expenses by nature, in absolute amounts and as percentages of total administrative expenses, for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)					
Employee compensation	291,306	61.1	471,248	44.7	652,553	38.9
Professional service fees	9,583	2.0	44,986	4.3	103,571	6.2
Depreciation and amortization . .	59,749	12.5	136,061	12.9	146,701	8.8
Traveling and office expenses . .	18,763	4.0	36,353	3.5	49,040	2.9
Storage and transportation costs .	53,846	11.3	243,695	23.1	472,267	28.2
Taxes and surcharges	20,970	4.4	63,423	6.0	129,047	7.7
Others	22,568	4.7	57,702	5.5	123,019	7.3
Total	476,785	100.0	1,053,468	100.0	1,676,198	100.0

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Other Income

Our other income consists of (i) interest income generated from bank deposits; (ii) government grants, which represent various industry-related subsidies provided by local authorities to support enterprises in our business sectors. Such grants are generally subject to conditions set out in the relevant government policies, including achieving certain revenue thresholds or meeting specified operational and compliance standards. We are required to satisfy these conditions before receiving the grants, and all relevant requirements have been duly fulfilled; and (iii) others, which represent sales of used store materials, income related to store operation activities and miscellaneous income such as long-term accounts payable that were written-off, VAT-exempt income and consumer complaint compensation from suppliers.

The following table sets forth a breakdown of other income by nature, in absolute amounts and as percentages of total other income, for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>						
Interest income	1,614	14.4	14,110	10.6	17,400	8.8
Government grant	7,382	65.9	105,612	79.3	140,007	71.3
Others.	2,203	19.7	13,454	10.1	39,044	19.9
Total	11,199	100.0	133,176	100.0	196,451	100.0

Other Gains and Losses, Net

Our other gains and losses consist of (i) net losses on disposal of property, plant and equipment, which results from the disposal of assets from the closure of self-operated stores, machinery and equipment; (ii) net losses on disposal of intangible assets, as we disposed of a third-party corporate expense management platform which no longer satisfies our growing scale; (iii) (loss)/gain on modification and termination of leases, which primarily result from the strategic closure of self-operated stores and in connection with our disposal of properties for sale and construction projects; (iv) write down of inventories primarily in connection with our snack and beverage business; (v) provision for impairment loss on trade and other receivables, net; (vi) net changes in fair value less costs to sell (unrealized) due to the fluctuation of market price and market demand of edible fungi products; (vii) net changes in fair value less costs to sell (realized) in connection with edible fungi products; (viii) write-offs of receivables from wholesale customers; and (ix) others, which comprise payments made to employees in accordance with applicable labor laws to cover medical or recovery related expense, as well as compensation and fines.

Our financial results have been, and will continue to be, affected by changes in the fair value of our biological assets. The fair value of edible fungi is determined by cost approach and market approach. In applying these valuation methods, the Valuer has relied on a number of assumptions related to, among other things, selling price and cost to sell. Therefore, the fair value of our biological assets could be affected by, among other things, the accuracy of such assumptions, and any changes in the estimates may affect the fair value of our biological asset significantly. The Valuer and our management review the assumptions and estimates periodically to identify any significant changes in the fair value of our biological assets. Unrealized fair value gains do not generate any cash inflow for our operations and similarly, fair value losses do not result in any cash outflows for our operations. See “— Valuation of Biological Assets” for details.

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The following table sets forth our items of other gains and losses in absolute amounts and as percentages of our total other gains and losses, net in each year indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>						
Losses on disposal of property, plant and equipment, net	(6,753)	27.1	(23,160)	126.5	(2,822)	(3.6)
Loss on disposal of intangible assets, net	–	–	(132)	0.7	(113)	(0.1)
(Loss)/gain on modification and termination of leases	(554)	2.2	3,947	(21.6)	(1,224)	(1.6)
Write down of inventories	(5,197)	20.8	(11,901)	65.0	(4,437)	(5.7)
Provision for impairment loss on trade and other receivables, net	(5,653)	22.7	(4,685)	25.6	(7,747)	(9.9)
Net changes in fair value less costs to sell (unrealized)	(127)	0.5	7,524	(41.1)	10,189	13.0
Net changes in fair value less costs to sell (realized)	(5,468)	21.9	18,624	(101.7)	98,013	125.2
Written-off of receivables	(270)	1.1	(4,423)	24.2	(2,591)	(3.3)
Others	(930)	3.7	(4,102)	22.4	(10,963)	(14.0)
Subtotal	<u>(24,952)</u>	<u>100.0</u>	<u>(18,308)</u>	<u>100.0</u>	<u>78,305</u>	<u>100.0</u>

Finance Costs

Finance costs incurred by our snack and beverage retail business and edible fungi business include interests on borrowings and interest on lease liabilities.

The following table sets forth the breakdown of our finance costs in each year indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>						
Interests on interest-bearing borrowings	16,860	58.7	32,602	64.1	39,488	73.0
Interests on lease liabilities. . . .	11,885	41.3	18,246	35.9	14,577	27.0
Total	<u>28,745</u>	<u>100.0</u>	<u>50,848</u>	<u>100.0</u>	<u>54,065</u>	<u>100.0</u>

Income Tax Expense

Our income tax expenses are related to profit before taxation arisen from our operation. For details, see Note 12 to the Accountants’ Report set out in Appendix I to this Document.

Profit/(Loss) for the Year

We recorded after-tax profit of RMB610.9 million and RMB2,426.6 million for 2024 and 2025, respectively. We recorded net loss of RMB176.2 million for 2023.

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Taxation

Our group entities established in the PRC were subject to PRC Enterprise Income Tax (“EIT”) at a statutory rate of 25% during the Track Record Period except for the following:

Pursuant to Article 27(1) of the PRC EIT and Article 86(1) of the Regulations for the Implementation of the Enterprise Income Tax Law of the PRC, agricultural products produced and sold by us and our subsidiary Nanjing Jinwanchen Biotechnology Co., Ltd. are exempted from the PRC EIT.

Certain subsidiaries of our Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC’s State Administration of Taxation. Pursuant to the policy, the portion of annual taxable income amount of a Small-Scaled Minimal Profit Corporate which is not exceeding RMB3 million is subject to 25% income tax rate at its taxable income, and such taxable income is entitled to a preferential income tax rate of 20% for the period from January 1, 2023 and expiring on December 31, 2027.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our revenue increased by 59.2% from RMB32,328.8 million in 2024 to RMB51,459.1 million in 2025.

- ***Snack and beverage retail business.*** Our revenue from snack and beverage retail business increased by 60.0% from RMB31,790.2 million in 2024 to RMB50,856.9 million in 2025. The increase was primarily due to the expansion of our store network of 14,196 as of December 31, 2024 to 18,314 as of December 31, 2025, as well as an increase in our number of orders from 1,198 million in 2024 to 2,390 million in 2025. The growth was in turn, driven by (i) optimized and diversified product mix with the average SKUs per store increased from 1,700 units as of December 31, 2024 to approximately 1,900 units as of December 31, 2025, (ii) an increase in our store network primarily in economically developed regions, with the number of stores in eastern China significantly increased from 8,265 as of December 31, 2024 to 9,888 as of December 31, 2025 and (iii) enhanced brand awareness with new marketing activities initiated since the first half of 2025, such as launching marketing video, audio, gift boxes in limited edition, holding festive events and appointment of Mr. Tan Jianci as *Haoxianglai*’s first brand ambassador.
- ***Edible fungi business.*** Our revenue from edible fungi business increased by 11.8% from RMB538.6 million in 2024 to RMB602.2 million in 2025. The increase was primarily attributable to increase in the sales price of enoki mushrooms as well as increases in the sales volume of *hypsizygus tessulatus* and fresh velvet antler mushrooms, as a result of fluctuations in the market conditions and shift in supply and demand dynamics.

Cost of sales

Our cost of sales increased by 56.5% from RMB28,868.5 million in 2024 to RMB45,189.9 million in 2025.

- ***Snack and beverage retail business.*** Cost of sales from snack and beverage retail business increased by 57.4% from RMB28,336.9 million in 2024 to RMB44,590.1 million in 2025, which was in line with our revenue growth.

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- **Edible fungi business.** Cost of sales from sales of edible fungi increased by 12.8% from RMB531.5 million in 2024 to RMB599.8 million in 2025, along with the increase in revenue.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 81.2% from RMB3,460.4 million in 2024 to RMB6,269.2 million in 2025.

- **Snack and beverage retail business:** Gross profit from the snack and beverage retail business increased by 81.5% from RMB3,453.3 million in 2024 to RMB6,266.8 million in 2025, which was in line with our revenue growth. Our gross profit margins from the snack and beverage retail business increased from 10.9% to 12.3%, primarily driven by improved supply-chain efficiency. Our improved supply-chain efficiency was mainly driven by the expansion of our store network, which enhanced our bargaining power with suppliers through centralized procurement, enabled bulk purchasing at more favorable terms, and allowed transportation and logistics costs to be spread across a wider base of stores, thereby reducing per-store delivery costs and improving overall operational efficiency.
- **Edible fungi business:** Gross profit from our edible fungi business decreased by 66.2% from RMB7.1 million in 2024 to RMB2.4 million in 2025. The decrease was primarily due to an increase in the price of enoki mushrooms, which led to higher fair value adjustment and a corresponding increase in cost of goods sold, resulting in a decrease in gross profit and gross profit margin.

Selling and distribution costs

Our selling and distribution costs increased by 7.9% from RMB1,430.8 million in 2024 to RMB1,544.4 million in 2025. Such increase was primarily due to (i) an increase in employee compensation due to the increase in the number of our sales and marketing employees to support our growing business needs, (ii) an increase in traveling and office expenses, due to our expansion of store network which required more travel, and (iii) an increase in marketing and promotional expenses driven by our brand building initiatives. Our selling and distribution costs as a percentage of total revenue in 2024 and 2025 amounted to 4.4% and 3.0%, respectively, reflecting our increased economies of scale leveraging our brand value and operational efficiency.

Administrative expenses

Our administrative expenses increased by 59.1% from RMB1,053.5 million in 2024 to RMB1,676.2 million in 2025. The increase in our administrative expenses was primarily attributable to (i) the expansion of our store network, which led to an increase in the amount of necessary administrative work and an increase in employee compensation due to an increase in the number of our administrative employees and (ii) an increase in storage and transportation costs, mainly due to the growth of our order volume and GMV. Our administrative expenses as a percentage of total revenue remained relatively stable, at 3.3% in 2024 and 2025.

Other income

Our other income increased from RMB133.2 million in 2024 to RMB196.5 million in 2025, primarily due to increases in (i) government grants in support of the fungi and retail industries, (ii) interest income due to increased bank deposits, and (iii) other income, such as sales of used store materials and income related to store operation activities.

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Other gains and losses, net

Our net other gains and losses changed from a loss of RMB18.3 million in 2024 to a gain of RMB78.3 million in 2025, primarily due to the increase in gain arising from changes in fair value less costs to sell of biological assets (unrealized) and (realized), which in turn due to the increase in market price during the same year. The increase was also due to a decrease in net losses on disposal of property, plant and equipment, as we have strategically closed some of our self-operated stores to focus on a franchise model from 2023 to 2025. After such closure, we experienced a decrease in net losses on disposal of property, plant and equipment.

Finance costs

Our finance costs increased from RMB50.8 million in 2024 to RMB54.1 million in 2025, as we incurred more borrowings to fund our expanded operations and increased working capital needs.

Income tax expense

Our income tax expense increased significantly from RMB429.2 million in 2024 to RMB842.7 million in 2025, primarily due to a significant increase in profit before tax from our snack and beverage retail business.

Profit for the year

As a result of the foregoing, our profit for the year increased from RMB610.9 million in 2024 to RMB2,426.6 million in 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 247.9% from RMB9,293.7 million in 2023 to RMB32,328.8 million in 2024.

- ***Snack and beverage retail business.*** Revenue from our snack and beverage retail business increased by 262.9% from RMB8,759.0 million in 2023 to RMB31,790.2 million in 2024, primarily because we continue to grow our store network with franchise model. Specifically, the increase was primarily attributable to the expansion of our store network of 4,726 stores as of December 31, 2023, with franchised stores accounting for 96.5%, to 14,196 stores as of December 31, 2024, with franchised stores accounting for 99.3%, as well as an increase in the number of orders from 306 million in 2023 to 1,198 million in 2024. Our growth was in turn driven by (i) an increase in the number of franchised stores from 4,560 as of December 31, 2023 to 14,098 as of December 31, 2024, (ii) an increase in our store network in economically developed regions, with the number of stores in eastern China significantly increased from 3,245 as of December 31, 2023 to 8,265 as of December 31, 2024, and (iii) enhanced brand awareness through campaigns with renowned IPs, such as holding joint marketing events with Ultraman IP in August 2024, creating delicious and interesting offline snack social experiences for the younger generation and families with children.
- ***Edible fungi business.*** Revenue from sales of edible fungi remained relatively stable at RMB534.7 million and RMB538.6 million in 2023 and 2024, respectively.

Cost of sales

Our cost of sales increased by 241.4% from RMB8,455.5 million in 2023 to RMB28,868.5 million in 2024.

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- ***Snack and beverage retail business.*** Cost of sales from snack and beverage retail business increased by 257.6% from RMB7,925.1 million in 2023 to RMB28,336.9 million in 2024, which was in line with our revenue growth.
- ***Edible fungi business.*** Cost of sales from sales of edible fungi remained relatively stable at RMB530.4 million and RMB531.5 million in 2023 and 2024, respectively.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 312.8% from RMB838.2 million in 2023 to RMB3,460.4 million in 2024, and our gross profit margin increased from 9.0% in 2023 to 10.7% in 2024.

- ***Snack and beverage retail business:*** Gross profit from the snack and beverage retail business increased by 314.1% from RMB833.9 million in 2023 to RMB3,453.3 million in 2024, which was in line with our business expansion. Our gross profit margin increased from 9.5% in 2023 to 10.9% in 2024, primarily driven by improved supply-chain efficiency. Our improved supply-chain efficiency was mainly driven by the expansion of our store network, which enhanced our bargaining power with suppliers through centralized procurement, enabled bulk purchasing at more favorable terms, and allowed transportation and logistics costs to be spread across a wider base of stores, thereby reducing per-store delivery costs and improving overall operational efficiency.
- ***Edible fungi business:*** Gross profit from our edible fungi business increased by 65.1% from RMB4.3 million in 2023 to RMB7.1 million in 2024. The gross profit margin from our edible fungi business remained relatively stable at 0.8% and 1.3% during the same years, respectively.

Selling and distribution costs

Our selling and distribution costs increased by 229.8% from RMB433.8 million in 2023 to RMB1,430.8 million in 2024. The increase was primarily due to (i) an increase in employee compensation due to an increase in the number of our sales and marketing employees to support our growing business needs, (ii) an increase in traveling and office expenses, due to our expansion of store network which required more business travel, (iii) an increase in marketing and promotional expenses driven by our brand building initiatives and (iv) an increase in business development expenses to support the store opening, relocation and renovation of our franchised stores. Our selling and distribution costs as a percentage of revenue decreased from 4.7% in 2023 to 4.4% in 2024, reflecting our increased operational efficiency and economies of scale as the marketing and promotional expenses was shared among higher product volume.

Administrative expenses

Our administrative expenses increased by 121.0% from RMB476.8 million in 2023 to RMB1,053.5 million in 2024. The increase in our administrative expenses was primarily attributable to the expansion of our business and corresponding increases in (i) employee compensation due to an increase in the number of our administrative employees, (ii) depreciation and amortization as we leased more warehouses and acquired more equipment, and (iii) storage and transportation costs. Our administrative expenses as a percentage of revenue decreased from 5.1% in 2023 to 3.3% in 2024, reflecting our increased operational efficiency.

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Other income

Our other income increased from RMB11.2 million in 2023 to RMB133.2 million in 2024. The significant increase primarily stemmed from increases in (i) interest income from increased bank deposits, (ii) government grants in support of the snack and beverage retail industry and (iii) other income, such as selling used store materials and income related to store operation activities.

Other gains and losses, net

Our net other losses decreased by 26.8% from RMB25.0 million in 2023 to RMB18.3 million in 2024. The decrease was mainly driven by the net changes in fair value less costs to sell (unrealized), which was in turn due to the decrease in the cost of raw material; partially offset by (i) an increase in net losses on disposal of property, plant and equipment, as we have strategically closed some of our self-operated stores to focus on a franchise model from 2022 to 2024 and (ii) an increase in impairment loss on inventories, as we continue to develop our snack and beverage retail business and procure more inventories.

Finance costs

Our finance costs increased from RMB28.7 million in 2023 to RMB50.8 million in 2024, as we incurred more borrowings to fund our expanded operations and increased working capital needs and leased more properties.

Income tax expense

Our income tax expense increased from RMB61.3 million in 2023 to RMB429.2 million in 2024, primarily due to an increase in profit before tax generated from our snack and beverage retail business.

Profit/(loss) for the year

As a result of the foregoing, the year-end result went from a loss of RMB176.2 million in 2023 to a profit of RMB610.9 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants’ Report included in Appendix I to this Document:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets	1,574,556	1,482,043	1,154,059
Current assets	2,345,872	5,751,594	8,876,031
Total assets	3,920,428	7,233,637	10,030,090
Non-current liabilities	589,331	663,984	1,227,626
Current liabilities	2,635,415	5,100,783	6,241,463
Total liabilities	3,224,746	5,764,767	7,469,089

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	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total assets less current liabilities	1,285,013	2,132,854	3,788,627
Net current (liabilities)/assets	(289,543)	650,811	2,634,568
Net assets	695,682	1,468,870	2,561,001
Capital and reserves			
Share capital	154,694	179,990	188,891
Reserves	490,540	925,688	1,304,548
Equity attributable to owners of the Company	645,234	1,105,678	1,493,439
Non-controlling interests	50,448	363,192	1,067,562
Total equity	695,682	1,468,870	2,561,001

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Current Assets				
Inventories	685,517	2,098,990	2,313,916	1,466,985
Biological assets	47,645	49,784	54,716	41,014
Trade and other receivables	402,779	1,221,262	1,764,422	1,870,058
Finance lease receivables	241	944	1,214	543
Restricted bank deposits	56,000	171,326	92,765	95,113
Bank balances and cash	1,153,690	2,209,288	4,648,998	3,583,783
Total Current Assets	2,345,872	5,751,594	8,876,031	7,057,496
Current Liabilities				
Trade and bills payables	943,174	2,093,942	3,074,804	755,574
Other payables and accruals	971,753	1,683,804	1,943,685	1,803,267
Interest-bearing borrowings	520,049	968,678	820,755	922,439
Lease liabilities	146,026	154,844	111,064	102,767
Income tax payable	54,413	199,515	291,155	227,812
Total Current Liabilities	2,635,415	5,100,783	6,241,463	3,811,859
Net Current (Liabilities)				
Assets	(289,543)	650,811	2,634,568	3,245,637

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Our net current assets increased by RMB940.3 million, from net current liabilities of RMB289.5 million as of December 31, 2023 to net current assets of RMB650.8 million as of December 31, 2024, primarily because the increase in total current assets outpaced the increase in total current liabilities. Our total current assets increased by RMB3,405.7 million, primarily attributable to increases in (i) inventories of RMB1,413.5 million, (ii) bank balances and cash of RMB1,055.6 million, (iii) trade and other receivables of RMB818.5 million and (iv) restricted bank deposits of RMB115.3 million. In addition, our total current liabilities increased by RMB2,465.4 million, primarily attributable to increases in (i) trade and bills payables of RMB1,150.7 million, (ii) other payables and accruals of RMB712.0 million and (iii) interest-bearing borrowings of RMB448.7 million.

Our net current assets increased by RMB1,983.8 million, from RMB650.8 million as of December 31, 2024 to RMB2,634.6 million as of December 31, 2025, primarily because the increase in total current assets outpaced the increase in total current liabilities. Our total current assets increased by RMB3,124.4 million, primarily attributable to increases in (i) bank balances and cash of RMB2,439.7 million, (ii) trade and other receivables of RMB543.2 million and (iii) inventories of RMB214.9 million. Our total current liabilities increased by RMB1,140.7 million, primarily attributable to increases in (i) trade and bills payables of RMB980.9 million and (ii) other payables and accruals of RMB259.9 million, partially offset by decreases in interest-bearing borrowings of RMB147.9 million.

Our net current assets increased by RMB611.0 million from RMB2,634.6 million as of December 31, 2025 to RMB3,245.6 million as of February 28, 2026, primarily due to the decrease in total current liabilities that outpaced the decrease in total current assets. Our current assets decreased primarily due to the decreases in (i) bank balances and cash of RMB1,065.2 million, attributable to our payment of bonus and repayment of bank borrowings and (ii) inventories of RMB846.9 million, mainly as we experienced an increase in sales in February due to the impact of the Chinese New Year holiday, which led to a decrease in inventories. The decrease in current liabilities was mainly attributable to the decreases in (i) trade and bills payables of RMB2,319.2 million, due to our payment of trade payables for procurement in preparation of the Chinese New Year holiday towards the end of the 2025 and (ii) other payables and accruals of RMB140.4 million, as we often made provisions for bonuses at year end.

Key Items of Assets

Inventories

During the Track Record Period, our inventories consisted of (i) inventories related to our snack and beverage retail business, comprising of finished goods and (ii) inventories related to our edible fungi business, including raw materials and goods-in-transit. The following table sets forth a summary of our inventory balances as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Raw materials	21,816	22,037	21,912
Goods-in-transit	5,028	25,802	72,698
Finished goods	659,634	2,057,240	2,219,818
	686,478	2,105,079	2,314,428
Less: provision for impairment, net	(961)	(6,089)	(512)
	<u>685,517</u>	<u>2,098,990</u>	<u>2,313,916</u>

As of December 31, 2023, 2024 and 2025, the increases of our inventories were generally in line with our business expansion over time driven by our snack and beverage retail business.

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The following table sets forth the turnover days of our inventories for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾			
Snack	16.0	17.6	17.9
Fungi	18.0	17.8	15.7
Overall	16.2	17.7	17.8

Notes:

- (1) Inventories turnover days are based on the average balance of inventories divided by cost of sales for the relevant year and multiplied by the number of days in the relevant year. Average balance is calculated as the average of the beginning balance and ending balance of a given year. The number of days for the years ended December 31, 2023 and 2025 is 365 days; the number of days for the year ended December 31, 2024 is 366 days.

In 2023, 2024 and 2025, as we quickly grew, our inventory turnover days remained relatively stable as we aimed to achieve a balance between fulfilling time and inventory level. The turnover days of our edible fungi remained relatively stable during the Track Record Period.

The following table sets forth an aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within six months	656,726	2,082,467	2,259,287
Six months to one year	11,032	6,556	26,698
Over one year	17,759	9,967	27,931
Total	685,517	2,098,990	2,313,916

We have put in place a set of policies and procedures to manage our inventories. Leveraging our self-developed digital systems, we make forecast on product demand by different product type based on the sales data and prepare inventories accordingly. In addition, our supply chain management department monitors the inventory level across all of our warehouses to make sure we supplement the inventory on time and maintain a healthy level. We believe that by maintaining optimal inventory levels, we can meet our franchisees’ demand and ensure their satisfaction without compromising our liquidity.

Under our franchise model, the franchisees have little incentive to maintain an unreasonably high level of inventory because: (i) franchisees typically make advance payment before the products are delivered to them; (ii) we do not have a minimum purchase requirement; (iii) we generally do not accept product return absent quality issues; and (iv) franchisees can place orders for store supplies frequently and conveniently to fulfill the daily operational needs given our prompt delivery of orders. Additionally, we utilize our digital systems to actively track and manage the inventory level of the stores. Therefore, the risk of channel stuffing by our franchisees is low.

As of February 28, 2026, RMB2,301.9 million, or 99.5% of our inventories outstanding as of December 31, 2025 had been subsequently sold or utilized.

FINANCIAL INFORMATION

Biological Assets

Our biological assets consist of edible fungi and were stated at fair value less costs to sell as at the valuation dates. In 2023, 2024 and 2025, our biological assets accounted for 6.8%, 3.4% and 2.1% of our net assets, respectively. The following table sets forth the value of our biological assets as at the dates indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
At the beginning of the year	66,965	47,645	49,784
Increase due to new plantations	418,346	401,179	381,404
Harvested and transferred to inventories . .	(432,071)	(425,188)	(484,674)
Net changes in fair value less costs to sell (unrealized)	(127)	7,524	10,189
Net changes in fair value less costs to sell (realized)	(5,468)	18,624	98,013
At the end of the year	<u>47,645</u>	<u>49,784</u>	<u>54,716</u>

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique. See Note 21 to the Accountants’ Report included in Appendix I to this Document for details. During the Track Record Period, the fair value change of our biological assets was primarily impacted by market price and stock volume.

Trade and Other Receivables

Our trade and other receivables consist of trade receivables from third parties, trade receivables from related companies and other receivables. Trade receivables from third parties represent amounts due from our wholesale customers for their purchases of goods. Trade receivables from related companies were primarily related to sales of packaging materials to related companies. Other receivables include (i) prepayments to snack and beverage suppliers, (ii) prepayments to related companies in connection with our procurement of goods, (iii) other prepayments, which consist of temporary or occasional prepayments that are not core to our business operations, such as advertising promotions and property management, (iv) deposits, which consist of security deposits for daily operations and leased properties, as well as contingency funds, (v) amounts due from related companies mainly with regard to, deposit for warehouse we provided to a related company, and (vi) others.

Our trade receivables less loss allowance decreased from RMB26.9 million as of December 31, 2023 to RMB18.5 million as of December 31, 2024 and further to RMB13.1 million as of December 31, 2025, as we narrowed down our credit lines offered to our wholesale customers.

Our other receivables less loss allowance increased from RMB375.9 million as of December 31, 2023 to RMB1,202.8 million as of December 31, 2024 and further to RMB1,751.3 million as of December 31, 2025, which was primarily driven by the expansion of our snack and beverage retail business and the corresponding increases in prepayments to suppliers.

The fluctuations of our allowance for credit losses were primarily due to changes in expected credit loss estimates based on updated aging profiles and market conditions.

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The following table sets forth a breakdown of our trade and other receivables by the nature of receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade receivables from third parties	28,897	21,743	14,206
Trade receivables from related companies	12	–	–
Less: loss allowance	(1,979)	(3,270)	(1,132)
	26,930	18,473	13,074
Other receivables			
Prepayments to suppliers	227,006	1,125,994	1,601,323
Prepayments to related companies	–	694	–
Other prepayments	30,496	28,612	50,744
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deposits	105,775	46,506	42,436
Amounts due from related companies	144	33	3,132
Others	17,590	8,677	39,166
	381,011	1,210,516	1,766,061
Less: loss allowance	(5,162)	(7,727)	(14,713)
	375,849	1,202,789	1,751,348
	402,779	1,221,262	1,764,422

The following table sets forth an aging analysis of our trade receivables less loss allowance based on invoice date as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade receivables			
Within 90 days	23,007	16,753	12,181
91 to 180 days	913	181	374
181 to 365 days	1,727	1,084	23
Over 365 days	1,283	455	496
Total	26,930	18,473	13,074

FINANCIAL INFORMATION

The following table sets forth trade receivables turnover days for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Trade receivables turnover days ⁽¹⁾			
Snack	0.4	0.2	0.1
Fungi	7.0	5.7	5.1
Overall	0.8	0.3	0.1

Notes:

- (1) Trade receivables turnover days are calculated using the average of beginning balance and ending balance of trade receivables (net of loss allowance) in the relevant year divided by revenue for the relevant year and multiplied by the number of days for the year. The number of days for the years ended December 31, 2023 and 2025 is 365 days; the number of days for the year ended December 31, 2024 is 366 days.

In 2023, 2024 and 2025, our trade receivables turnover days for snack and beverage retail business were 0.4 days, 0.2 days, and 0.1 days, respectively. Our trade receivables turnover days for edible fungi business decreased from 2023 to 2025, mainly as the credit sales to distributors remained relatively stable while the total revenue from the sales of fungi products increased.

Currently, we primarily grant credit terms to customers for our wholesale business under snack and beverage retail business and some customers of our edible fungi business. We implemented effective trade receivables management procedures to monitor trade receivables and enhance collection. For example, we perform credit checks on new customers and regularly review the collection status of trade receivables. In addition, we keep close communication with customers.

As of February 28, 2026, RMB11.8 million, or 90.4% of our trade receivables outstanding as of December 31, 2025 had been subsequently collected.

Finance Lease Receivables

Our finance lease receivables consist of lease revenue generated from subleasing some of our self-operated stores. As of December 31, 2023, 2024 and 2025, the current portion of our finance lease receivables amounted to RMB0.2 million, RMB0.9 million and RMB1.2 million, respectively. The non-current portion of our finance lease receivables amounted to RMB0.7 million, RMB3.0 million and RMB2.3 million for the same dates, respectively. The continued increase of the current portion of our finance lease receivables from 2023 to 2025 was attributable to an increase in number and floor area of our subleased stores. The non-current portion of finance lease receivables decreased from 2024 to 2025 as we continued to close some of our self-operated stores to focus more on a franchise model, which led to the cessation of certain subleases.

Restricted Bank Deposits

The majority of our restricted bank deposits are deposited in major financial institutions located in the PRC, which are of high credit ratings. They were mainly reserved for bank acceptance guarantees in accordance with relevant PRC regulations and prepaid cards guarantees required by banks. Our restricted bank deposits amounted to RMB56.0 million and RMB171.3 million as of December 31, 2023 and 2024, respectively, as we increased our bank acceptance guarantees and prepaid cards guarantees. Our restricted bank deposits subsequently decreased to RMB92.8 million as of December 31, 2025 as we cashed in a bank’s acceptance bill of RMB82.2 million.

FINANCIAL INFORMATION

Bank Balances and Cash

Cash at banks earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The following table sets forth a breakdown of our bank balances and cash as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Bank Balances	1,153,651	2,209,258	4,648,975
Cash	39	30	23
	<u>1,153,690</u>	<u>2,209,288</u>	<u>4,648,998</u>

Property, Plant and Equipment

The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Buildings	469,832	443,032	414,060
Machineries	263,684	228,153	195,539
Office Equipment	5,969	10,723	14,932
Computer Equipment	6,145	7,225	5,255
Motor vehicles	14,259	17,284	11,646
Tools	80,963	77,741	53,801
Other Equipment	10,000	9,615	4,452
Leasehold Improvements	49,628	36,881	22,332
Construction in Progress	1,239	1,098	406
Total	<u>901,719</u>	<u>831,752</u>	<u>722,423</u>

Changes in the balance of property, plant and equipment during the Track Record Period were primarily attributable to business expansion, routine depreciation, scheduled disposal of assets upon expiration, and new purchases based on business needs.

Certain of our property, plant and equipment with a total carrying amount of RMB419.1 million, RMB393.9 million and RMB367.5 million as of December 31, 2023, 2024 and 2025, respectively, were pledged to secure interest-bearing borrowings. From December 31, 2023 to December 31, 2024, and further to December 31, 2025, our property, plant and equipment value continued to decrease, primarily due to no new major acquisitions of property and the regular depreciation of existing property, plant and equipment.

Right-of-use Assets

We lease various warehouses, retail stores, machinery and motor vehicles for our daily operations. Lease terms range from one to ten years, with an option to renew the lease when all terms are renegotiated. Lease payments were usually increased annually to reflect current market rentals. See Note 16 to the Accountants’ Report included as Appendix I to this Document.

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Our right-of-use assets slightly decreased from RMB569.4 million as of December 31, 2023 to RMB525.3 million as of December 31, 2024, and further to RMB331.0 million as of December 31, 2025, as we closed some of our self-operated stores to focus on a franchise model.

The following table sets forth the breakdown of our right-of-use assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Right-of-use Assets			
Leased buildings	467,558	443,284	264,781
Land use rights	67,069	62,985	55,669
Machineries	23,275	14,811	6,347
Motor vehicles	11,482	4,179	4,178
Total	569,384	525,259	330,975

Key Items of Liabilities

Trade and Bills Payables

Our trade payables represent the amounts payable to snack and beverage suppliers as well as edible fungi suppliers. They are non-interest bearing with normal credit terms ranging from 0 to 30 days. Our trade and bills payables consist of (i) trade payables to third parties, (ii) trade payables to related companies, from which we mainly procure dried fruits and nuts, and (iii) bills payable. Our trade and bills payables increased from RMB943.2 million as of December 31, 2023 to RMB2,093.9 million as of December 31, 2024 and RMB3,074.8 million as of December 31, 2025. Such increase was aligned with the expansion of our snack and beverage retail business.

The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade payables			
Trade payables to third parties . . .	858,869	1,977,897	3,053,471
Trade payables to related companies	84,305	33,798	21,333
	943,174	2,011,695	3,074,804
Bills payable	—	82,247	—
Total	943,174	2,093,942	3,074,804

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated. As of December 31, 2025, 99.7% of our total trade and bills payables were aged within 1 year, consistent with the aging structure as of prior year ends. Trade and bills payables aged within 1 to 2 years consist of payables to suppliers for the procurement of goods and quality assurance deposits for store equipment and renovation of stores. Trade and bills payables over 2 years consist of security deposit for the purchase of equipment used in our edible fungi business.

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	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade payables			
Within 1 year	936,167	2,004,387	3,065,944
1 to 2 years	5,613	5,778	6,494
2 to 3 years	428	499	1,153
Over 3 years	966	1,031	1,213
Total	943,174	2,011,695	3,074,804

The following table sets forth the turnover days of our trade and bills payables for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Trade and bills payables turnover days ⁽¹⁾			
Snack	20.0	18.5	20.6
Fungi	65.5	57.5	39.7
Overall	22.9	19.3	20.9

Notes:

- (1) Trade and bills payables turnover days are calculated using the average of the gross value of the opening and closing trade and bills payables balance divided by cost of sales in the relevant year and multiplied by the number of days for the year. The number of days for the years ended December 31, 2023 and 2025 is 365 days; the number of days for the year ended December 31, 2024 is 366 days.

In 2023, 2024 and 2025, our trade and bills payables turnover days for snack and beverage retail business amounted to 20.0 days, 18.5 days, and 20.6 days, respectively. With our healthy cash flow, we continued to maintain good relationship with suppliers and witnessed a decrease in trade and bills payables turnover days from 2023 to 2024. Our trade and bills payables turnover day increased to 20.6 days in 2025, primarily due to the settlement timeline for procurement in preparation of the Chinese New Year holiday towards the end of 2025.

Since 2023, our trade and bills payables turnover days for our fungi business continued to decrease, which was mainly due to the opening of a new production plant which led to the increase of fixed cost including depreciation and hence the cost of sales.

As of February 28, 2026, RMB3,000.6 million, or 97.6% of our trade and bills payables outstanding as of December 31, 2025 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals include (i) contract liabilities, representing amounts received in advance for delivery of store merchandise, (ii) contract liabilities with related companies, (iii) membership card balance, (iv) security deposits from suppliers and franchisees, (v) salary payables, (vi) dividend payable, (vii) amounts due to related companies in connection with a payable mainly arising from purchasing inventories and equipment and such payable is set to net off with the trade receivables due from the customers who have made prepayment to related company and (viii) others, which include accrued expenses and payables from value-added tax and promotional activities in cooperation with third parties.

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The following table sets forth the details of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Other Payables and Accruals			
Contract liabilities	169,140	311,738	308,163
Contract liabilities with related companies	568	435	–
Membership card balance	380,654	456,569	479,532
Security deposits from suppliers and franchisees	286,795	550,260	672,534
Salary payables	67,285	151,305	256,423
Dividend payable	–	35,998	–
Amounts due to related companies	4,765	2,894	200
Others	62,546	174,605	226,833
	971,753	1,683,804	1,943,685

Our other payables and accruals increased from RMB971.8 million as of December 31, 2023 to RMB1,683.8 million as of December 31, 2024 primarily due to increases in (i) contract liabilities, (ii) membership card balance, (iii) security deposits from suppliers and franchisees, (iv) salary payables and (v) others. The overall increases were in line with the further expansion of our snack and beverage retail business.

Our other payables and accruals increased from RMB1,683.8 million as of December 31, 2024 to RMB1,943.7 million as of December 31, 2025, primarily due to increases in (i) salary payable and (ii) security deposits from suppliers and franchisees, which continued to be in line with the further expansion of our snack and beverage retail business.

As of February 28, 2026, RMB715.8 million, or 36.8% of our other payables and accruals outstanding as of December 31, 2025 had been subsequently settled.

Interest-Bearing Borrowings

During the Track Record Period, our borrowings consisted of our bank loans. Our interest-bearing bank and other borrowings increased from RMB668.4 million as of December 31, 2023 to RMB1,206.2 million as of December 31, 2024 and further to RMB1,795.1 million as of December 31, 2025, mainly due to our additional bank loans used for working capital and capital raising purposes.

The table below sets forth a breakdown of our bank borrowings as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Bank borrowings			
Fixed rate bank borrowings			
unsecured and unguaranteed	10,013	49,030	38,829
secured and unguaranteed	–	9,905	27,219
secured and guaranteed	106,827	165,397	77,173
unsecured and guaranteed	339,857	674,624	452,335
Variable rate bank borrowings			
unsecured and unguaranteed	40,053	36,030	820,677

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	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
secured and unguaranteed	14,016	35,036	25,020
secured and guaranteed	127,602	120,990	109,590
unsecured and guaranteed	30,035	115,150	244,236
	668,403	1,206,162	1,795,079
Less: Current portion	(520,049)	(968,678)	(820,755)
Total	148,354	237,484	974,324

During the Track Record Period and up to the Latest Practicable Date, we did not violate any financial covenants under the agreements of borrowings.

Lease Liabilities

Lease liabilities represent payments owed under lease agreements with regard to warehouses, company-operated stores, office buildings and employee dormitory. Lease liabilities decreased from December 31, 2023 to 2024, and further to December 31, 2025, as we have not entered into new major leases and continued to make payments of existing leases.

The following table sets forth the details of our lease liabilities as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Lease liabilities			
Current	146,026	154,844	111,064
Non-Current	324,810	299,212	164,116
Total	470,836	454,056	275,180

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements mainly from cash generated from our business operations, shareholder contributions and bank loans. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, and the net [REDACTED] from the [REDACTED]. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents (as represented by bank balances and cash) of RMB1,153.7 million, RMB2,209.3 million and RMB4,649.0 million as of December 31, 2023, 2024 and 2025, respectively.

FINANCIAL INFORMATION

The following table presents our consolidated cash flow data for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash generated from operating activities	1,007,506	777,052	3,587,455
Net cash used in investing activities	(236,492)	(57,102)	(9,711)
Net cash generated from/(used in) financing activities	267,640	335,648	(1,138,034)
Net increase in cash and cash equivalents	1,038,654	1,055,598	2,439,710
Cash and cash equivalents at beginning of the year	115,036	1,153,690	2,209,288
Cash and cash equivalents at end of the year	1,153,690	2,209,288	4,648,998

Net cash generated from operating activities

Net cash generated from operating activities for the year ended December 31, 2025 was RMB3,587.5 million, primarily representing our profit before tax of RMB3,269.3 million, adjusted by (i) share-based compensation expenses of RMB165.2 million, (ii) depreciation of right-of-use assets of RMB155.5 million and (iii) depreciation of property, plant and equipment of RMB121.5 million. This amount was further adjusted by income tax paid of RMB751.9 million and changes in certain working capital accounts, primarily including the increases in trade and other payables of RMB1,261.0 million, partially offset by increases in trade and other receivables of RMB520.2 million and inventories of RMB219.4 million.

Net cash generated from operating activities for the year ended December 31, 2024 was RMB777.1 million, primarily representing our profit before tax of RMB1,040.1 million, primarily adjusted by (i) share-based compensation expenses of RMB225.5 million, (ii) depreciation of right-of-use assets of RMB161.5 million and (iii) depreciation of property, plant and equipment of RMB117.1 million. This amount was further adjusted by income tax paid of RMB289.1 million and changes in certain working capital accounts, primarily including the increases in (i) trade and other payables of RMB1,826.8 million, (ii) inventories of RMB1,425.4 million and (iii) trade and other receivables of RMB830.4 million.

Net cash generated from operating activities for the year ended December 31, 2023 was RMB1,007.5 million, primarily representing our loss before tax of RMB114.9 million, primarily adjusted by (i) share-based compensation expenses of RMB155.1 million, (ii) depreciation of property, plant and equipment of RMB95.4 million and (iii) depreciation of right-of-use assets of RMB95.2 million. This amount was further adjusted by changes in certain working capital accounts, primarily including the increases in (i) inventories of RMB627.5 million and (ii) trade and other payables of RMB1,270.7 million.

FINANCIAL INFORMATION

Net cash used in investing activities

For the year ended December 31, 2025, our net cash used in investing activities was RMB9.7 million, which primarily consisted of (i) payments and deposit paid for acquisition of property, plant and equipment of RMB27.0 million and (ii) payments for acquisition of intangible assets of RMB27.0 million, partially offset by proceeds from disposal of property, plant and equipment of RMB25.3 million, and interest received of RMB17.4 million.

For the year ended December 31, 2024, our net cash used in investing activities was RMB57.1 million, which primarily consisted of payments and deposit paid for acquisition of property, plant and equipment of RMB83.7 million, partially offset by (i) interest received of RMB14.1 million and (ii) proceeds from disposal of property, plant and equipment of RMB14.8 million.

For the year ended December 31, 2023, our net cash used in investing activities was RMB236.5 million, which primarily consisted of payments and deposit paid for acquisition of property, plant and equipment of RMB246.3 million, partially offset by proceeds from disposal of property, plant and equipment of RMB20.8 million.

Net cash generated from/used in financing activities

Net cash used in financing activities for the year ended December 31, 2025 was RMB1,138.0 million, which primarily consisted of acquisition of non-controlling interest of RMB1,399.3 million and repayment of interest-bearing borrowings of RMB1,395.5 million, partially offset by inception of interest-bearing borrowings of RMB1,984.1 million.

Net cash generated from financing activities for the year ended December 31, 2024 was RMB335.7 million, which primarily consisted of inception of interest-bearing borrowings of RMB1,106.0 million; partially offset by repayment of interest-bearing borrowings of RMB568.7 million and acquisition of non-controlling interest of RMB294.0 million.

Net cash generated from financing activities for the year ended December 31, 2023 was RMB267.6 million, which primarily consisted of inception of interest-bearing borrowings of RMB598.2 million, partially offset by repayment of interest-bearing borrowings of RMB195.7 million.

INDEBTEDNESS

The following table sets forth a breakdown of our bank borrowings and leased liabilities as of the dates indicated.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Current				
Interest-bearing borrowings	520,049	968,678	820,755	922,439
Lease liabilities	146,026	154,844	111,064	102,767
Non-Current				
Interest-bearing borrowings	148,354	237,484	974,324	940,934
Lease liabilities	324,810	299,212	164,116	147,397
Total	1,139,239	1,660,218	2,070,259	2,113,537

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Our interest-bearing borrowings increased from RMB668.4 million as of December 31, 2023 to RMB1,206.2 million as of December 31, 2024 and RMB1,795.1 million as of December 31, 2025, primarily due to additional bank loans secured for working capital and capital raising purposes. As of February 28, 2026, our unutilized bank facilities amounted to RMB1,285.4 million. Lease liabilities decreased from the end of 2023 to 2024, and further to December 31, 2025, as we have not entered into new major leases and continued to make payments of existing leases. For further details of our interest-bearing borrowings and lease liabilities during the Track Record Period, see “Discussion of Selected Items from our Consolidated Statements of Financial Position”.

Except as discussed above, we had no outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of February 28, 2026, being our indebtedness statement date. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since February 28, 2026, and up to the Latest Practicable Date.

Additionally, our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material and adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank and other borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

CAPITAL EXPENDITURES

The following table sets forth a breakdown of our capital expenditures and long-term investments for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Capital Expenditures			
Acquisition of subsidiaries	5,395	—	—
Acquisition of property, plant and equipment	246,340	83,671	26,978
Acquisition of intangible assets	7,198	2,743	26,973
Total	258,933	86,414	53,951

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Our capital expenditures were RMB258.9 million, RMB86.4 million and RMB54.0 million, respectively, in 2023, 2024 and 2025. Our capital expenditures were primarily attributable to: (i) acquisition of subsidiaries, (ii) acquisition of property, plant and equipment, and (iii) acquisition of intangible assets. We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operating activities, our available banking facilities, and [REDACTED] from the [REDACTED]. See “Future Plans and Use of [REDACTED].” We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

PLEDGE OF ASSETS

Our certain assets have been pledged to secure bills payable, bank borrowings and banking facilities granted to ours. The carrying amounts of the pledged assets as of December 31, 2023, 2024 and 2025 were as follows:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Property, plant and equipment	419,099	393,884	367,476
Right-of-use assets – land use rights	50,581	49,260	47,940
Restricted bank deposits	56,000	170,676	92,765
Total	525,680	613,820	508,181

CAPITAL COMMITMENTS

Our capital commitments mainly represented the capital expenditures in respect of the acquisition of property, plant and equipment contracted for but not provided net of deposits paid. Our capital commitments were RMB1.6 million, nil and nil, respectively, in 2023, 2024 and 2025.

KEY FINANCIAL RATIOS

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

	For the Year Ended/As of December 31,		
	2023	2024	2025
Revenue growth	1,592.0%	247.9%	59.2%
Gross profit margin	9.0%	10.7%	12.2%
Adjusted net profit/ (loss) margin (non-IFRS measure)	(0.3%)	2.6%	5.0%
Cash conversion cycle <i>(days)</i> ⁽¹⁾	(5.9)	(1.3)	(3.0)

Notes:

- (1) The cash conversion cycle is calculated by inventory turnover days added by trade receivables turnover days, then subtracting trade and bills payables turnover days.

FINANCIAL INFORMATION

WORKING CAPITAL SUFFICIENCY

Based on our available cash and cash equivalents, and the net operating cash inflows since 2023, our Directors are of the view that the financial resources available to our Group, including the estimated net [REDACTED] from the [REDACTED] and the expected cash inflows from operating activities, we have sufficient working capital to meet our operating needs and support our planned expansion for the next 12 months from the date of this Document.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 34 to the Accountants’ Report included in Appendix I to this Document.

Our Directors are of the view that each of the related party transactions set out in Note 34 to the Accountants’ Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as Shareholder’s equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any significant contingent liabilities and were not involved in any legal proceedings pending or threatened against us which could have a material adverse effect on our business or operations.

FINANCIAL RISKS DISCLOSURE

Our principal financial instruments comprise restricted bank deposits bank balances and cash and interest-bearing borrowings. The main purpose of these financial instruments is to raise and maintain finance for our operations. We have various other financial instruments such as trade and other receivables, trade and bills payables and other payables and accruals, which arise directly from our business activities.

The main risks arising from our financial instruments are interest rate risk, credit risk and liquidity risk. We generally adopt conservative strategies on our risk management and limits our exposure to these risks to a minimum. Our management reviews and agrees policies for managing each of these risks. We also monitor the market price risk arising from all financial instruments. See Note 35 to the Accountants’ Report set out in Appendix I to this Document for details of our exposure to financial risk.

FINANCIAL INFORMATION

DIVIDENDS

Any declaration and payment, as well as the amount of dividends, are subject to our Articles of Association and the relevant PRC laws. In 2024 and 2025, we declared dividends of RMB36.0 million and RMB100.3 million, respectively. We did not declare dividends in 2023. In 2025, we paid dividends of RMB136.3 million.

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

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had retained earnings of RMB1,182.0 million that were available for distribution to our equity shareholders.

[REDACTED] EXPENSES

Based on the [REDACTED] of HK\$[REDACTED] (being the mid-point of our [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]), the total [REDACTED] (including [REDACTED]) payable by our Company are estimated to be approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), assuming the [REDACTED] is not exercised. These [REDACTED] expenses mainly comprise professional fees paid and payable to the professional parties, and [REDACTED] payable to the [REDACTED], for their services rendered in relation to the [REDACTED] and the [REDACTED].

As of December 31, 2025, we incurred [REDACTED] expenses of RMB[REDACTED] for the [REDACTED]. We estimate that an additional [REDACTED] expenses of RMB[REDACTED] (including [REDACTED] of RMB[REDACTED], assuming the [REDACTED] is not exercised and based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]), accounting for [REDACTED]% of our gross [REDACTED], will be further incurred by us, of which RMB[REDACTED] is expected to be charged to our consolidated statements of profit or loss and RMB[REDACTED] is expected to be charged against equity upon the [REDACTED].

BIOLOGICAL ASSETS AND VALUATION

Our biological assets increased from RMB47.6 million as of December 31, 2023 to RMB49.8 million as of December 31, 2024, primarily due to the decrease in the cost of raw material. Our biological assets increased from RMB49.8 million as of December 31, 2024 to RMB54.7 million as of December 31, 2025, primarily due to the increase in market prices of certain mushrooms. For the table that sets forth the changes in the value of our biological assets during the Track Record Period, see “— Discussion of Selected Items from Our Consolidated Statements of Financial Position — Key Items of Assets — Biological Assets.”

See “Business — Edible Fungi Business — Our Operation” for sales volume and average selling price of our edible fungi products.

FINANCIAL INFORMATION

Information about the independent valuer of our biological assets

We have engaged APV International Consulting & Appraisal Limited (“APV” or the “Valuer”), a firm of independent qualified professional valuer, to determine the fair value of our edible fungi as of December 31, 2023, 2024 and 2025, respectively. The key valuer of APV includes Justin Liang.

Justin Liang has extensive work experience in valuation and corporate advisory industries for about twenty years. He has provided a wide range of valuation services to numerous listed companies of different industries in Chinese Mainland, Hong Kong and United States.

Prior to his current duty, he has worked in Hongkong, Shanghai and Shenzhen office of Jones Lang LaSalle Corporate Appraisal and Advisory Limited for over ten years and has rich practical and team management experience. He has provided various valuation services including equity valuation, purchase price allocation, intangible asset identification and valuation (e.g. trademark, customer base, patent, etc.), biological asset valuation (e.g. trees, livestock, cows), goodwill and other asset impairment evaluation, convertible bond valuation, employee share option valuation and other financial instrument valuation.

Justin Liang is currently an active member of Chartered Financial Analyst (CFA).

Based on market reputation and relevant background research, the Directors and the Joint Sponsors are satisfied that APV is independent from us and is competent in conducting a valuation on our biological assets.

Valuation methodology

Considering the nature of edible fungi and short growing period, the income approach is not selected for the biological asset valuation. In arriving at the assessed value, two generally accepted approaches have been considered, namely, the market approach and the cost approach.

Market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect the condition and utility of the appraised assets relative to the market comparatives. Assets for which there is an established used market may be valued by this approach.

Cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known used market.

The following valuation methods for each type of biological assets were adopted:

Fair values of the Biological Assets WIP as at the Valuation Dates

In terms of the biological nature of edible fungi, The primary production process can be classified as follows: Bottling → Inoculation → Incubation → Scratching → Primordia Formation → Paper Wrapping → Fruiting Development.

We understand that the biological transformation process of mushrooms begins at Inoculation. Mushroom growth is divided into two primary phases:

- (i) Vegetative growth phase: The mycelium absorbs nutrients from the substrate within the cultivation bottles, expanding the mycelial mass to accumulate sufficient nourishment for subsequent fruiting.
- (ii) Reproductive growth phase: This stage commences at primordia formation (pinning) and continues through to the final harvest.

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During the Bottling process, the biological transformation has not begun, so cost approach is adopted. The costs of direct raw material, direct labor, labor service and depreciation and amortization have been considered in the calculation of the fair values for the Bottling process.

The market approach is adopted for the process of Inoculation, Incubation, Scratching, Primordia Formation, Paper Wrapping and Fruiting Development.

The fair values of the biological assets work-in-progress (“WIP”) as of December 31, 2023, 2024 and 2025 (the “Valuation Dates”) were calculated to be the product of market price and estimated the agricultural produce edible fungi by deducting the reasonable cost related to selling.

Fair values of the biological assets finished goods

Market Approach is adopted to value the biological assets finished goods as at the Valuation Dates.

Based on the investigation and the information provided by the Company, APV arrived at the fair values of the biological assets finished goods by subtracting the estimated packaging costs, freight costs, sales expenses, and all taxes from the future tax-excluded selling price of the finished products.

Key assumptions and inputs

The key assumptions and inputs include the following:

Quantity

In the valuation process, the Valuer relied on the figures and information provided by our Company, which were based on historical harvest and producing records as of December 31, 2023, 2024 and 2025.

Selling Prices

The Valuer understands from our Company that there is a wide range of factors influencing the market price of edible fungi including the size, supply balance, financial positions of buyers and sellers and production costs related to planting. The Valuer further understands that the price of edible fungi sold by our Company is in line with other market transaction and within the reasonable range of those in the market with similar quality. The weighted average historical selling prices for the following month after the Valuation Dates were used to value the fair values of the Biological Assets WIP as at the Valuation Dates. The weighted average historical selling prices in the month of the Valuation Dates by category of different size and quality were used to value the fair values of the biological assets finished goods as at the Valuation Dates. The estimated selling price of cumulative harvested edible fungi is determined based on the actual average selling price in the month of harvest for the Valuation Periods.

Other Assumptions

In this valuation exercise, the Valuer assumed that all proposed facilities and systems operated efficiently and had sufficient capacity for future expansion. The Valuer also assumed that the historical trend and data would be maintained and there would be no material change in the existing political, legal, technological, fiscal or economic condition that may adversely affect our business.

The Valuer planned and performed the valuation so as to obtain all the information and explanations that the Valuer considered necessary in order to provide them with sufficient evidence to express the opinion on the subject asset. The Valuer is of the opinion that the valuation procedures they employed provide a reasonable basis for their opinion.

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Sensitivity analysis

The following table illustrates the sensitivity of the estimated fair values of biological assets WIP that would arise if the key inputs had changed as of the Valuation Dates, assuming all other variables remained constant.

Valuation Date	December 31, 2023				
% Change in selling Price	10%	5%	0%	-5%	-10%
Change in Valuation Result (RMB'000) . .	5,541.8	2,770.9	–	-2,770.9	-5,541.8
% Change in Valuation Result	11.6%	5.8%	–	-5.8%	-11.6%
Valuation Date	December 31, 2024				
% Change in selling Price	10%	5%	0%	-5%	-10%
Change in Valuation Result (RMB'000) . .	5,617.1	2,808.6	–	-2,808.6	-5,617.1
% Change in Valuation Result	11.3%	5.6%	–	-5.6%	-11.3%
Valuation Date	December 31, 2025				
% Change in selling Price	10%	5%	0%	-5%	-10%
Change in Valuation Result (RMB'000) . .	6,262.0	3,131.0	–	-3,131.0	-6,262.0
% Change in Valuation Result	11.4%	5.7%	–	-5.7%	-11.4%

The Joint Sponsors have reviewed and considered the relevant qualifications and valuation experience of APV and its professional valuers, and had discussed with APV to understand its valuation techniques and procedures, valuation bases and assumptions, and the information used in preparing its valuation report. In addition, the Joint Sponsors noted from their discussions with the Reporting Accountants that the Reporting Accountants had considered the valuation prepared by APV and performed their audit procedures in accordance with the relevant auditing standards. The Joint Sponsors are satisfied that the valuation techniques chosen and the inputs used in the valuation are appropriate and reasonable.

The Reporting Accountants are satisfied that the valuation techniques chosen and the inputs used in the valuation techniques are appropriate and reasonable.

Stocktake and internal control

Stocktake

We have established a standard internal protocol in relation to stocktaking for all our edible fungi products, which includes scheduled and ad hoc stocktake, so as to ensure the physical existence and accuracy of data and information of our biological assets. We perform a full stocktake for each of our fungi product category (enoki mushroom, hypsizygus tessulatus and velvet antler mushrooms) on a yearly basis and sampling stocktake on a monthly and quarterly basis to ensure and monitor the physical existence and conditions of our biological assets. Supported by our cultivation technology department, our finance department is responsible for implementing the

FINANCIAL INFORMATION

stocktake process and recording the stocktake results on a stocktake report. Any variance between the results of the stocktake and the inventory record shall be reported to the management. During the Track Record Period and up to the Latest Practicable Date, there was no material damage or death of our biological assets.

Internal Control and Management System

We have formulated a comprehensive policy for biological asset management, which covers, among other things, purchase and inspection of raw materials, monitor of the cultivation process, accounting record keeping and retention and stocktake. To facilitate the implementation of our biological asset management policy, we employ an electronic information management system, in collaboration with our accounting system, to keep comprehensive and detailed records of our biological assets.

UNAUDITED [REDACTED] FINANCIAL INFORMATION

Please refer to “Appendix II — Unaudited [REDACTED] Financial Information” for further details.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this Document, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of the periods reported on in the Accountants’ Report set out in Appendix I to this Document, and there had been no event since December 31, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

Please see “Business — Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised, and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] stated in this Document.

In line with our strategies, we intend to use the net [REDACTED] from the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately [REDACTED]%, or HK\$[REDACTED] of the net [REDACTED], will be used to expand our store network and strengthen our store management and store-level competitiveness. See “Business — Our Strategies — Scaling and Upgrading Our Store Network.” In particular:
 - approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to support the strategic expansion of our store footprint. In particular, we plan to continue broadening our nationwide coverage in China, especially in areas with high consumption potential or relatively high population density. Specifically, we plan to enlarge our store network in China and focus on second-tier and lower-tier cities such as Baoding, Weifang, Wenzhou and Haikou. We determine our store opening plans by taking into account factors such as population density, average purchasing power, market penetration as well as our existing market position, and adjust such plans based on store performance. For example, we may prioritize considering second- and lower-tier cities with permanent population of over 3 million and GDP of more than RMB200 billion, or cities adjacent to our existing warehouses.

We will also explore selective opportunities in overseas markets, especially the Southeast Asians markets, such as Vietnam, Cambodia, Indonesia and Malaysia. For China, Southeast Asia markets and all other markets we will potentially enter, we plan to primarily adopt a franchise model. We plan to explore opportunities in the Southeast Asia markets, considering their large unmet consumer demands. According to CIC, Southeast Asia is one of the fastest-growing economic regions globally, with the nominal GDP growing to RMB30.1 trillion in 2025, at a CAGR of 7.0% from 2020 to 2025, significantly higher than the global average. According to the same source, the size of the snack and beverage market of the Southeast Asian market reached US\$187.1 billion in 2025. It has a large and young population base with strong purchasing power of snack and beverage. Our business model of value retail for snack and beverage can effectively meet this market’s high consumption demand for affordable products of consistent quality. To our best knowledge, there has not been material legal impediment for us to enter into the Southeast Asian markets. Currently, we are evaluating the regulatory framework of the Southeast Asian markets regarding foreign investment regulations (including foreign ownership limits and foreign business operating permits), taxation, labor relations, product certification, data privacy, and localization requirements. As of the Latest Practicable Date, we had not experienced any material difficulty in complying with local laws and regulations in China, Southeast Asia and other potential markets.

Along with this expansion, we intend to utilize the net [REDACTED] and our cash resources on hand and future operating cash flow to recruit more staff in the frontline such as business development and operational professionals to support the expansion of our store network. Specifically, we plan to recruit approximately 1,500 to 2,000 professionals over the next four years with expertise in franchise operations, retail management and performance monitoring, each expected to

FUTURE PLANS AND USE OF [REDACTED]

receive an average annual salary ranging from RMB100 thousand to RMB150 thousand, to strengthen support for our franchise partners such as holding trainings, recruitment and promotional activities and ensure effective execution as our network grows; and

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to continuously provide supports for approximately 12,000 franchised stores in total over the next four years to upgrade and refurbish store design, decoration and fixtures. This will improve store image, improve consumers' shopping experience, and enhance store-level competitiveness. As we may from time to time upgrade our store design based on market trends and evolving consumer preferences, certain franchised stores which were opened early or no longer meet our standards may need to upgrade and refurbish their decoration and fixtures.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to further enhance our product assortment and broaden our product mix by introducing more new SKUs in categories of beverages, meat snacks, baked goods and dairy products. We plan on further expanding into additional categories with high cross-selling potential such as the personal and home care sector to better serve the daily needs of our consumers. This will support our strategic goal of evolving into a multi-category value retailer that serves a wider spectrum of daily consumption needs of mass-market consumers. See “Business — Our Strategies — Continuously Refining Product Offerings through Consumer Insights.” In particular:
 - approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to strengthen and support our product operation team. Over the next four years we intend to recruit approximately 80 to 100 professionals with experience in procurement, category management and supply chain planning, each expected to receive an average annual salary between RMB400 thousand and RMB450 thousand, to further optimize our product selection and operational planning capabilities;
 - approximately [REDACTED]%, or HK\$[REDACTED], will be used to develop our private label products. This will include recruiting approximate 30 to 50 experienced product development personnel over the next four years with expertise in beverage or other snacks development experience, who may receive an average annual salary between RMB500 thousand to RMB550 thousand, funding product development expenses such as material costs, packaging design and quality testing, and launching targeted marketing campaigns to promote private-label offerings; and
 - approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to deepen our consumer insights through market research and transaction data analytics. This will include recruiting approximately 10 to 20 personnel with expertise in business analysis and category planning with an average annual salary ranging from RMB450 thousand to RMB550 thousand, as well as engaging reputable third-party research firms to conduct consumer studies and track evolving market trends.
- Approximately [REDACTED]%, or HK\$[REDACTED] of the net [REDACTED], will be used to strengthen our digital capabilities, supporting the digitalisation of key business functions including product selection and procurement, warehousing and logistics, franchise management, store operations, marketing and membership engagement. See “Business — Our Strategies — Upgrading Digital Infrastructure to Drive Intelligent Operations” and “Business — Our Strategies — Continuously Refining Product Offerings through Consumer Insights.” In particular:
 - approximately [REDACTED]%, or HK\$[REDACTED], will be used to strengthen our digitalization team by recruiting approximately 50 to 60 professionals over the next four years with expertise in areas such as systematized workflows, real-time tracking of operational data and digital enabled management, who may each receive an average annual salary between RMB250 thousand to

FUTURE PLANS AND USE OF [REDACTED]

RMB350 thousand, to upgrade our self-developed digital systems. We have invested and plan to continue investing heavily into the upgrade of our self-developed digital systems to further improve efficiency in all aspects of our operations, including, among others, product selection and procurement, warehousing and logistics, franchisee management, store operation management, marketing and membership operations. The enhancements will focus on areas such as intelligent site selection, inventory forecasting, supply chain coordination, as well as transaction data analytics to improve operational visibility and decision-making efficiency; and

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to procure third-party systems supporting functions including financial and expense management, data and network security, AI-enabled in-store operations, membership data integration, store monitoring, design and modeling and cloud-based services, further complementing our self-developed infrastructure.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to strengthen our brand recognition and consumer engagement. See “Business — Our Strategies — Scaling and Upgrading Our Store Network” and “Business — Our Strategies — Empowering Suppliers and Franchisees for Mutual Growth.” In particular:
 - approximately [REDACTED]%, or HK\$[REDACTED], will be used to strengthen and support our brand marketing team by recruiting approximately 20 to 25 professionals with expertise in branding strategy, digital marketing and consumer engagement, who may each receive an average annual salary between RMB300 thousand to RMB350 thousand;
 - approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to conduct a series of online and offline marketing campaigns, including nationwide promotional activities, seasonal and event-based campaigns, as well as IP co-branding initiatives, with the aim of further improving brand awareness and consumer loyalty; and
 - approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to increase our membership base and enhance member engagement. This will include recruiting approximately 20 to 25 specialists, who may each receive an average annual salary between RMB350 thousand to RMB450 thousand, to manage our growing member base and launching campaigns to attract new members, drive repurchases and increase purchase frequency. For example, we may issue coupons to reactivate members and encourage new purchases, or engage members through community operations that increase the conversion rate of orders.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to enhance our warehousing and logistics infrastructure to support the expansion of our store network and the growing diversity of our product mix. See “Business — Our Strategies — Strengthening Warehousing and Logistics Efficiency.” In particular, (i) in order to strengthen our logistics and fulfillment capacity in key markets, we plan to consolidate and upgrade existing facilities based on business needs in regions with shipment volume fluctuations such as Beijing–Tianjin–Hebei area, while adding new regional distribution centres in areas with high store density, such as Yangtze River Delta and Shandong Province; (ii) we intend to further improve warehousing and logistics capabilities to support new product initiatives and to explore end-to-end cold-chain logistic systems for perishable categories; such cold-chain logistic system will integrate temperature-controlled storage, in-transit monitoring and tracking functions to ensure product freshness and safety throughout distribution; and (iii) we intend to upgrade our logistics hardware and software systems, including warehouse automation with automated sorting and palletizing functions, intelligent warehouse management systems enabling real-time inventory visibility, order tracking and capacity management and route optimization technologies, using data-driven algorithms to improve delivery scheduling and transport to enhance efficiency and accuracy across our network.

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]%, or HK\$[REDACTED] of the net [REDACTED], is expected to be used for potential investments in or acquisitions of businesses to support our strategic development in the retail sector and enhance the breadth and the depth of our value chain. In particular, we plan to explore opportunities in targets that enhance our product supply capabilities and targets that enable us to grow our store network, strengthen distribution channels or accelerate entry into new regional markets. See “Business — Our Strategies — Pursuing Strategic Investments and Acquisitions.” In identifying potential acquisition targets with potential synergies, we primarily focus on companies with a proven track record and more than three years of operating history, typically with annual revenue of more than RMB500 million, profitable operations, and positive cash flow, as well as high-growth companies with strong capabilities in product development, supply chain, market development and store operations. In particular, we intend to focus on selecting targets in China and the Southeast Asian regions if suitable opportunities arise. In addition, we consider targets whose business attributes align with and can enhance our strategic priorities, including upstream snack and beverage suppliers that may bring us cost advantages or broaden our product portfolio, supply-chain operators that may support our domestic and overseas network expansion, and technology providers that may strengthen our digital and operational capabilities. As of the Latest Practicable Date, we had not identified any specific investment or acquisition target. According to CIC, there were enough suitable targets of such caliber as of the Latest Practicable Date.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for working capital and other general corporate purposes.

To carry out our business plans described above, we intend to use the net [REDACTED] from the [REDACTED], our cash resources on hand and future operating cash flow. The following table sets forth a breakdown of the net [REDACTED] from the [REDACTED] and the timeframe for implementing our major business plans.

	Net [REDACTED] to be used in					Percentage of total net [REDACTED]
	2026	2027	2028	2029	Total	
	(HK\$ in million)					
Expanding our store network and strengthening our store management and store-level competitiveness.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Broadening our product mix	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Strengthening our digital capabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Strengthening our brand recognition and consumer engagement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Enhancing our warehousing and logistics infrastructure	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Potential investments or acquisitions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Working capital and other general corporate purposes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>100%</u>

If the [REDACTED] is not exercised, the net [REDACTED] that we will receive will be approximately HK\$[REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the indicative [REDACTED]). If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the high end of the indicative [REDACTED], the net [REDACTED] from the [REDACTED] will increase to approximately HK\$[REDACTED]. If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the low end of the indicative [REDACTED], the net [REDACTED] from the [REDACTED] will decrease to

FUTURE PLANS AND USE OF [REDACTED]

approximately HK\$[REDACTED]. The above allocation of the net [REDACTED] from the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the midpoint of the indicative [REDACTED] stated in this Document.

If the [REDACTED] is exercised in full, the net [REDACTED] that we will receive will be approximately HK\$[REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the indicative [REDACTED]). If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the high end of the indicative [REDACTED], the net [REDACTED] from the [REDACTED] will increase to approximately HK\$[REDACTED]. If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the low end of the indicative [REDACTED], the net [REDACTED] from the [REDACTED] will decrease to approximately HK\$[REDACTED]. In the event that the [REDACTED] is exercised in full, we intend to apply the additional net [REDACTED] to the above purpose in the proportions stated above.

To the extent that our net [REDACTED] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings. To the extent that the net [REDACTED] from the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the applicable laws and regulations, they will be placed in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for the purpose of incorporation in this Document, received from the Company’s independent reporting accountants, Forvis Mazars CPA Limited, Certified Public Accountants, Hong Kong.

[Forvis Mazars’s Logo]

INDEPENDENT REPORTING ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION OF FUJIAN WANCHEN FOOD GROUP CO., LTD (FORMERLY KNOWN AS FUJIAN WANCHEN BIOTECHNOLOGY GROUP CO., LTD.)

The Directors

Fujian Wanchen Food Group Co., Ltd.

China International Capital Corporation Hong Kong Securities Limited

China Merchants Securities (HK) Co., Limited

Introduction

We report on the historical financial information of Fujian Wanchen Food Group Co., Ltd. (formerly known as Fujian Wanchen Biotechnology Group Co., Ltd.) (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages I-5 to I-89, which comprises the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended December 31, 2023, 2024 and 2025 (the “Track Record Period”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and material accounting policy information and other explanatory information (together the “Historical Financial Information”). The Historical Financial Information set out on pages I-5 to I-89 forms an integral part of this report, which has been prepared for inclusion in the Document of the Company dated [●] (the “Document”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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ACCOUNTANTS’ REPORT

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depended on the reporting accountants’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the Group’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at December 31, 2023, 2024 and 2025, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

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ACCOUNTANTS’ REPORT

REPORT ON OTHER MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information contains information about the dividends declared by entities now comprising the Group in respect of the Track Record Period.

Preparation or audit of financial statements

No audited financial statements have been prepared in accordance with IFRS Accounting Standards or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to December 31, 2025.

Note 1 to the Historical Financial Information contains information about whether the financial statements of the members of the Group for the Track Record Period have been audited and, if applicable, the name of the auditors.

Forvis Mazars CPA Limited

Certified Public Accountants

Hong Kong, [REDACTED]

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ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were prepared by the directors of the Company in accordance with the accounting policies that conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”) (the “Underlying Financial Statements”) and were audited by Forvis Mazars CPA Limited, *Certified Public Accountants, Hong Kong*, in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi (“RMB”), and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

Years ended December 31,

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Note</i>	At December 31,		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current assets				
Property, plant and equipment	15	901,719	831,752	722,423
Right-of-use assets	16	569,384	525,259	330,975
Intangible assets	17	10,008	10,257	33,032
Deposits paid for acquisition of property, plant and equipment	18	18,071	16,633	3,294
Finance lease receivables		732	3,022	2,259
Deferred tax assets	19	74,642	95,120	62,076
		<u>1,574,556</u>	<u>1,482,043</u>	<u>1,154,059</u>
Current assets				
Inventories	20	685,517	2,098,990	2,313,916
Biological assets	21	47,645	49,784	54,716
Trade and other receivables	22	402,779	1,221,262	1,764,422
Finance lease receivables		241	944	1,214
Restricted bank deposits	23	56,000	171,326	92,765
Bank balances and cash	23	1,153,690	2,209,288	4,648,998
		<u>2,345,872</u>	<u>5,751,594</u>	<u>8,876,031</u>
Current liabilities				
Trade and bills payable	24	943,174	2,093,942	3,074,804
Other payables and accruals	25	971,753	1,683,804	1,943,685
Interest-bearing borrowings	26	520,049	968,678	820,755
Lease liabilities	27	146,026	154,844	111,064
Income tax payable		54,413	199,515	291,155
		<u>2,635,415</u>	<u>5,100,783</u>	<u>6,241,463</u>
Net current (liabilities) assets		<u>(289,543)</u>	<u>650,811</u>	<u>2,634,568</u>
Total assets less current liabilities		<u>1,285,013</u>	<u>2,132,854</u>	<u>3,788,627</u>
Non-current liabilities				
Interest-bearing borrowings	26	148,354	237,484	974,324
Lease liabilities	27	324,810	299,212	164,116
Deferred income	28	40,448	36,119	31,923
Deferred tax liabilities	19	75,719	91,169	57,263
		<u>589,331</u>	<u>663,984</u>	<u>1,227,626</u>
NET ASSETS		<u>695,682</u>	<u>1,468,870</u>	<u>2,561,001</u>
Capital and reserves				
Share capital	29	154,694	179,990	188,891
Reserves		490,540	925,688	1,304,548
Equity attributable to owners of the Company		<u>645,234</u>	<u>1,105,678</u>	<u>1,493,439</u>
Non-controlling interests	33	50,448	363,192	1,067,562
TOTAL EQUITY		<u>695,682</u>	<u>1,468,870</u>	<u>2,561,001</u>

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ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Note</i>	At December 31,		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current assets				
Investment in subsidiaries	36	258,406	763,271	2,253,658
Property, plant and equipment	15	577,715	530,475	481,777
Right-of-use assets	16	28,991	38,129	42,328
Intangible assets	17	742	597	1,748
Deposits paid for acquisition of property, plant and equipment	18	159	554	102
Deferred tax assets	19	1,067	3,388	4,680
		<u>867,080</u>	<u>1,336,414</u>	<u>2,784,293</u>
Current assets				
Inventories	20	17,717	20,142	18,192
Biological assets	21	36,084	37,791	39,545
Trade and other receivables	22	145,440	191,225	216,030
Tax recoverable		30	—	—
Bank balances and cash	23	134,039	239,073	391,220
		<u>333,310</u>	<u>488,231</u>	<u>664,987</u>
Current liabilities				
Trade and bills payable	24	81,593	54,647	46,690
Other payables and accruals	25	40,014	102,690	121,953
Interest-bearing borrowings	26	185,646	245,957	329,657
Lease liabilities	27	1,982	3,100	7,976
Income tax payable		77	—	—
		<u>309,312</u>	<u>406,394</u>	<u>506,276</u>
Net current assets		<u>23,998</u>	<u>81,837</u>	<u>158,711</u>
Total assets less current liabilities . .		<u>891,078</u>	<u>1,418,251</u>	<u>2,943,004</u>
Non-current liabilities				
Interest-bearing borrowings	26	118,354	109,484	925,824
Lease liabilities	27	2,413	10,704	11,265
Deferred income	28	32,227	29,008	25,920
Deferred tax liabilities	19	1,063	3,372	4,593
		<u>154,057</u>	<u>152,568</u>	<u>967,602</u>
NET ASSETS		<u>737,021</u>	<u>1,265,683</u>	<u>1,975,402</u>
Capital and reserves				
Share capital	29	154,694	179,990	188,891
Reserves	30	582,327	1,085,693	1,786,511
TOTAL EQUITY		<u>737,021</u>	<u>1,265,683</u>	<u>1,975,402</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Reserves					Total equity
	Share capital	Capital reserve	Statutory reserve	Share-based payments reserve	Accumulated profits	
	RMB'000 (Note 29)	RMB'000 (Note 30)	RMB'000 (Note 30)	RMB'000 (Note 30)	RMB'000	RMB'000
At January 1, 2023	153,500	303,671	35,159	1,482	204,398	702,419
Loss and total comprehensive expense for the year	–	–	–	–	(113,110)	(176,206)
Transactions with owners:						
<i>Contributions and distributions</i>						
Contribution from non-controlling interest of subsidiaries	–	–	–	–	–	12,053
Share issued under restricted stock incentive schemes	1,194	8,251	–	–	–	9,445
Share-based compensation expenses	–	–	–	54,221	–	155,117
Shares canceled under restricted stock incentive schemes	–	–	–	(3,532)	–	(7,146)
Effect of restricted stock exercised under restricted stock incentive schemes	–	4,579	–	(4,579)	–	–
Total transactions with owners	1,194	12,830	–	46,110	–	169,469
At December 31, 2023	154,694	316,501	35,159	47,592	91,288	695,682

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APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Note</i>	For the Year Ended December 31,		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
OPERATING ACTIVITIES				
(Loss)/Profit before taxation		(114,902)	1,040,092	3,269,278
Adjustments for:				
Depreciation of property, plant and equipment		95,375	117,087	121,525
Depreciation of right-of-use assets . .		95,236	161,455	155,465
Amortization of intangible assets . .		1,294	1,989	4,057
Net changes in fair value less costs to sell (unrealized)		127	(7,524)	(10,189)
Gain on disposal of financial assets at fair value through profit or loss (“FVPL”)		—	—	(1,513)
Finance costs		28,745	50,848	54,065
Finance income on the net investment in the lease		(23)	(187)	(141)
Loss on disposal of property, plant and equipment, net		6,753	23,160	2,822
Loss on disposal of intangible assets, net		—	132	113
Write down of inventories		5,197	11,901	4,437
Loss/(Gain) on modification and termination of leases		554	(3,947)	1,224
Provision for impairment loss on trade and other receivables, net . .		5,653	4,685	7,747
Written-off of receivables		270	4,423	2,591
Share-based compensation expenses .		155,117	225,506	165,220
Shares canceled under restricted stock incentive schemes		(7,146)	(6,132)	(21,034)
Income from government grants . . .		(3,788)	(4,329)	(4,196)
Interest income		(1,614)	(14,110)	(17,400)
Operating cash flows before changes in working capital		266,848	1,605,049	3,734,071
Changes in working capital:				
Inventories		(627,515)	(1,425,374)	(219,363)
Biological assets		19,193	5,385	5,257
Deferred income		614	—	—
Restricted bank deposits		(56,000)	(115,326)	78,561
Trade and other receivables		139,570	(830,397)	(520,174)
Trade and other payables		1,270,650	1,826,821	1,261,028
Cash generated from operations . . .		1,013,360	1,066,158	4,339,380
Income tax paid		(5,854)	(289,106)	(751,925)
Net cash from operating activities . .		1,007,506	777,052	3,587,455

APPENDIX I

ACCOUNTANTS’ REPORT

		For the Year Ended December 31,		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
INVESTING ACTIVITIES				
Interest received		1,614	14,110	17,400
Payment of acquisition of subsidiaries		(5,395)	—	—
Payments and deposit paid for acquisition of property, plant and equipment		(246,340)	(83,671)	(26,978)
Payments for acquisition of intangible assets		(7,198)	(2,743)	(26,973)
Proceeds from disposal of property, plant and equipment		20,827	14,829	25,299
Proceeds from disposal of intangible assets		—	373	28
Proceeds from disposal of financial assets at FVPL		—	—	1,513
Net cash used in investing activities		(236,492)	(57,102)	(9,711)
FINANCING ACTIVITIES				
Interest paid		(16,426)	(32,138)	(39,206)
Dividends paid to owner of the Company		—	—	(136,328)
Dividends paid to non-controlling interests		—	(24,500)	(99,100)
Proceeds from restricted stock incentive schemes		9,445	103,798	120,086
Inception of interest-bearing borrowings		598,249	1,105,972	1,984,100
Repayment of interest-bearing borrowings		(195,687)	(568,677)	(1,395,465)
Repayment of lease liabilities		(139,994)	(148,409)	(155,858)
Issue of share capital		—	193,602	—
Acquisition of non-controlling interest	33	—	(294,000)	(1,399,286)
Capital contribution made by the non-controlling equity holder of a subsidiary		12,053	—	—
[REDACTED] paid		[REDACTED]	[REDACTED]	[REDACTED]
Net cash from (used in) financing activities		267,640	335,648	(1,138,034)
Net increase in cash and cash equivalents		1,038,654	1,055,598	2,439,710
Cash and cash equivalents at the beginning of the reporting period		115,036	1,153,690	2,209,288
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	23	1,153,690	2,209,288	4,648,998

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Fujian Wanchen Food Group Co., Ltd. (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) as a limited liability company on December 21, 2011. With effective from September 21, 2023, the Company’s name was changed from 福建萬辰生物科技股份有限公司 Fujian Wanchen Biotechnology Co., Ltd to 福建萬辰生物科技集團股份有限公司 Fujian Wanchen Biotechnology Group Co., Ltd.. With effective from January 15, 2026, the Company’s name was changed from 福建萬辰生物科技集團股份有限公司 Fujian Wanchen Biotechnology Group Co., Ltd. to 福建萬辰食品集團股份有限公司 Fujian Wanchen Food Group Co., Ltd.. The Company’s A shares are listed on the ChiNext Market of Shenzhen Stock Exchange on April 19, 2021. The address of the Company’s registered office and principal place of business in the PRC is situated at Taiwan Formers’ Entrepreneurship Park, Zhangpu County, Zhangzhou, Fujian Province, PRC.

The Company and its subsidiaries (together the “Group”) are primarily engaged in snack and beverage business in the PRC and the cultivation and sales of edible fungi, including fresh and processed mushroom products.

At the date of this report, the particulars of the Company’s principal subsidiaries, which are private limited liability companies, of which the Company has direct/indirect interests are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and paid up capital	Attributable equity interests held by the Company				Principal activities
						At the date of this report	
			At December 31,				
			2023	2024	2025		
<i>Directly held by the Company</i>							
南京金萬辰生物科技有限公司 Nanjing Jinwanchen Biotechnology Co., Ltd.* (“Nanjing Jinwanchen”) <i>(Note a)</i>	The PRC, November 26, 2013	RMB115,000,000/ RMB115,000,000	100%	100%	100%	100%	Sale and production of edible fungi
南京萬興商業管理有限公司 Wanxing Commercial Management Co., Ltd.* (“Nanjing Wanxing”) <i>(Note a)</i>	The PRC, August 1, 2022	RMB8,000,000/ RMB8,000,000	52%	52%	52%	52%	Investment holdings
<i>Indirectly held by the Company</i>							
南京萬好供應鏈管理有限公司 Nanjing Wanhao Supply Chain Management Co., Ltd.* (“Nanjing Wanhao Supply Chain”) <i>(Note a)</i>	The PRC, November 29, 2022	RMB1,000,000/ RMB1,000,000	27% <i>(Note d)</i>	76%	76%	76%	Sale of snacks and beverages
南京陸小饒量販零食有限公司 Nanjing Luxiaochan Variety Snack Store Co., Ltd.* <i>(Note a)</i>	The PRC, September 9, 2022	RMB100,000/ RMB100,000	52%	52%	52%	52%	Sale of snacks and beverages
南京萬燦供應鏈管理有限公司 Nanjing Wancan Supply Chain Management Co., Ltd.* <i>(Note c)</i>	The PRC, August 30, 2023	RMB1,000,000/ RMB1,000,000	51%	51%	66%	66%	Sale of snacks and beverages
江西萬昌供應鏈管理有限公司 Jiangxi Wanchang Supply Chain Management Co., Ltd.* <i>(Note b)</i>	The PRC, April 17, 2023	RMB2,000,000/ Nil	27% <i>(Note d)</i>	27% <i>(Note d)</i>	27% <i>(Note d)</i>	27% <i>(Note d)</i>	Sale of snacks and beverages
泰州萬拓供應鏈管理有限公司 Taizhou Wantuo Supply Chain Management Co., Ltd.* <i>(Note a)</i>	The PRC, April 26, 2023	RMB1,000,000/ RMB1,000,000	27% <i>(Note d)</i>	27% <i>(Note d)</i>	27% <i>(Note d)</i>	27% <i>(Note d)</i>	Sale of snacks and beverages
南京萬優供應鏈管理有限公司 Nanjing Wanyou Supply Chain Management Co., Ltd.* <i>(Note a)</i>	The PRC, December 28, 2022	RMB1,000,000/ RMB1,000,000	26% <i>(Note e)</i>	26% <i>(Note e)</i>	75%	75%	Sale of snacks and beverages

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ACCOUNTANTS’ REPORT

Name of subsidiary	Place and date of incorporation/ establishment	Issued and paid up capital	Attributable equity interests held by the Company				Principal activities
						At the date of this report	
			At December 31,				
			2023	2024	2025		
<i>Indirectly held by the Company</i>							
淮南萬優供應鏈管理有限公司 Huainan Wanyou Supply Chain Management Co., Ltd.* (Note c)	The PRC, January 10, 2023	RMB1,000,000/ RMB1,000,000	26% (Note e)	26% (Note e)	75%	75%	Sale of snacks and beverages
寧波巨庫商貿有限公司 Ningbo Juku Trading Co., Ltd.* (Note b)	The PRC, September 28, 2023	RMB1,000,000/ RMB1,000,000	27% (Note d)	27% (Note d)	27% (Note d)	27% (Note d)	Sale of snacks and beverages
南京萬來商業連鎖管理有限公司 Nanjing Wanlai Commercial Chain Management Co., Ltd.* (Note b).	The PRC, February 16, 2022	RMB100,000/ RMB100,000	26% (Note e)	26% (Note e)	75%	75%	Sale of snacks and beverages
泰州萬想企業管理諮詢有限公司 Taizhou Wanxiang Enterprise Management Consulting Co., Ltd.* (“Taizhou Wanxiang”) (Note b) (Formerly known as 泰州 萬想企業管理有限公司 Taizhou Wanxiang Enterprise Management Co., Ltd.)	The PRC, December 14, 2022	RMB500,000/ RMB500,000	27% (Note d)	76%	76%	76%	Sale of snacks and beverages
寧波博全商貿有限公司 Ningbo Boquan Commerce and Trading Co., Ltd.* (“Ningbo Boquan”) (Note b)	The PRC, May 18, 2010	RMB1,500,000/ RMB1,500,000	27% (Note d)	27% (Note d)	27% (Note d)	27% (Note d)	Sale of snacks and beverages
南京萬丞信息科技有限公司 Nanjing Wancheng Information Technology Co., Ltd.* (“Nanjing Wancheng”) (Note b).	The PRC, February 20, 2025	RMB10,000,000/ Nil	N/A	N/A	100%	100%	Management of information system
南京萬昌供應鏈管理有限公司 Nanjing Wanchang Supply Chain Management Co., Ltd.* (Note a)	The PRC, April 6, 2023	RMB1,000,000/ RMB1,000,000	N/A	27% (Note d)	27% (Note d)	27% (Note d)	Sale of snacks and beverages
新鄉市衛濱區萬優商業管理有限公司 Xinxiang City Weibin District Wanyou Commercial Management Co., Ltd.* (Note b)	The PRC, April 14, 2023	RMB100,000/ RMB100,000	26% (Note e)	26% (Note e)	75%	75%	Sale of snacks and beverages
江西萬叢商業連鎖經營有限公司 Jiangxi Wancong Commercial Chain Operation Co., Ltd.* (Note b).	The PRC, November 17, 2020	RMB2,000,000/Nil	27% (Note d)	27% (Note d)	27% (Note d)	27% (Note d)	Sale of snacks and beverages
泰州萬好商業連鎖管理有限公司 Taizhou Wanhao Commercial Chain Management Co., Ltd.* (Note b).	The PRC, December 1, 2022	RMB1,000,000/ RMB1,000,000	27% (Note d)	76%	76%	76%	Sale of snacks and beverages
泰州好想來供應鏈管理有限公司 Taizhou Haoxianglai Supply Chain Management Co., Ltd.* (Note b).	The PRC, May 16, 2024	RMB1,000,000/ RMB1,000,000	N/A	76%	76%	76%	Sale of snacks and beverages
石家莊來優品牌管理有限公司 Shijiazhuang Laiyoupin Brand Management Co., Ltd.* (Note b)	The PRC, May 25, 2023	RMB100,000/ RMB100,000	26% (Note e)	26% (Note e)	75%	75%	Sale of snacks and beverages

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Notes:

- (a) The statutory financial statements of these entities for the years ended December 31, 2023 and 2024 prepared in accordance with the PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership), a certified public accounting firm registered in the PRC. The statutory financial statements of these entities for the year ended December 31, 2025 have not yet been issued as of the date of this report.
- (b) No audited financial statements have been prepared for these companies for the years ended December 31, 2023, 2024 and 2025 (or since the date of incorporation, where later than the beginning of the Track Record Period), as the companies were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.
- (c) The statutory financial statements of these entities for the year ended December 31, 2024 prepared in accordance with the PRC GAAP were audited by Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership), a certified public accounting firm registered in the PRC. The statutory financial statements of these entities for the year ended December 31, 2025 have not yet been issued as of the date of this report.
- (d) Nanjing Wanxing, as an intermediate holding company, held 52% equity interests in certain downstream intermediate holding companies, and these intermediate holding companies further held 51% equity interests in the relevant subsidiaries, thus the Group has exposure or rights to variable returns from its involvement with its indirectly held subsidiaries and has the ability to affect those returns through its majority of voting power and the existing rights of these indirectly held subsidiaries to direct the relevant activities. Therefore, these entities are classified as subsidiaries of the Group, despite the effective equity interest is less than 50%.
- (e) 南京萬品商業管理有限公司 Nanjing Wanpin Commercial Management Co., Ltd.* (“Nanjing Wanpin”), as an intermediate holding company, held 51% equity interests in certain downstream intermediate holding companies, and these intermediate holding companies further held 51% equity interests in the relevant subsidiaries, thus the Group has exposure or rights to variable returns from its involvement with its indirectly held subsidiaries and has the ability to affect those returns through its majority of voting power and the existing rights of these indirectly held subsidiaries to direct the relevant activities. Therefore, these entities are classified as subsidiaries of the Group, despite the effective equity interest is less than 50%.

* *English translation is for identification purpose only.*

2. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Statement of compliance

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Hong Kong Listing Rules”).

All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

A summary of the material accounting policies adopted by the Group in preparing the Historical Financial Information is set out below.

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3. MATERIAL ACCOUNTING POLICIES

Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost, except for biological assets, as explained in the material accounting policies set out below.

Basis of consolidation

The Historical Financial Information comprises the financial statements of the Company and all of its subsidiaries for the Track Record Period. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments’ proportionate share in the recognized amounts of the acquiree’s identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRS Accounting Standards.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in ownership interest

Changes in the Group’s ownership interest in a subsidiary that do not result in a change of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognized in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

For the assessment of the Group’s control over and the allocation of results and residual interests on a non-wholly owned subsidiary, the Group considers the rights and obligations among the equity holders of that subsidiary with reference to the paid-up capital or registered capital in accordance with the equity holders’ agreement (if any), the articles and the applicable laws and regulations.

Business combinations

(a) Acquisition method of accounting

The acquisition method is used to account for the acquisition of subsidiaries of the Group, except for those acquisitions which qualify as business combination under common control which are accounted for using merger accounting.

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Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are principally recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets and liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed at acquisition date. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a gain on bargain purchase.

Non-controlling interests that are initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company’s statements of financial position, investments in subsidiaries are stated at cost less impairment loss (if any). The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

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Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, other than construction in progress, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Buildings	20 years
Machineries	10 years
Office equipment	5 years
Computer equipment	3 years
Motor vehicles	3 to 4 years
Tools	5 years
Other equipment	3 years
Leasehold improvements	Shorter of assets useful lives or remaining lease term

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognized.

Construction in progress

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is stated at cost less accumulated impairment losses. Cost includes all construction expenditure and other direct costs, including interest costs, attributable to such projects. Costs on completed construction works are transferred to the appropriate asset category. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives for the current and comparative periods are as follows:

Trademarks	13 months to 10 years
Patent	10 years
Pollution discharge permits	5 years
Software	1 to 10 years

Biological assets

Biological assets are the edible fungi that are stated at fair value less cost to sell, see Note 21 below for further information on determining the fair value.

Costs to sell of a biological asset are the incremental costs directly attributable to the sale or disposal of an asset, excluding finance costs and income taxes.

The edible fungi are accounted for as biological assets until the point of harvest. Harvested edible fungi are transferred to inventory at fair value less cost to sell when harvested.

Changes in fair value of biological assets are recognized in profit or loss.

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Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognized when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognized when and only when (i) the Group’s contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognized at their fair value plus, in the case of financial assets not carried at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortized cost; (ii) debt investment measured at fair value through other comprehensive income (“FVOCI”); (iii) equity investment measured at FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group’s business model for managing the financial assets and the financial asset’s contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortization process are recognized in profit or loss.

The Group’s financial assets at amortized cost include trade and other receivables, restricted bank deposits and bank balances and cash.

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Financial liabilities

Recognition and derecognition

Financial liabilities are recognized when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognized when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, canceled or expires.

Classification and measurement

Financial liabilities are initially recognized at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group’s financial liabilities include trade and bills payables, other payables and accruals and interest-bearing borrowings. All financial liabilities, except for financial liabilities at FVPL are recognized initially at their fair value and subsequently measured at amortized cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (“ECL”) on financial assets that are measured at amortized cost, finance lease receivables to which the impairment requirements apply in accordance with IFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive. For a lease receivable, the cash flows used for determining the ECL should be consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) past due information;
- (ii) nature of instruments;
- (iii) nature of collateral (if any);
- (iv) industry of debtors;
- (v) geographical location of debtors; and
- (vi) external credit risk ratings.

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument’s credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognized as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

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Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria.

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor’s failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument’s external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor’s ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, and finance lease receivables, the Group applies a simplified approach in calculating ECL. The Group recognizes a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group’s procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognized in profit or loss.

Cash equivalents

For the purpose of the consolidated statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue recognition

Revenue from contracts with customers within IFRS 15

Nature of goods or services

The nature of the goods and services provided by the Group is from (i) cultivation and sales of edible fungi and (ii) sales of snack and beverage and provision of related service.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group’s promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

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Timing of revenue recognition

Revenue is recognized when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- (b) the Group’s performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Revenue from sales of edible fungi and snack and beverage business are recognized at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

For licences of franchise that are distinct, the Group considers the nature of the licences and determines whether each licence is to provide the customer with a right to access the Group’s franchise as it exists throughout the licence period or a right to use the franchise as it exists at the point in time at which the licence is granted.

The nature of the Group’s promise in granting a licence is a promise to provide a right to access the Group’s franchise if all of the following criteria are met:

- (a) the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the franchise to which the customer has rights;
- (b) the rights granted by the licence directly expose the customer to any positive or negative effects of the Group’s activities identified in (a) above; and
- (c) those activities do not result in the transfer of a good or a service to the customer as those activities occur.

Licensing income from licences of franchise is recognized over time.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for specified goods or services to be provided by the other party.

The Group is acting as a principal for all of its goods as the Group controls all of its goods before the good transferred to its customers and its performance obligation is to transfer those goods to its customers.

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Interest income

Interest income from financial assets is recognized using the effective interest method. For financial assets measured at amortized cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortized cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group’s right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group has an unconditional right to an amount of consideration from the customer which are largely in line with the timing of revenue recognition and no significant contract assets are recognized. Contract liabilities in relation to the non-refundable receipts in advance is reported under “Other Payables”.

Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Historical Financial Information is presented in RMB and rounded to the nearest thousands unless otherwise indicated. The Company’s and its subsidiaries’ functional currency is RMB.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency (“foreign operations”) are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of comprehensive income are translated at average exchange rate;
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group’s net investment in a foreign operation are recognized as a separate component of equity;
- on the disposal of a foreign operation, which includes a disposal of the Group’s entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognized in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognized; and
- on the partial disposal of the Group’s interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognized in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

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ACCOUNTANTS’ REPORT

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, intangible assets and right-of-use assets and the Company’s investments in subsidiaries may be impaired or impairment loss previously recognized no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognized in prior periods. Reversal of impairment loss is recognized as an income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognized are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate unless there is no future service or other conditions attached to the grants which would be recognized in the profit or loss when they are approved by and the cash are received from the relevant authorities. Where the grant relates to an asset, the fair value is recognized as a reduction from the carrying amount of the relevant assets and is released to profit or loss over the expected useful life of the relevant assets.

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Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and, where applicable, the aggregate stand-alone price of the non-lease components.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives at the annual rates/useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option — in which case depreciation is provided over the estimated useful life of the underlying assets) as follows:

Leased properties	Over the lease term
Leased land	3 to 50 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the lease.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

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The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;
- (b) the Group determines the lease term of the modified contract;
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognizing any gain or loss relating to the partial or full termination of the lease in profit or loss; and/or
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

The Group as lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as an operating lease if the head lease is a short-term lease to which the Group has applied the recognition exemption. Otherwise, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

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The Group as lessor — finance lease

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases. The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the finance lease.

The Group accounts for a modification to a finance lease as a separate lease if both:

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification to a finance lease that is not accounted for as a separate lease, the Group accounts for the modification as follows:

- (a) if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group:
 - (i) accounts for the lease modification as a new lease from the effective date of the modification; and
 - (ii) measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification.
- (b) otherwise, the Group applies the requirements of IFRS 9.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognized as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

In accordance with the rules and regulations in the PRC, the employees of the Group’s entities established in the PRC are required to participate in defined contribution retirement plans organized by local governments. Contributions to these plans are expensed in profit or loss as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

Share-based payment transactions

Equity-settled transactions

The Group’s employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of restricted stock granted to employees is recognized as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using Black-Scholes Model, taking into account any market conditions and non-vesting conditions.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the vesting conditions are to be fulfilled, ending on the date on which the entitlement of relevant employees to the award is no longer conditional on the satisfaction of any non-market vesting conditions (“vesting date”). During the vesting period, the number of restricted stock that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognized in prior periods is charged/credited to profit or loss for the year of review, with a corresponding adjustment to the reserve within equity.

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When the restricted stock are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will be transferred to accumulated profits.

Where the terms of an equity-settled award are modified, an additional expense is recognized for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the canceled award, and designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described above. Share-based payment transactions in which the Company grants restricted stock to subsidiaries’ employees are accounted for as an increase in value of investment in subsidiaries in the Company’s statement of financial position which is eliminated on consolidation.

Equity-settled share-based payment transactions with parties other than employees are measured at fair value of the goods or services received, except where the fair value cannot be reliably estimated, in which case they are measured at the fair value of the equity instruments granted. In all cases, the fair value is measured at the date the Group obtains the goods or the counterparty renders the services.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognized.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilized.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person’s family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

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- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person’s children and spouse or domestic partner;
- (b) children of that person’s spouse or domestic partner; and
- (c) dependants of that person or that person’s spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to Group’s most senior executive management for the purpose of allocating resources to, and assessing the performance of the Group’s various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgments

Estimates and assumptions concerning the future and judgments are made by the management in the preparation of the Historical Financial Information. They affect the application of the Group’s accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognized in the period of revision and future periods, in case the revision also affects future periods.

(i) *Key sources of estimation uncertainty*

Useful lives of property, plant and equipment, right-of-use assets and intangible assets

The management of the Group determines the estimated useful lives of the Group’s property, plant and equipment, right-of-use assets and intangible assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The depreciation and amortization expenses for future periods are adjusted if there are significant changes from previous estimates.

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Impairment of non-financial assets

The management of the Group determines whether the Group’s property, plant and equipment, right-of-use assets and intangible assets are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of property, plant and equipment, right-of-use assets and intangible assets, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from property, plant and equipment, right-of-use assets and intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

Allowance for inventories

The Group’s management reviews the condition of inventories periodically and where applicable, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances at the end of each reporting period based on management’s estimation of the net realizable value, considering the latest market prices and current market conditions.

Loss allowance for ECL

The Group’s management estimates the loss allowance for financial assets at amortized cost including trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group’s historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables.

Income tax

Significant estimates are required in determining the provision for income taxes and deferred taxation. There are transactions and calculations for which the ultimate tax determination is uncertain where the final tax outcome of these matters may be different from the amounts that were initially recorded and such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In cases where the actual future profits generated are different from the original estimate, a material recognition of deferred tax assets may arise, which would be recognized in profit or loss in the period in which such estimate is changed.

(ii) Critical judgments made in applying accounting policies

Classification of leases — as lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date which involves the overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. As part of the assessment, the Group considers all the relevant factors including the contractual terms and the circumstances of the contractual parties to determine the substance of the transaction.

Identification of leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on the requirements of IFRS 16 and all the relevant facts and circumstances. In particular, the Group assesses whether the contract involves the use of an identified asset by applying the concept of substantive substitution right. Also, the Group assesses whether the Group or the customer has the right to direct the use of the identified asset with reference to determination of which party has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where such decisions are predetermined, the right to operate the asset or the incorporation of such decisions by means of designing the asset are considered.

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Future changes in IFRS Accounting Standards

At the date of approving the Historical Financial Information, the IASB has issued the following new/revised IFRS Accounting Standards that are not yet effective for the Track Record Period, which the Group has not early adopted.

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ^[1]
Annual Improvements to IFRS Accounting Standards	Volume 11 ^[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ^[1]
IFRS 18	Presentation and Disclosure in Financial Statements ^[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures ^[2]
Amendments to IAS 21	Translation to Hyperinflationary Presentation Currency ^[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^[3]

^[1] Effective for annual periods beginning on or after January 1, 2026

^[2] Effective for annual periods beginning on or after January 1, 2027

^[3] The effective date to be determined

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 *Presentation of Financial Statements*. The new IFRS 18 introduces new key requirements to present specified categories and defined subtotals in the statement of comprehensive income; provide disclosures on management-defined performance measures in the notes to the financial statements and enhance requirements for grouping (aggregation and disaggregation) of information to be disclosed in the primary financial statements and information disclosed in the notes to the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the consolidated financial statements of the Group.

Except as described above, the management of the Group does not anticipate that the adoption of the new/revised IFRS Accounting Standards in future periods will have any material impact on the Group’s consolidated financial results or positions.

4. SEGMENT INFORMATION

The directors have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments. Based on risks and returns and the Group’s internal financial reporting, the directors consider that there are two operating segments of the Group including 1) edible fungi business and 2) snack and beverage business.

In addition, the directors consider that the Group’s place of domicile is the PRC, where the central management and control is located.

Segment results, which are the measures reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment.

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All assets and liabilities are allocated to operating segments.

Year ended December 31, 2023

	Edible fungi business	Snack and beverage business	Consolidated
	RMB'000	RMB'000	RMB'000
Segment revenue	534,715	8,759,025	9,293,740
Segment cost of sales.	(530,382)	(7,925,134)	(8,455,516)
Segment gross profit	4,333	833,891	838,224
Segment results	(75,041)	(101,165)	(176,206)

Year ended December 31, 2024

	Edible fungi business	Snack and beverage business	Consolidated
	RMB'000	RMB'000	RMB'000
Segment revenue	538,623	31,790,207	32,328,830
Segment cost of sales.	(531,549)	(28,336,922)	(28,868,471)
Segment gross profit	7,074	3,453,285	3,460,359
Segment results	(37,380)	648,292	610,912

Year ended December 31, 2025

	Edible fungi business	Snack and beverage business	Consolidated
	RMB'000	RMB'000	RMB'000
Segment revenue	602,226	50,856,923	51,459,149
Segment cost of sales.	(599,838)	(44,590,086)	(45,189,924)
Segment gross profit	2,388	6,266,837	6,269,225
Segment results	35,744	2,390,831	2,426,575

An analysis of the Group’s assets and liabilities, and other segment information by operating segments is set out below:

As at December 31, 2023

	Edible fungi business	Snack and beverage business	Consolidated
	RMB'000	RMB'000	RMB'000
Total assets	1,390,909	2,529,519	3,920,428
Total liabilities	605,138	2,619,608	3,224,746
Additional segment information:			
Additions in property, plant and equipment	151,618	132,992	284,610
Additions in right-of-use assets.	–	688,105	688,105
Additions in intangible assets.	811	9,347	10,158
Depreciation of property, plant and equipment . .	78,596	16,779	95,375
Depreciation of right-of-use assets.	1,642	93,594	95,236
Amortization of intangible assets.	171	1,123	1,294
(Reversal of)/Provision for impairment loss on trade and other receivables, net	(495)	6,148	5,653
Net changes in fair value less costs to sell (unrealized)	127	–	127
Net changes in fair value less costs to sell (realized)	5,468	–	5,468

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As at December 31, 2024

	Edible fungi business	Snack and beverage business	Consolidated
	RMB'000	RMB'000	RMB'000
Total assets	1,748,655	5,484,982	7,233,637
Total liabilities	663,814	5,100,953	5,764,767
Additional segment information:			
Additions in property, plant and equipment	12,344	72,765	85,109
Additions in right-of-use assets	258	344,690	344,948
Additions in intangible assets	40	2,703	2,743
Depreciation of property, plant and equipment	84,219	32,868	117,087
Depreciation of right-of-use assets	1,642	159,813	161,455
Amortization of intangible assets	185	1,804	1,989
(Reversal of)/Provision for impairment loss on trade and other receivables, net	(1,185)	5,870	4,685
Net changes in fair value less costs to sell (unrealized)	(7,524)	—	(7,524)
Net changes in fair value less costs to sell (realized)	(18,624)	—	(18,624)

As at December 31, 2025

	Edible fungi business	Snack and beverage business	Consolidated
	RMB'000	RMB'000	RMB'000
Total assets	1,216,166	8,813,924	10,030,090
Total liabilities	1,520,858	5,948,231	7,469,089
Additional segment information:			
Additions in property, plant and equipment	6,525	33,792	40,317
Additions in right-of-use assets	—	91,905	91,905
Additions in intangible assets	8	26,965	26,973
Depreciation of property, plant and equipment	80,904	40,621	121,525
Depreciation of right-of-use assets	1,645	153,820	155,465
Amortization of intangible assets	369	3,688	4,057
Provision for impairment loss on trade and other receivables, net	31	7,716	7,747
Net changes in fair value less costs to sell (unrealized)	(10,189)	—	(10,189)
Net changes in fair value less costs to sell (realized)	(98,013)	—	(98,013)

Geographical information

All segments’ operations are located in the PRC. Accordingly, all of the Group’s revenue is derived in the PRC.

The non-current assets information is based on the locations of assets and included the Group’s property, plant and equipment, right-of-use assets and intangible assets (the “Non-current Assets”). Except for right-of-use assets amounting to RMB1 million which were located in Hong Kong, all the Group’s Non-current Assets were located in the PRC.

Information about major customers

No customer (presented by entities under common control, if appropriate) individually accounting for 10% or more of the total revenue of the Group during the Track Record Period.

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5. REVENUE

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within IFRS 15			
Sales of edible fungi	534,715	538,623	602,226
Sales of snack and beverage	8,698,852	31,346,648	49,956,967
Provision of franchise and related services.	60,173	443,559	899,956
	<u>9,293,740</u>	<u>32,328,830</u>	<u>51,459,149</u>
Timing of revenue recognition			
At a point in time	9,287,004	32,295,411	51,426,966
Over time	6,736	33,419	32,183
	<u>9,293,740</u>	<u>32,328,830</u>	<u>51,459,149</u>

6. OTHER INCOME

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest income.	1,614	14,110	17,400
Government grant (<i>Note</i>).	7,382	105,612	140,007
Others	2,203	13,454	39,044
	<u>11,199</u>	<u>133,176</u>	<u>196,451</u>

Note: Government grants represent various form of subsidies granted to the Group by the local government authorities in the PRC in respect of its investments in production plants, compensation of research and development expenses and financial support to local business enterprises for the purpose of encouraging business development in the PRC.

7. OTHER GAINS AND (LOSSES), NET

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss on disposal of property, plant and equipment, net.	(6,753)	(23,160)	(2,822)
Loss on disposal of intangible assets, net	—	(132)	(113)
(Loss)/Gain on modification and termination of leases	(554)	3,947	(1,224)
Net changes in fair value less costs to sell (unrealized)	(127)	7,524	10,189
Net changes in fair value less costs to sell (realized)	(5,468)	18,624	98,013
Write down of inventories	(5,197)	(11,901)	(4,437)
Provision for impairment loss on trade and other receivables, net	(5,653)	(4,685)	(7,747)
Written-off of receivables	(270)	(4,423)	(2,591)
Others	(930)	(4,102)	(10,963)
	<u>(24,952)</u>	<u>(18,308)</u>	<u>78,305</u>

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8. FINANCE COSTS

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing borrowings	16,860	32,602	39,488
Interest on lease liabilities	11,885	18,246	14,577
	<u>28,745</u>	<u>50,848</u>	<u>54,065</u>

9. (LOSS)/PROFIT BEFORE TAXATION

This is stated after charging;

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Staff costs (including directors’ remuneration)			
Salaries, allowances, discretionary bonus and other benefits in kind	429,152	898,499	1,273,256
Share-based compensation expenses, net	147,971	219,374	144,186
Contributions to defined contribution plans	23,563	54,657	75,584
	<u>600,686</u>	<u>1,172,530</u>	<u>1,493,026</u>
Other items			
Auditor’s remuneration	2,200	4,760	5,400
Cost of inventories (<i>Note (i)</i>)	8,280,274	28,420,240	44,494,197
Depreciation of property, plant and equipment (charged to “cost of sales”, “selling and distribution costs” and “administrative expenses”, as appropriate)	95,375	117,087	121,525
Depreciation of right-of-use assets (charged to “cost of sales” and “administrative expenses”)	95,236	161,455	155,465
Amortization of intangible assets (charged to “selling and distribution costs” and “administrative expenses”, as appropriate)	1,294	1,989	4,057
Expenses recognized under short-term leases (charged to “cost of sales” and “administrative expenses”)	1,444	13,491	11,648
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Research and development expenses (included in “administrative expenses”) (<i>Note (ii)</i>)	3,311	4,037	35,856
	<u> </u>	<u> </u>	<u> </u>

Notes:

- (i) Cost of inventories included approximately RMB174,598,000, RMB185,023,000, RMB179,261,000 relating to the aggregated amount of certain staff costs and depreciation expense which were included in the respective amounts as disclosed above during the Track Record Period, respectively.
- (ii) During the Track Record Period, the Group carried out several research and development projects for (i) enhancement of the existing fungi products quality and production efficiency; (ii) development of new fungi products and (iii) development of information systems (together, the “Research and Development Activities”). Having considered the enhancement to the existing fungi products’ quality and production efficiency cannot be clearly quantified and the technical feasibility for the completion of new fungi products and information systems are uncontrollable, the costs incurred in the Research and Development Activities are recognized in the profit or loss as incurred during the corresponding periods.

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10. DIRECTORS’ EMOLUMENTS

The aggregate amounts of remuneration received and receivable by the directors of the Company during the Track Record Period are set out below.

Year ended December 31, 2023

	Directors’ fee	Salaries, discretionary bonus, allowances and other benefits in kind	Contributions to defined contribution plans	Share-based compensation expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<i>Non-independent directors</i>					
Mr. Wang Jiankun 王健坤					
(Note xi)	–	787	–	2,627	3,414
Ms. Wang Liqing 王麗卿	–	1,012	–	1,314	2,326
Mr. Li Bo 李博	–	605	5	219	829
Mr. Wang Zening 王澤寧	–	581	7	876	1,464
Ms. Lin Gaichun 林詒春	–	435	–	876	1,311
Mr. Chen Wenzhu 陳文柱	–	120	–	–	120
<i>Independent non-executive directors</i>					
Mr. Cai Qingliang 蔡清良					
(Note xiii)	96	–	–	–	96
Mr. Wang Zhiqiang 王志強					
(Note i)	39	–	–	–	39
Ms. Xiao Min 肖珉 (Note ii) . .	70	–	–	–	70
Ms. Lin Liye 林麗葉					
(Note iii)	57	–	–	–	57
Dr. Zhao Jingwen 趙景文					
(Note iv)	26	–	–	–	26
<i>Supervisors (Note xv)</i>					
Mr. Chen Ziwen 陳子文					
(Note v)	–	377	5	344	726
Ms. Li Ronghua 李容華					
(Note vi)	–	69	4	57	130
Mr. Hong Qiang 洪強					
(Note vii)	–	255	4	229	488
Mr. Chen Yiyong 陳毅勇					
(Note viii)	–	149	5	–	154
Mr. Yao Jianlin 姚建林					
(Note ix)	–	92	5	–	97
Mr. Zheng Yongpiao 鄭永飄					
(Note x)	–	126	5	–	131
	288	4,608	40	6,542	11,478

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Year ended December 31, 2024

	Directors’ fee	Salaries, discretionary bonus, allowances and other benefits in kind	Contributions to defined contribution plans	Share-based compensation expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<i>Non-independent directors</i>					
Mr. Wang Jiankun 王健坤					
(Note xi)	–	896	–	1,319	2,215
Ms. Wang Liqing 王麗卿	–	1,139	–	659	1,798
Mr. Li Bo 李博	–	640	7	110	757
Mr. Wang Zening 王澤寧	–	622	10	440	1,072
Ms. Lin Gaichun 林該春	–	498	–	440	938
Mr. Chen Wenzhu 陳文柱	–	120	–	–	120
<i>Independent non-executive directors</i>					
Mr. Cai Qingliang 蔡清良					
(Note xiii)	96	–	–	–	96
Ms. Lin Liye 林麗葉	96	–	–	–	96
Dr. Zhao Jingwen 趙景文	96	–	–	–	96
<i>Supervisors (Note xv)</i>					
Mr. Chen Yiyong 陳毅勇	–	135	7	–	142
Mr. Yao Jianlin 姚建林	–	98	7	–	105
Mr. Zheng Yongpiao 鄭永飄 . . .	–	128	7	–	135
	288	4,276	38	2,968	7,570

Year ended December 31, 2025

	Directors’ fee	Salaries, discretionary bonus, allowances and other benefits in kind	Contributions to defined contribution plans	Share-based compensation expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<i>Non-independent directors</i>					
Mr. Wang Jiankun 王健坤					
(Note xi)	–	227	–	208	435
Ms. Wang Liqing 王麗卿	–	1,432	–	222	1,654
Mr. Li Bo 李博	–	690	8	37	735
Mr. Wang Zening 王澤寧	–	2,274	13	148	2,435
Ms. Lin Gaichun 林該春	–	496	–	148	644
Mr. Chen Wenzhu 陳文柱	–	120	–	–	120
<i>Independent non-executive directors</i>					
Mr. Cai Qingliang 蔡清良					
(Note xiii)	82	–	–	–	82
Ms. Lin Liye 林麗葉	103	–	–	–	103
Dr. Zhao Jingwen 趙景文	103	–	–	–	103
Ms. Yang Fan 楊帆 (Note xii) . .	85	–	–	–	85
Ms. Zheng Luying 鄭魯英					
(Note xiv)	20	–	–	–	20
<i>Supervisors (Note xv)</i>					
Mr. Chen Yiyong 陳毅勇	–	96	6	–	102
Mr. Yao Jianlin 姚建林	–	106	6	–	112
Mr. Zheng Yongpiao 鄭永飄 . . .	–	79	6	–	85
	393	5,520	39	763	6,715

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Notes:

- (i) Mr. Wang Zhiqiang 王志強 was appointed as an independent non-executive director on November 9, 2022 and resigned on May 26, 2023.
- (ii) Ms. Xiao Min 肖珉 resigned as an independent non-executive director on September 22, 2023.
- (iii) Ms. Lin Liye 林麗葉 was appointed as an independent non-executive director on May 26, 2023.
- (iv) Dr. Zhao Jingwen 趙景文 was appointed as an independent non-executive director on September 22, 2023.
- (v) Mr. Chen Ziwen 陳子文 resigned as a supervisor on September 22, 2023.
- (vi) Ms. Li Ronghua 李容華 resigned as a supervisor on September 22, 2023.
- (vii) Mr. Hong Qiang 洪強 resigned as a supervisor on September 22, 2023.
- (viii) Mr. Chen Yiyong 陳毅勇 was appointed as a supervisor on September 22, 2023.
- (ix) Mr. Yao Jianlin 姚建林 was appointed as a supervisor on September 22, 2023.
- (x) Mr. Zheng Yongpiao 鄭永飄 was appointed as a supervisor on September 22, 2023.
- (xi) Mr. Wang Jiankun 王健坤 resigned as a non-independent director on July 25, 2025.
- (xii) Ms. Yang Fan 楊帆 was appointed as an independent non-executive director on September 18, 2025.
- (xiii) Mr. Cai Qingliang 蔡清良 resigned as an independent non-executive director on November 6, 2025.
- (xiv) Ms. Zheng Luying 鄭魯英 was appointed as an independent non-executive director on November 6, 2025.
- (xv) For all the supervisors, the management of the Company has terminated their roles on September 8, 2025 pursuant to the latest laws regulations of the China Securities Regulatory Commission, shareholders of the Company passed a resolution at the extraordinary general meeting held on September 8, 2025 to abolish the supervisory committee of the Company effective immediately

During the Track Record Period, the resigned directors confirmed that his/her resignation was not due to any disagreement with the Board or with the Group.

During the Track Record Period, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

11. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group for the years ended December 31, 2023, 2024 and 2025 included nil, nil and nil director of the Company respectively. Details of their emoluments are included in Note 10 above.

The emoluments of the remaining five, five and five highest paid individuals for the years ended December 31, 2023, 2024 and 2025 are set out as follows:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, discretionary bonus and other benefits in kind	3,128	4,272	5,016
Contributions to defined contribution plans	52	52	51
Share-based compensation expenses	66,418	67,248	42,489
	<u>69,598</u>	<u>71,572</u>	<u>47,556</u>

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The number of these non-director individual whose emoluments fell within the following emoluments band is as follows:

	For the Year Ended December 31,		
	2023	2024	2025
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>
HK\$8,000,001 to HK\$8,500,000	–	–	1
HK\$9,500,001 to HK\$10,000,000	–	–	2
HK\$11,500,001 to HK\$12,000,000.	–	–	1
HK\$12,000,001 to HK\$12,500,000	–	1	1
HK\$12,500,001 to HK\$13,000,000	–	1	–
HK\$13,000,001 to HK\$13,500,000	–	1	–
HK\$14,500,001 to HK\$15,000,000	2	–	–
HK\$15,000,001 to HK\$15,500,000	1	–	–
HK\$15,500,001 to HK\$16,000,000	1	–	–
HK\$16,500,001 to HK\$17,000,000	1	–	–
HK\$19,500,001 to HK\$20,000,000	–	1	–
HK\$20,000,001 to HK\$20,500,000	–	1	–
	5	5	5
	=	=	=

During the Track Record Period, no remuneration was paid by the Group to any of these highest paid non-director individual as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individual waived or agreed to waive any emoluments during the Track Record Period.

12. INCOME TAX EXPENSE

	For the Year Ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax			
PRC Enterprise Income Tax (“EIT”).			
Current year	60,254	427,755	838,709
Under provision in prior year	–	6,453	4,856
	<u>60,254</u>	<u>434,208</u>	<u>843,565</u>
Deferred taxation			
Changes in temporary differences (<i>Note 19</i>)	1,050	(5,028)	(862)
Total income tax expense for the year	<u>61,304</u>	<u>429,180</u>	<u>842,703</u>

The group entities established in the PRC are subject to PRC EIT at a statutory rate of 25% during the Track Record Period except for the following:

Pursuant to Article 27(1) of the Enterprise Income Tax Law of the PRC and Article 86(1) of the Regulations for the Implementation of the Enterprise Income Tax Law of the PRC, agricultural products produced and sold by the Company and Nanjing Jinwanchen are exempted from the PRC EIT.

Certain subsidiaries of the Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC’s State Administration of Taxation. Pursuant to the policy, the portion of annual taxable income amount of a Small-Scaled Minimal Profit Corporate which is not exceeding RMB3,000,000 is subject to 25% income tax rate at its taxable income, and such taxable income is entitled to a preferential income tax rate of 20% for the period from January 1, 2023 and expiring on December 31, 2027.

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Reconciliation of income tax expense

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(Loss)/Profit before taxation	(114,902)	1,040,092	3,269,278
Income tax at applicable tax rate of 25%	(28,726)	260,023	817,320
Effect of preferential tax treatments	–	10,729	(3,089)
Non-deductible expenses (<i>Note</i>)	187,580	247,685	190,420
Tax exempt revenue	(150,257)	(162,151)	(158,242)
Unrecognized temporary difference	1,963	3,218	1,904
Unrecognized tax losses	50,744	70,878	27,602
Utilization of previously unrecognized tax losses	–	(7,655)	(38,068)
Under provision in prior year	–	6,453	4,856
Income tax expense for the year	61,304	429,180	842,703

Note:

Pursuant to the Enterprise Income Tax Law and its implementing regulations, certain categories of corporate expenditures are subject to statutory deductibility limits. Any portion of such expenses that exceeds the prescribed thresholds is treated as non-deductible when determining an enterprise’s taxable income. These categories include, among others, business entertainment expenses, public welfare donations, marketing and promotional expenditures, and interest expenses, each of which is governed by specific caps or ratio-based limits. In addition, pursuant to Article 27(1) of the Enterprise Income Tax Law of the PRC and Article 86(1) of the Regulations for the Implementation of the Enterprise Income Tax Law of the PRC, income generated from eligible edible fungi cultivation is exempted from the PRC EIT, and therefore all related expenditures associated with such operations are non-deductible.

13. (LOSS)/EARNINGS PER SHARE

(a) Basic EPS

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period.

The following table illustrates the earnings and share information used in the calculation of basic EPS:

	For the Year Ended December 31,		
	2023	2024	2025
(Loss)/Profit attributable to owners of the Company used in calculating basic EPS (RMB'000)	(113,110)	301,174	1,347,264
Weighted average number of ordinary shares in issue (thousand shares)	153,699	171,218	185,523
Basic EPS (RMB)	(0.74)	1.76	7.26

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(b) Diluted EPS

The restricted stock granted under restricted stock incentive schemes by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding, by the assumption of the conversion of all potential dilutive ordinary shares arising from restricted stock incentive schemes (collectively forming the denominator for computing the diluted EPS). The Group has excluded the restricted stock incentive schemes from the diluted EPS calculation for the year ended December 31, 2023 as it has an anti-dilutive effect on the basic EPS amounts presented.

	For the Year Ended December 31,		
	2023	2024	2025
(Loss)/Profit attributable to owners of the Company used in calculating diluted EPS (RMB’000)	(113,110)	301,174	1,347,264
Weighted average number of ordinary shares in issue (thousand shares)	153,699	171,218	184,122
Adjustments for potential shares arising from restricted stock incentive schemes (thousand shares)	—	154	3,310
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares)	153,699	171,372	187,432
Diluted EPS (RMB)	<u>(0.74)</u>	<u>1.76</u>	<u>7.19</u>

14. DIVIDENDS

	For the Year Ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interim dividends in respect of current year	—	35,998	28,334
Final dividends in respect of previous year	—	—	71,996
	—	35,998	100,330
	=	=	=

The interim dividends of RMB2 per 10 shares (tax inclusive) in respect of the year ended December 31, 2024 were approved by the Extraordinary General Meeting of the Company. The interim dividends of approximately RMB35,998,000 were paid on January 21, 2025.

The final dividends of RMB4 per 10 shares (tax inclusive) in respect of the year ended December 31, 2024 were approved in 2024 Annual General Meeting of the Company. The final dividends of approximately RMB71,996,000 were paid on May 20, 2025.

The interim dividends of RMB1.5 per 10 shares (tax inclusive) in respect of the year ending December 31, 2025 were approved by the Extraordinary General Meeting of the Company. The interim dividends of approximately RMB28,334,000 were paid on November 17, 2025.

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15. PROPERTY, PLANT AND EQUIPMENT

The Group:

	Buildings	Machineries	Office equipment	Computer equipment	Motor vehicles	Tools	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reconciliation of carrying amount — year ended December 31, 2023										
At January 1, 2023	252,387	149,385	1,724	19	2,189	22,462	4,157	4,905	302,836	740,064
Additions	26,781	53,644	6,436	7,973	14,973	39,533	8,635	69,784	56,851	284,610
Transfer	216,851	107,494	—	—	—	32,932	1,171	—	(358,448)	—
Depreciation	(26,186)	(40,237)	(940)	(677)	(2,581)	(12,763)	(2,482)	(9,509)	—	(95,375)
Disposals	(1)	(6,602)	(1,251)	(1,170)	(322)	(1,201)	(1,481)	(15,552)	—	(27,580)
At December 31, 2023	<u>469,832</u>	<u>263,684</u>	<u>5,969</u>	<u>6,145</u>	<u>14,259</u>	<u>80,963</u>	<u>10,000</u>	<u>49,628</u>	<u>1,239</u>	<u>901,719</u>
Reconciliation of carrying amount — year ended December 31, 2024										
At January 1, 2024	469,832	263,684	5,969	6,145	14,259	80,963	10,000	49,628	1,239	901,719
Additions	2,736	2,735	7,416	3,880	8,702	26,394	4,606	25,735	2,905	85,109
Transfer	9	1,232	—	—	—	1,805	—	—	(3,046)	—
Depreciation	(29,545)	(38,634)	(2,182)	(2,257)	(5,057)	(20,536)	(3,619)	(15,257)	—	(117,087)
Disposals	—	(864)	(480)	(543)	(620)	(10,885)	(1,372)	(23,225)	—	(37,989)
At December 31, 2024	<u>443,032</u>	<u>228,153</u>	<u>10,723</u>	<u>7,225</u>	<u>17,284</u>	<u>77,741</u>	<u>9,615</u>	<u>36,881</u>	<u>1,098</u>	<u>831,752</u>
Reconciliation of carrying amount — year ended December 31, 2025										
At January 1, 2025	443,032	228,153	10,723	7,225	17,284	77,741	9,615	36,881	1,098	831,752
Additions	643	4,640	8,246	2,137	3,182	2,921	1,648	15,896	1,004	40,317
Transfer	—	—	—	—	—	1,696	—	—	(1,696)	—
Depreciation	(29,615)	(36,643)	(3,061)	(3,052)	(5,544)	(20,493)	(4,041)	(19,076)	—	(121,525)
Disposals	—	(611)	(976)	(1,055)	(3,276)	(8,064)	(2,770)	(11,369)	—	(28,121)
At December 31, 2025	<u>414,060</u>	<u>195,539</u>	<u>14,932</u>	<u>5,255</u>	<u>11,646</u>	<u>53,801</u>	<u>4,452</u>	<u>22,332</u>	<u>406</u>	<u>722,423</u>
At December 31, 2023										
Cost	613,662	481,205	9,045	6,874	18,622	158,768	23,776	57,924	1,239	1,371,115
Accumulated depreciation	(143,830)	(217,521)	(3,076)	(729)	(4,363)	(77,805)	(13,776)	(8,296)	—	(469,396)
Net carrying amount	<u>469,832</u>	<u>263,684</u>	<u>5,969</u>	<u>6,145</u>	<u>14,259</u>	<u>80,963</u>	<u>10,000</u>	<u>49,628</u>	<u>1,239</u>	<u>901,719</u>
At December 31, 2024										
Cost	616,407	482,452	15,744	9,968	26,317	173,806	26,126	55,091	1,098	1,407,009
Accumulated depreciation	(173,375)	(254,299)	(5,021)	(2,743)	(9,033)	(96,065)	(16,511)	(18,210)	—	(575,257)
Net carrying amount	<u>443,032</u>	<u>228,153</u>	<u>10,723</u>	<u>7,225</u>	<u>17,284</u>	<u>77,741</u>	<u>9,615</u>	<u>36,881</u>	<u>1,098</u>	<u>831,752</u>
At December 31, 2025										
Cost	617,049	483,858	22,456	10,267	23,474	165,806	23,588	49,508	406	1,396,412
Accumulated depreciation	(202,989)	(288,319)	(7,524)	(5,012)	(11,828)	(112,005)	(19,136)	(27,176)	—	(673,989)
Net carrying amount	<u>414,060</u>	<u>195,539</u>	<u>14,932</u>	<u>5,255</u>	<u>11,646</u>	<u>53,801</u>	<u>4,452</u>	<u>22,332</u>	<u>406</u>	<u>722,423</u>

Certain of the Group’s property, plant and equipment with a total carrying amount of approximately RMB419,099,000, RMB393,884,000 and RMB367,476,000 as at December 31, 2023, 2024 and 2025, respectively were pledged to secure interest-bearing borrowings granted to the Group (*Note 26*).

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Based on management’s assessment on the recoverable amount of the cash-generating unit, no impairment provision was considered necessary as at December 31, 2023.

The Company:

	Buildings	Machineries	Office equipment	Motor vehicles	Tools	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reconciliation of carrying amount — year ended December 31, 2023									
At January 1, 2023	109,689	62,641	379	638	8,031	2,420	—	301,056	484,854
Additions	36,702	50,052	1,945	1,029	—	3,392	904	48,884	142,908
Transfer	206,930	107,897	—	—	32,874	1,171	—	(348,872)	—
Depreciation	(16,746)	(25,236)	(202)	(520)	(5,530)	(1,475)	(56)	—	(49,765)
Disposals	—	(233)	(10)	—	(39)	—	—	—	(282)
At December 31, 2023	<u>336,575</u>	<u>195,121</u>	<u>2,112</u>	<u>1,147</u>	<u>35,336</u>	<u>5,508</u>	<u>848</u>	<u>1,068</u>	<u>577,715</u>
Reconciliation of carrying amount — year ended December 31, 2024									
At January 1, 2024	336,575	195,121	2,112	1,147	35,336	5,508	848	1,068	577,715
Additions	2,992	1,374	1,717	470	53	2,403	2,171	360	11,540
Transfer	—	—	—	—	347	—	—	(347)	—
Depreciation	(20,107)	(25,669)	(523)	(587)	(7,935)	(2,048)	(481)	—	(57,350)
Disposals	(819)	(339)	(199)	—	(57)	(16)	—	—	(1,430)
At December 31, 2024	<u>318,641</u>	<u>170,487</u>	<u>3,107</u>	<u>1,030</u>	<u>27,744</u>	<u>5,847</u>	<u>2,538</u>	<u>1,081</u>	<u>530,475</u>
Reconciliation of carrying amount — year ended December 31, 2025									
At January 1, 2025	318,641	170,487	3,107	1,030	27,744	5,847	2,538	1,081	530,475
Additions	185	2,431	4,237	—	—	501	1,006	159	8,519
Transfer	—	—	—	—	870	—	—	(870)	—
Depreciation	(20,149)	(22,248)	(1,064)	(377)	(7,747)	(2,425)	(1,083)	—	(55,093)
Disposals	—	(270)	(44)	—	(86)	(1,724)	—	—	(2,124)
At December 31, 2025	<u>298,677</u>	<u>150,400</u>	<u>6,236</u>	<u>653</u>	<u>20,781</u>	<u>2,199</u>	<u>2,461</u>	<u>370</u>	<u>481,777</u>
At December 31, 2023									
Cost	417,118	330,395	3,903	2,338	88,247	12,916	904	1,068	856,889
Accumulated depreciation	(80,543)	(135,274)	(1,791)	(1,191)	(52,911)	(7,408)	(56)	—	(279,174)
Net carrying amount	<u>336,575</u>	<u>195,121</u>	<u>2,112</u>	<u>1,147</u>	<u>35,336</u>	<u>5,508</u>	<u>848</u>	<u>1,068</u>	<u>577,715</u>
At December 31, 2024									
Cost	419,292	329,795	5,313	2,807	88,540	15,155	3,075	1,081	865,058
Accumulated depreciation	(100,651)	(159,308)	(2,206)	(1,777)	(60,796)	(9,308)	(537)	—	(334,583)
Net carrying amount	<u>318,641</u>	<u>170,487</u>	<u>3,107</u>	<u>1,030</u>	<u>27,744</u>	<u>5,847</u>	<u>2,538</u>	<u>1,081</u>	<u>530,475</u>
At December 31, 2025									
Cost	419,477	330,462	9,461	2,807	88,770	13,709	4,081	370	869,137
Accumulated depreciation	(120,800)	(180,062)	(3,225)	(2,154)	(67,989)	(11,510)	(1,620)	—	(387,360)
Net carrying amount	<u>298,677</u>	<u>150,400</u>	<u>6,236</u>	<u>653</u>	<u>20,781</u>	<u>2,199</u>	<u>2,461</u>	<u>370</u>	<u>481,777</u>

Certain of the Company’s property, plant and equipment with a total carrying amount of approximately RMB298,109,000, RMB280,444,000 and RMB263,193,000 as at December 31, 2023, 2024 and 2025, respectively were pledged to secure interest-bearing borrowings granted to the Company (*Note 26*).

Based on management’s assessment on the recoverable amount of the cash-generating unit, no impairment provision was considered necessary as at December 31, 2023.

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16. RIGHT-OF-USE ASSETS

The Group leases various warehouses, retail stores, machinery and motor vehicles for its daily operations. Lease terms range from 1 to 10 years, with an option to renew the lease when all terms are renegotiated. Lease payments would usually increase annually to reflect current market rentals.

The Group’s right-of-use assets in respect of land use rights and leased buildings represent the prepaid operating lease payment of leasehold lands located in the PRC and leases of warehouses and retail stores. Lease terms are negotiated on an individual basis and contain similar terms and conditions. The lease agreements do not impose any covenants. None of the leases includes variable lease payments for retail stores.

The carrying amounts of the Group’s right-of-use assets and the movements during the Track Record Period are as follows:

The Group:

	Leased buildings	Land use rights	Machineries	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reconciliation of carrying amount — year ended December 31, 2023					
At January 1, 2023	51,223	61,684	—	736	113,643
Additions	640,834	7,575	25,391	14,305	688,105
Depreciation	(87,371)	(2,190)	(2,116)	(3,559)	(95,236)
Disposals	(137,128)	—	—	—	(137,128)
At December 31, 2023	<u>467,558</u>	<u>67,069</u>	<u>23,275</u>	<u>11,482</u>	<u>569,384</u>
Reconciliation of carrying amount — year ended December 31, 2024					
At January 1, 2024	467,558	67,069	23,275	11,482	569,384
Additions	343,130	—	—	1,818	344,948
Depreciation	(146,296)	(4,084)	(8,464)	(2,611)	(161,455)
Disposals	(221,108)	—	—	(6,510)	(227,618)
At December 31, 2024	<u>443,284</u>	<u>62,985</u>	<u>14,811</u>	<u>4,179</u>	<u>525,259</u>
Reconciliation of carrying amount — year ended December 31, 2025					
At January 1, 2025	443,284	62,985	14,811	4,179	525,259
Additions	87,937	—	—	3,968	91,905
Depreciation	(140,643)	(4,084)	(8,464)	(2,274)	(155,465)
Disposals	(125,797)	(3,232)	—	(1,695)	(130,724)
At December 31, 2025	<u>264,781</u>	<u>55,669</u>	<u>6,347</u>	<u>4,178</u>	<u>330,975</u>
At December 31, 2023					
Cost	542,775	81,757	25,391	15,053	664,976
Accumulated depreciation	(75,217)	(14,688)	(2,116)	(3,571)	(95,592)
Net carrying amount	<u>467,558</u>	<u>67,069</u>	<u>23,275</u>	<u>11,482</u>	<u>569,384</u>
At December 31, 2024					
Cost	585,377	81,757	25,391	8,177	700,702
Accumulated depreciation	(142,093)	(18,772)	(10,580)	(3,998)	(175,443)
Net carrying amount	<u>443,284</u>	<u>62,985</u>	<u>14,811</u>	<u>4,179</u>	<u>525,259</u>
At December 31, 2025					
Cost	450,448	78,229	25,391	6,394	560,462
Accumulated depreciation	(185,667)	(22,560)	(19,044)	(2,216)	(229,487)
Net carrying amount	<u>264,781</u>	<u>55,669</u>	<u>6,347</u>	<u>4,178</u>	<u>330,975</u>

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Certain of the Group’s land use rights with a total carrying amount of approximately RMB50,581,000, RMB49,260,000 and RMB47,940,000 as at December 31, 2023, 2024 and 2025, respectively were pledged to secure interest-bearing borrowings granted to the Group (*Note 26*).

Based on management’s assessment on the recoverable amount of the cash-generating unit, no impairment provision was considered necessary as at December 31, 2023.

The Company:

	Leased buildings	Land use rights	Total
	RMB'000	RMB'000	RMB'000
Reconciliation of carrying amount — year ended December 31, 2023			
At January 1, 2023	160	25,190	25,350
Additions	4,697	—	4,697
Depreciation	(388)	(668)	(1,056)
At December 31, 2023	<u>4,469</u>	<u>24,522</u>	<u>28,991</u>
Reconciliation of carrying amount — year ended December 31, 2024			
At January 1, 2024	4,469	24,522	28,991
Additions	15,460	—	15,460
Depreciation	(2,441)	(668)	(3,109)
Disposals	(3,213)	—	(3,213)
At December 31, 2024	<u>14,275</u>	<u>23,854</u>	<u>38,129</u>
Reconciliation of carrying amount — year ended December 31, 2025			
At January 1, 2025	14,275	23,854	38,129
Additions	14,049	—	14,049
Depreciation	(8,210)	(668)	(8,878)
Disposals	(972)	—	(972)
At December 31, 2025	<u>19,142</u>	<u>23,186</u>	<u>42,328</u>
At December 31, 2023			
Cost	5,024	31,639	36,663
Accumulated depreciation	<u>(555)</u>	<u>(7,117)</u>	<u>(7,672)</u>
Net carrying amount	<u>4,469</u>	<u>24,522</u>	<u>28,991</u>
At December 31, 2024			
Cost	15,461	31,639	47,100
Accumulated depreciation	<u>(1,186)</u>	<u>(7,785)</u>	<u>(8,971)</u>
Net carrying amount	<u>14,275</u>	<u>23,854</u>	<u>38,129</u>
At December 31, 2025			
Cost	28,004	31,639	59,643
Accumulated depreciation	<u>(8,862)</u>	<u>(8,453)</u>	<u>(17,315)</u>
Net carrying amount	<u>19,142</u>	<u>23,186</u>	<u>42,328</u>

Certain of the Company’s land use rights with a total carrying amount of approximately RMB24,522,000, RMB23,854,000 and RMB23,186,000 as at December 31, 2023, 2024 and 2025, respectively were pledged to secure interest-bearing borrowings granted to the Company (*Note 26*).

Based on management’s assessment on the recoverable amount of the cash-generating unit, no impairment provision was considered necessary as at December 31, 2023.

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The amounts recognized in profit or loss of the Group in relation to leases are as follows:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	11,885	18,246	14,577
Depreciation of right-of-use assets	95,236	161,455	155,465
Loss/(Gain) on modification and termination of leases	554	(3,947)	1,224
Expenses relating to short-term leases	1,444	13,491	11,648
Expenses recognized in profit or loss	<u>109,119</u>	<u>189,245</u>	<u>182,914</u>

Restriction or covenants

Most of the leases impose a restriction that, unless approval is obtained from the lessors, the right-of-use assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those leased assets in a good state of repair and return the leased assets in their original condition at the end of the lease.

Commitments under leases

At December 31, 2023, 2024 and 2025, the Group was committed to lease contracts in relation to machinery and office premises that have not yet commenced. The related lease payments that were not paid and not reflected in the measurement of lease liabilities were RMB12,638,000, RMB9,004,000 and RMB2,566,000 respectively.

At December 31, 2023, 2024 and 2025, the Group was committed to RMBnil, RMBnil and RMB148,000 respectively for short-term leases.

17. INTANGIBLE ASSETS

The Group:

	Software	Pollution discharge permits	Trademarks	Patents	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reconciliation of carrying amount — year ended December 31, 2023					
At January 1, 2023	1,126	18	—	—	1,144
Additions	3,188	722	6,047	201	10,158
Amortization	(740)	(138)	(396)	(20)	(1,294)
At December 31, 2023	<u>3,574</u>	<u>602</u>	<u>5,651</u>	<u>181</u>	<u>10,008</u>
Reconciliation of carrying amount — year ended December 31, 2024					
At January 1, 2024	3,574	602	5,651	181	10,008
Additions	1,065	—	1,678	—	2,743
Amortization	(1,040)	(145)	(784)	(20)	(1,989)
Disposals	(505)	—	—	—	(505)
At December 31, 2024	<u>3,094</u>	<u>457</u>	<u>6,545</u>	<u>161</u>	<u>10,257</u>

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	Software	Pollution discharge permits	Trademarks	Patents	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reconciliation of carrying amount — year ended December 31, 2025					
At January 1, 2025	3,094	457	6,545	161	10,257
Additions	26,970	—	3	—	26,973
Amortization	(3,038)	(145)	(854)	(20)	(4,057)
Disposals	(118)	—	(23)	—	(141)
At December 31, 2025	<u>26,908</u>	<u>312</u>	<u>5,671</u>	<u>141</u>	<u>33,032</u>

	Software	Pollution discharge permits	Trademarks	Patents	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At December 31, 2023					
Cost	4,619	1,005	6,047	201	11,872
Accumulated amortization	(1,045)	(403)	(396)	(20)	(1,864)
Net carrying amount	<u>3,574</u>	<u>602</u>	<u>5,651</u>	<u>181</u>	<u>10,008</u>
At December 31, 2024					
Cost	4,777	1,005	7,725	201	13,708
Accumulated amortization	(1,683)	(548)	(1,180)	(40)	(3,451)
Net carrying amount	<u>3,094</u>	<u>457</u>	<u>6,545</u>	<u>161</u>	<u>10,257</u>
At December 31, 2025					
Cost	31,278	1,005	7,701	201	40,185
Accumulated amortization	(4,370)	(693)	(2,030)	(60)	(7,153)
Net carrying amount	<u>26,908</u>	<u>312</u>	<u>5,671</u>	<u>141</u>	<u>33,032</u>

Based on management’s assessment on the recoverable amount of the cash-generating unit, no impairment provision was considered necessary as at December 31, 2023.

The Company:

	Software	Pollution discharge permits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reconciliation of carrying amount — year ended December 31, 2023			
At January 1, 2023	84	3	87
Additions	89	722	811
Amortization	(33)	(123)	(156)
At December 31, 2023	<u>140</u>	<u>602</u>	<u>742</u>
Reconciliation of carrying amount — year ended December 31, 2024			
At January 1, 2024	140	602	742
Additions	40	—	40
Amortization	(40)	(145)	(185)
At December 31, 2024	<u>140</u>	<u>457</u>	<u>597</u>

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	Software	Pollution discharge permits	Total
	RMB'000	RMB'000	RMB'000
Reconciliation of carrying amount — year ended December 31, 2025			
At January 1, 2025	140	457	597
Additions	25,901	—	25,901
Amortization	(292)	(145)	(437)
Disposals	(24,313)	—	(24,313)
At December 31, 2025	<u>1,436</u>	<u>312</u>	<u>1,748</u>

	Software	Pollution discharge permits	Total
	RMB'000	RMB'000	RMB'000
At December 31, 2023			
Cost	371	884	1,255
Accumulated amortization	(231)	(282)	(513)
Net carrying amount	<u>140</u>	<u>602</u>	<u>742</u>
At December 31, 2024			
Cost	411	884	1,295
Accumulated amortization	(271)	(427)	(698)
Net carrying amount	<u>140</u>	<u>457</u>	<u>597</u>
At December 31, 2025			
Cost	1,796	884	2,680
Accumulated amortization	(360)	(572)	(932)
Net carrying amount	<u>1,436</u>	<u>312</u>	<u>1,748</u>

Based on management’s assessment on the recoverable amount of the cash-generating unit, no impairment provision was considered necessary as at December 31, 2023.

18. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deposits paid for acquisition of property, plant and equipment.	<u>18,071</u>	<u>16,633</u>	<u>3,294</u>

The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deposits paid for acquisition of property, plant and equipment.	<u>159</u>	<u>554</u>	<u>102</u>

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19. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred tax assets	74,642	95,120	62,076
Deferred tax liabilities	(75,719)	(91,169)	(57,263)
	(1,077)	3,951	4,813
At the beginning of the year	(27)	(1,077)	3,951
Recognized in profit or loss	(1,050)	5,028	862
At the end of the year	(1,077)	3,951	4,813

The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred tax assets	1,067	3,388	4,680
Deferred tax liabilities	(1,063)	(3,372)	(4,593)
	4	16	87
At the beginning of the year	–	4	16
Recognized in profit or loss	4	12	71
At the end of the year	4	16	87

The movements in deferred tax assets and (liabilities) for the Track Record Period were as follows:

The Group:

	Loss allowance and impairment provision	Right-of-use assets	Lease liabilities	Others – Contract liabilities	Unrealized profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	–	(11,930)	11,903	–	–	(27)
Recognized in profit or loss	294	(63,789)	62,445	–	–	(1,050)
As at December 31, 2023 and January 1, 2024	294	(75,719)	74,348	–	–	(1,077)
Recognized in profit or loss	2,211	(15,450)	17,812	455	–	5,028
As at December 31, 2024 and January 1, 2025	2,505	(91,169)	92,160	455	–	3,951
Recognized in profit or loss	443	33,906	(33,375)	(210)	98	862
As at December 31, 2025	2,948	(57,263)	58,785	245	98	4,813

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The Company:

	Right-of-use assets	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	—	—	—
Recognized in profit or loss	(1,063)	1,067	4
As at December 31, 2023 and January 1, 2024 . .	(1,063)	1,067	4
Recognized in profit or loss	(2,309)	2,321	12
As at December 31, 2024 and January 1, 2025 . .	(3,372)	3,388	16
Recognized in profit or loss	(1,221)	1,292	71
As at December 31, 2025	(4,593)	4,680	87

Deferred tax assets have not been recognized in respect of the following items:

The Group:

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tax losses	211,450	464,342	422,479
Deductible temporary differences	7,905	20,778	28,392
	219,355	485,120	450,871

The Group has unused tax losses of RMB211,450,000, RMB464,342,000 and RMB422,479,000 as at December 31, 2023 and 2024 and 2025, respectively, available for offset against future profits. No deferred tax asset has been recognized for these tax losses due to the unpredictability of future profit streams. At the end of the reporting period, the Group has the following tax losses arising in the Chinese Mainland that can be offset against future taxable profits of the respective subsidiaries for a maximum of 5 years from the year in which the tax loss was incurred:

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2026	—	—	—
2027	8,474	90	—
2028	202,976	58,759	54,490
2029	—	405,493	209,516
2030	—	—	158,473
	211,450	464,342	422,479

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20. INVENTORIES

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	21,816	22,037	21,912
Goods-in-transit	5,028	25,802	72,698
Finished goods	659,634	2,057,240	2,219,818
	686,478	2,105,079	2,314,428
Less: write down of inventories, net.	(961)	(6,089)	(512)
	685,517	2,098,990	2,313,916

The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	13,438	15,382	15,964
Goods-in-transit	—	—	—
Finished goods	4,427	4,830	2,239
	17,865	20,212	18,203
Less: write down of inventories, net.	(148)	(70)	(11)
	17,717	20,142	18,192

21. BIOLOGICAL ASSETS

Edible fungi cultivated by the Group are primarily held for sale upon its maturity.

The Group:

	Edible fungi
	RMB'000
Reconciliation of carrying amount — year ended December 31, 2023	
At January 1, 2023	66,965
Increase due to new plantations	418,346
Harvested and transferred to inventories	(432,071)
Net changes in fair value less costs to sell (unrealized).	(127)
Net changes in fair value less costs to sell (realized)	(5,468)
At December 31, 2023	47,645
Reconciliation of carrying amount — year ended December 31, 2024	
At January 1, 2024	47,645
Increase due to new plantations	401,179
Harvested and transferred to inventories	(425,188)
Net changes in fair value less costs to sell (unrealized).	7,524
Net changes in fair value less costs to sell (realized)	18,624
At December 31, 2024	49,784

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	Edible fungi
	RMB'000
Reconciliation of carrying amount — year ended December 31, 2025	
At January 1, 2025	49,784
Increase due to new plantations	381,404
Harvested and transferred to inventories	(484,674)
Net changes in fair value less costs to sell (unrealized)	10,189
Net changes in fair value less costs to sell (realized)	98,013
At December 31, 2025	<u>54,716</u>

The Company:

	Edible fungi
	RMB'000
Reconciliation of carrying amount — year ended December 31, 2023	
At January 1, 2023	35,334
Increase due to new plantations	256,188
Harvested and transferred to inventories	(264,133)
Net changes in fair value less costs to sell (unrealized)	1,365
Net changes in fair value less costs to sell (realized)	7,330
At December 31, 2023	<u>36,084</u>
Reconciliation of carrying amount — year ended December 31, 2024	
At January 1, 2024	36,084
Increase due to new plantations	259,591
Harvested and transferred to inventories	(300,357)
Net changes in fair value less costs to sell (unrealized)	8,431
Net changes in fair value less costs to sell (realized)	34,042
At December 31, 2024	<u>37,791</u>
Reconciliation of carrying amount — year ended December 31, 2025	
At January 1, 2025	37,791
Increase due to new plantations	243,771
Harvested and transferred to inventories	(334,103)
Net changes in fair value less costs to sell (unrealized)	9,257
Net changes in fair value less costs to sell (realized)	82,829
At December 31, 2025	<u>39,545</u>

Fair value measurement of biological assets

Fair value hierarchy

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair value measurements of biological assets fall into level 3 of the fair value hierarchy.

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During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group’s and the Company’s policy are to recognize transfers between levels of fair value hierarchy as at the end of the reporting period and in which they occur.

The valuations of the Group’s and the Company’s biological assets as at the end of each reporting period were carried out by APV International Consulting & Appraisal Limited. The Group’s finance manager and the finance director have discussion with the valuers on the valuation assumptions and valuation results when the valuation is performed at the end of each reporting period.

Information about Level 3 fair value measurements

The Group:

	Fair value	Valuation techniques	Significant unobservable input	Range of inputs	Sensitivity of fair value to changes in unobservable inputs
	RMB'000				
December 31, 2023	47,645	Market approach and cost approach	Selling price	RMB3.86- RMB59.48	If the selling price was increased/decreased by 10%, the fair value would be increased by RMB5.5 million or decreased by RMB5.5 million, respectively
			Quantity of edible fungi	18,676,000 kilogram	The greater the quantity of edible fungi, the higher the fair value
December 31, 2024	49,784	Market approach and cost approach	Selling price	RMB4.16- RMB51.29	If the selling price was increased/decreased by 10%, the fair value would be increased by RMB5.6 million or decreased by RMB5.6 million, respectively
			Quantity of edible fungi	17,630,000 kilogram	The greater the quantity of edible fungi, the higher the fair value
December 31, 2025	54,716	Market approach and cost approach	Selling price	RMB4.63- RMB48.46	If the selling price was increased/decreased by 10%, the fair value would be increased by RMB6.3 million or decreased by RMB6.3 million, respectively
			Quantity of edible fungi	20,547,000 kilogram	The greater the quantity of edible fungi, the higher the fair value

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The Company:

	Fair value	Valuation techniques	Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
	RMB'000				
December 31, 2023	36,084	Market approach and cost approach	Selling price	RMB3.86- RMB59.48	If the selling price was increased/decreased by 10%, the fair value would be increased by RMB4.1 million or decreased by RMB4.1 million, respectively
			Quantity of edible fungi	12,912,000 kilogram	The greater the quantity of edible fungi, the higher the fair value
December 31, 2024	37,791	Market approach and cost approach	Selling price	RMB4.20- RMB51.29	If the selling price was increased/decreased by 10%, the fair value would be increased by RMB4.3 million or decreased by RMB4.3 million, respectively
			Quantity of edible fungi	11,989,000 kilogram	The greater the quantity of edible fungi, the higher the fair value
December 31, 2025	39,545	Market approach and cost approach	Selling price	RMB5.04- RMB48.46	If the selling price was increased/decreased by 10%, the fair value would be increased by RMB4.6 million or decreased by RMB4.6 million, respectively
			Quantity of edible fungi	14,012,000 kilogram	The greater the quantity of edible fungi, the higher the fair value

Risk management strategy related to biological assets

The Group and the Company are exposed to a number of risks related to its edible fungi:

Regulatory and environmental risks

The Group and the Company is subject to laws and regulations in the PRC where it operates. The Group and the Company have established environmental policies and procedures aimed at compliance with local environmental and other laws.

Diseases and other risks

The Group’s and the Company’s edible fungi are exposed to the risk of damage from diseases, power failure and other natural forces. The Group and the Company have extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections and regular facilities inspection and maintenance.

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22. TRADE AND OTHER RECEIVABLES

The Group:

	Note	At December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Trade receivables from third parties . .		28,897	21,743	14,206
Trade receivables from related companies		12	–	–
Less: Loss allowance	35	(1,979)	(3,270)	(1,132)
		26,930	18,473	13,074
Other receivables				
Prepayments to suppliers		227,006	1,125,994	1,601,323
Prepayments to related companies		–	694	–
Other prepayments		30,496	28,612	50,744
Deferred [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Deposits		105,775	46,506	42,436
Amounts due from related companies . . .		144	33	3,132
Others		17,590	8,677	39,166
		381,011	1,210,516	1,766,061
Less: Loss allowance	35	(5,162)	(7,727)	(14,713)
		375,849	1,202,789	1,751,348
		402,779	1,221,262	1,764,422

Amounts due from related companies as at December 31, 2023, 2024 and 2025 were unsecured, interest-free and repayable on demand.

The Company:

		At December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Trade receivables from third parties		7,548	5,118	8,224
Trade receivables from subsidiaries		–	–	2,214
Less: Loss allowance		(538)	(926)	–
		7,010	4,192	10,438
Other receivables				
Prepayments to subsidiaries		2,428	1,539	294
Other prepayments		2,064	7,090	16,005
Deferred [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Deposits		105	1,247	3,960
Amounts due from subsidiaries (Note)		133,677	176,970	156,014
Others		160	240	531
		138,434	187,086	206,064
Less: Loss allowance		(4)	(53)	(472)
		138,430	187,033	205,592
		145,440	191,225	216,030

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Note:

Except for the amounts due from subsidiaries of RMB65,241,000 were unsecured, interest bearing at 4% per annum and repayable between May 17, 2024 and November 15, 2026, amounts due from subsidiaries as at December 31, 2023 were unsecured, interest-free and repayable on demand.

Except for the amounts due from subsidiaries of RMB140,514,000 was unsecured, interest bearing at 4% per annum and repayable between July 1, 2027 and December 17, 2027, amounts due from subsidiaries as at December 31, 2024 were unsecured, interest-free and repayable on demand.

Amounts due from subsidiaries as at December 31, 2025 were unsecured, interest-free and repayable on demand.

Trade receivables from third parties

The Group and the Company normally do not grant any credit period to its customers.

The aging analysis of trade receivables (net of loss allowance) based on invoice date as at December 31, 2023, 2024 and 2025 is as follows:

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 90 days	23,007	16,753	12,181
91 to 180 days	913	181	374
181 to 365 days	1,727	1,084	23
Over 365 days	1,283	455	496
	<u>26,930</u>	<u>18,473</u>	<u>13,074</u>

The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 90 days	6,547	4,192	10,438
91 to 180 days	—	—	—
181 to 365 days	—	—	—
Over 365 days	463	—	—
	<u>7,010</u>	<u>4,192</u>	<u>10,438</u>

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The aging analysis of trade receivables (net of loss allowance) based on due date as at December 31, 2023, 2024 and 2025 is as follows:

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	—	—	—
Past due but not impaired:			
Within 90 days	23,007	16,753	12,181
91 to 180 days	913	181	374
181 to 365 days	1,727	1,084	23
Over 365 days	1,283	455	496
	<u>26,930</u>	<u>18,473</u>	<u>13,074</u>
	<u>26,930</u>	<u>18,473</u>	<u>13,074</u>

The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	—	—	—
Past due but not impaired:			
Within 90 days	6,547	4,192	10,438
91 to 180 days	—	—	—
181 to 365 days	—	—	—
Over 365 days	463	—	—
	<u>7,010</u>	<u>4,192</u>	<u>10,438</u>
	<u>7,010</u>	<u>4,192</u>	<u>10,438</u>

At December 31, 2023, 2024 and 2025, no trade receivables and other receivables that are expected to be recovered after more than 12 months.

Information about the Group’s and the Company’s exposure to credit risks and loss allowance for trade and other receivables are set out in Note 35.

The Group and the Company do not hold any collateral over these balances.

23. RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Restricted bank deposits	56,000	171,326	92,765
Bank balances	1,153,651	2,209,258	4,648,975
Cash	39	30	23
	<u>1,209,690</u>	<u>2,380,614</u>	<u>4,741,763</u>

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The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Restricted bank deposits	—	—	—
Bank balances	134,037	239,062	391,211
Cash	2	11	9
	<u>134,039</u>	<u>239,073</u>	<u>391,220</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates. The carrying amounts of bank balances and cash are denominated in RMB. The bank balances are deposited with creditworthy banks with no recent history of default.

Restricted cash of RMB56,000,000, RMB171,326,000 and of RMB92,765,000 at December 31, 2023 and 2024 and 2025, respectively was mainly reserved for bank acceptance guarantees in accordance with relevant regulations issued by Ministry of Commerce of PRC and prepaid cards guarantees required by bank.

24. TRADE AND BILLS PAYABLE

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables — third parties	858,869	1,977,897	3,053,471
Trade payables — related parties.	84,305	33,798	21,333
	<u>943,174</u>	<u>2,011,695</u>	<u>3,074,804</u>
Bills payable	—	82,247	—
	<u>943,174</u>	<u>2,093,942</u>	<u>3,074,804</u>

The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables — third parties	54,038	52,289	46,687
Trade payables — related parties.	26,001	—	—
Trade payables — subsidiaries	1,554	2,358	3
	<u>81,593</u>	<u>54,647</u>	<u>46,690</u>

Details of the Group’s and the Company’s assets pledged for the Group’s and the Company’s bills payable are disclosed in Note 40 to the Historical Financial Information.

The trade payables were non-interest bearing with normal credit terms ranging from 0 to 30 days.

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The aging analysis of trade payable based on invoice date as at December 31, 2023, 2024 and 2025 is as follows:

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	936,167	2,004,387	3,065,944
1 to 2 years.	5,613	5,778	6,494
2 to 3 years.	428	499	1,153
Over 3 years	966	1,031	1,213
	<u>943,174</u>	<u>2,011,695</u>	<u>3,074,804</u>

The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	75,873	52,831	45,001
1 to 2 years.	5,430	1,467	1,119
2 to 3 years.	193	317	269
Over 3 years	97	32	301
	<u>81,593</u>	<u>54,647</u>	<u>46,690</u>

25. OTHER PAYABLES AND ACCRUALS

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities.	169,140	311,738	308,163
Contract liabilities with related companies	568	435	–
Membership card balance	380,654	456,569	479,532
Security deposits from suppliers and franchisees	286,795	550,260	672,534
Dividend payable	–	35,998	–
Salary payables	67,285	151,305	256,423
Amounts due to related companies (Note)	4,765	2,894	200
Others	62,546	174,605	226,833
	<u>971,753</u>	<u>1,683,804</u>	<u>1,943,685</u>

Note: At December 31, 2023, 2024 and 2025, amounts due to related companies were unsecured, interest-free and repayable on demand. Except for the trade-related deposit of RMB200,000, the remaining balances are non-trade in nature and are expected to be fully settled prior to the [REDACTED].

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The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities	2,363	7,140	3,747
Contract liabilities with subsidiaries	16,511	9,892	64
Membership card balance	–	–	18,929
Security deposits from suppliers	4,367	3,337	8,630
Salary payables	13,204	23,077	58,046
Dividend payable	–	35,998	–
Amounts due to subsidiaries (<i>Note</i>)	448	16,518	4,193
Others	3,121	6,728	28,344
	<u>40,014</u>	<u>102,690</u>	<u>121,953</u>

Note: At December 31, 2023, 2024 and 2025, amounts due to subsidiaries were unsecured, interest-free and repayable on demand.

Details of contract liabilities are as follows:

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts received in advance for delivery of products and services	108,913	265,553	272,589
License income arising from franchise	60,795	46,620	35,574
	<u>169,708</u>	<u>312,173</u>	<u>308,163</u>

The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts received in advance for delivery of products and services	18,874	17,032	3,811

The movements (excluding those arising from increases and decreases both occurred within the same reporting period) of contract liabilities within IFRS 15 during the Track Record Period are as follows:

The Group:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the reporting period	8,927	169,708	312,173
Additions	169,575	281,001	292,565
Revenue recognized	(8,794)	(138,536)	(296,575)
At the end of the reporting period	<u>169,708</u>	<u>312,173</u>	<u>308,163</u>

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For the years ended December 31, 2023, 2024 and 2025, there are an increase in the overall contract activities and customer base of the Group and the negotiation of larger prepayments, thereby increasing the amount arising from the receipt of advances or recognition of receivables.

At December 31, 2023, 2024 and 2025, the contract liabilities that are expected to be settled after more than 12 months are RMB40,188,000, RMB26,434,000, and RMB16,241,000 respectively. The amount of transaction price allocated to the remaining performance obligations that are unsatisfied (or partially unsatisfied) are as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>Expected timing of revenue recognition:</i>			
More than 1 year but within 2 years	12,397	11,117	9,721
More than 2 years but within 3 years	11,491	9,424	6,258
More than 3 years	16,300	5,893	262
At the end of the reporting period	40,188	26,434	16,241

The remaining unsatisfied performance obligation are part of contracts that have an original expected duration of one year or less. Given that the Group applies the practical expedient in paragraph 121(a) of IFRS 15, the transaction price allocated to these performance obligations is not disclosed.

The Company:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the reporting period	8,016	18,874	17,032
Additions	18,874	17,032	3,811
Revenue recognized	(8,016)	(18,874)	(17,032)
At the end of the reporting period	18,874	17,032	3,811

At December 31, 2023, 2024 and 2025, no contract liabilities are expected to be settled after more than 12 months.

26. INTEREST-BEARING BORROWINGS

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate bank borrowings			
— unsecured and unguaranteed	10,013	49,030	38,829
— secured and unguaranteed	—	9,905	27,219
— secured and guaranteed	106,827	165,397	77,173
— unsecured and guaranteed	339,857	674,624	452,335
Variable-rate bank borrowings			
— unsecured and unguaranteed	40,053	36,030	820,677
— secured and unguaranteed	14,016	35,036	25,020
— secured and guaranteed	127,602	120,990	109,590
— unsecured and guaranteed	30,035	115,150	244,236
	668,403	1,206,162	1,795,079
Less: Current portion	(520,049)	(968,678)	(820,755)
	148,354	237,484	974,324

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The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate bank borrowings			
— unsecured and unguaranteed	—	19,001	28,818
— secured and guaranteed	106,827	165,397	77,173
— unsecured and guaranteed	69,571	34,035	50,037
Variable-rate bank borrowings			
— unsecured and unguaranteed	—	—	820,677
— secured and guaranteed	127,602	120,990	109,590
— unsecured and guaranteed	—	16,018	169,186
	304,000	355,441	1,255,481
Less: Current portion	(185,646)	(245,957)	(329,657)
	<u>118,354</u>	<u>109,484</u>	<u>925,824</u>

During the Track Record Period, the Group did not violate any financial covenants under the agreements of borrowings. The Group’s and the Company’s borrowings based on repayment schedule (ignoring the effect of any repayment on demand clause) were repayable as follows:

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analyzed as:			
Bank borrowings			
Within 1 year	520,049	968,678	820,755
Over 1 year but within 2 years	11,125	46,660	267,425
Over 2 years but within 5 years	90,240	172,366	706,899
Over 5 years	46,989	18,458	—
	<u>668,403</u>	<u>1,206,162</u>	<u>1,795,079</u>

The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analyzed as:			
Bank borrowings			
Within 1 year	185,646	245,957	329,657
Over 1 year but within 2 years	11,125	15,660	218,925
Over 2 years but within 5 years	60,240	75,366	706,899
Over 5 years	46,989	18,458	—
	<u>304,000</u>	<u>355,441</u>	<u>1,255,481</u>

The Group’s interest-bearing bank borrowings of approximately RMB520,049,000, RMB968,678,000 and RMB820,755,000 at December 31, 2023, 2024 and 2025 were repayable within one year and carried effective interest rate of approximately 3.56%, 3.20% and 2.76% per annum, respectively.

The Company’s interest-bearing bank borrowings of approximately RMB185,646,000, RMB245,957,000 and RMB329,657,000 at December 31, 2023, 2024 and 2025 were repayable within one year and carried effective interest rate of approximately 3.48%, 3.29% and 2.85% per annum, respectively.

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As at December 31, 2023, 2024 and 2025, the Group’s interest-bearing bank borrowings of RMB248,444,000, RMB321,422,000 and RMB239,002,000, respectively, were secured by property, plant and equipment and right-of-use assets. Details of the Group’s assets pledged for the Group’s borrowings are disclosed in Note 40 to the Historical Financial Information.

As at December 31, 2023, 2024 and 2025, the Company’s interest-bearing bank borrowings of RMB234,429,000, RMB286,386,000 and RMB186,763,000, respectively, were secured by property, plant and equipment and right-of-use assets. Details of the Company’s assets pledged for the Company’s borrowings are disclosed in Note 40 to the Historical Financial Information.

As at December 31, 2023, 2024 and 2025, the Group’s interest-bearing bank borrowings of RMB270,285,000, RMB729,709,000 and RMB477,348,000, respectively, were jointly guaranteed by the Company and its subsidiaries.

As at December 31, 2023, 2024 and 2025, the Group’s interest-bearing bank borrowings of RMB334,104,000, RMB346,451,000 and RMB405,986,000, respectively, were jointly guaranteed by Mr. Wang Jiankun and Ms. Lin Gaichun.

As at December 31, 2023, 2024 and 2025, the Company’s interest-bearing bank borrowings of RMB304,000,000, RMB336,439,000 and RMB405,986,000, respectively, were jointly guaranteed by Mr. Wang Jiankun and Ms. Lin Gaichun.

As at December 31, 2023, 2024 and 2025, the Group’s interest-bearing bank borrowings of RMB60,063,000, RMB40,046,000 and RMBnil, respectively, were guaranteed by Mr. Wang Jiankun.

Banking facilities amounted to RMB381,414,000, RMB685,951,000 and RMB1,354,416,000 had not been utilized as at December 31, 2023, 2024 and 2025 respectively.

27. LEASES

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities			
Current	146,026	154,844	111,064
Non-current	324,810	299,212	164,116
	<u>470,836</u>	<u>454,056</u>	<u>275,180</u>

The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities			
Current	1,982	3,100	7,976
Non-current	2,413	10,704	11,265
	<u>4,395</u>	<u>13,804</u>	<u>19,241</u>

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Commitments and present value of lease liabilities:

The Group:

	Lease payments			Present value of lease payments		
	At December 31,			At December 31,		
	2023	2024	2025	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts payable:						
Within 1 year	159,556	167,822	119,079	146,026	154,844	111,064
More than 1 year but within 2 years	146,017	133,003	76,884	135,032	128,030	72,147
More than 2 years but within 5 years . . .	191,851	153,973	81,245	179,189	137,686	74,892
Over 5 years	11,470	36,577	17,907	10,589	33,496	17,077
	508,894	491,375	295,115	470,836	454,056	275,180
Less: future finance charges	(38,058)	(37,319)	(19,935)	–	–	–
Total lease liabilities	470,836	454,056	275,180	470,836	454,056	275,180

The Company:

	Lease payments			Present value of lease payments		
	At December 31,			At December 31,		
	2023	2024	2025	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts payable:						
Within 1 year	2,110	3,551	8,523	1,982	3,100	7,976
More than 1 year but within 2 years	2,030	3,234	6,725	1,963	2,890	6,430
More than 2 years but within 5 years . . .	453	8,209	4,990	450	7,814	4,835
	4,593	14,994	20,238	4,395	13,804	19,241
Less: future finance charges	(198)	(1,190)	(997)	–	–	–
Total lease liabilities	4,395	13,804	19,241	4,395	13,804	19,241

At December 31, 2023, 2024 and 2025, the weighted average effective interest rates of the lease liabilities of the Group were approximately 3.54%, 3.90% and 3.74% per annum, respectively.

At December 31, 2023, 2024 and 2025, the weighted average effective interest rates of the lease liabilities of the Company were approximately 3.88%, 3.66% and 3.52% per annum, respectively.

28. DEFERRED INCOME

The Group received government grants for capital expenditure incurred for property, plant and equipment. The amounts are deferred and amortized over the estimated useful lives of the respective assets.

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	40,448	36,119	31,923

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Movements in government grants of the Group during the Track Record Period are as follows:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	43,622	40,448	36,119
Government grants received	614	—	—
Transfers to other income	(3,788)	(4,329)	(4,196)
	<u>40,448</u>	<u>36,119</u>	<u>31,923</u>

The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	<u>32,227</u>	<u>29,008</u>	<u>25,920</u>

Movements in government grants of the Company during the Track Record Period are as follows:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	34,973	32,227	29,008
Government grants received	—	—	—
Transfers to other income	(2,746)	(3,219)	(3,088)
	<u>32,227</u>	<u>29,008</u>	<u>25,920</u>

29. SHARE CAPITAL

	Note	Nominal value per share	Number of shares	Amount
		RMB	'000	RMB'000
Issued and fully paid:				
At January 1, 2023		1	153,500	153,500
Shares issued under restricted stock incentive schemes	29(a)	1	<u>1,194</u>	<u>1,194</u>
At December 31, 2023 and January 1, 2024		1	154,694	154,694
Issue of shares	29(b)		17,700	17,700
Shares issued under restricted stock incentive schemes	29(c)	1	<u>7,596</u>	<u>7,596</u>
At December 31, 2024 and January 1, 2025		1	179,990	179,990
Shares issued under restricted stock incentive schemes	29(d)	1	<u>8,901</u>	<u>8,901</u>
At December 31, 2025		1	<u>188,891</u>	<u>188,891</u>

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Notes:

- (a) During the year ended December 31, 2023, 1,194,132 of the type 2 initially granted restricted stock granted in 2022 Plan (as defined in Note 31) were vested in the current year. In October 2023, 47 participants of the restricted stocks granted in 2022 Plan met the vesting requirements, a total of 1,194,132 type 2 restricted stock was vested and listed for circulation. Therefore, contribution of approximately RMB9,445,000 was received by the Company from the participants, share capital of approximately RMB1,194,000 and capital reserve of approximately RMB8,251,000 were recognized.
- (b) On March 21, 2024, the Company issued 17,699,115 new shares with a nominal value of RMB1.00 each in the non-public offering at an issue price of RMB11.3 per share. The total funds raised amounted to approximately RMB200,000,000. After deducting the issuance expenses related to the raised funds totaling approximately RMB6,398,000 (including VAT), the actual net funds raised by the Company were approximately RMB193,602,000.
- (c) During the year ended December 31, 2024, 4,806,400 of the type 2 initially granted restricted stock granted in 2023 Plan I (as defined in Note 31) were vested in the current year. In June 2024, 35 participants of the restricted stocks granted in 2023 Plan I met the vesting requirements, a total of 4,806,400 type 2 restricted stock was vested and listed for circulation. Therefore, contribution of approximately RMB58,013,000 was received by the Company from the participants, share capital of approximately RMB4,806,000 and capital reserve of approximately RMB53,207,000 were recognized.

During the year ended December 31, 2024, 2,285,285 of the type 2 initially granted restricted stock granted in 2023 Plan II (as defined in Note 31) were vested in the current year. In August 2024, 144 participants of the restricted stocks granted in 2023 Plan II met the vesting requirements, a total of 2,285,285 type 2 restricted stock was vested and listed for circulation. Therefore, contribution of approximately RMB42,620,000 was received by the Company from the participants, share capital of approximately RMB2,285,000 and capital reserve of approximately RMB40,335,000 were recognized.

During the year ended December 31, 2024, 443,419 of the type 2 initially granted restricted stock granted and 61,410 of the type 2 reserved restricted stock granted in 2022 Plan (as defined in Note 31) were vested in the current year. In October 2024, 44 participants of the restricted stocks granted in 2022 Plan met the vesting requirements, a total of 504,829 type 2 restricted stock was vested and listed for circulation. Therefore, contribution of approximately RMB3,165,000 was received by the Company from the participants, share capital of approximately RMB505,000 and capital reserve of approximately RMB2,660,000 were recognized.

- (d) During the year ended December 31, 2025, 4,533,301 of the type 2 initially granted restricted stock granted in 2023 Plan I (as defined in Note 31) and 3,092,000 of the type 2 initially granted restricted stock granted in 2024 Plan (as defined in Note 31) were vested in the current period. In June 2025, 10 and 7 participants of the restricted stocks granted in 2023 Plan I and 2024 Plan met the vesting requirements respectively, a total of 7,625,301 type 2 restricted stock was vested and listed for circulation. Therefore, contribution of approximately RMB97,047,000 was received by the Company from the participants, share capital of approximately RMB7,625,000 and capital reserve of approximately RMB89,422,000 were recognized.

During the year ended December 31, 2025, 1,276,360 of the type 2 initially granted restricted stock granted in 2023 Plan II (as defined in Note 31) were vested in the current period. In September 2025, 55 participants of the restricted stocks granted in 2023 Plan II met the vesting requirements, a total of 1,276,360 type 2 restricted stock was vested and listed for circulation. Therefore, contribution of approximately RMB23,039,000 was received by the Company from the participants, share capital of approximately RMB1,276,000 and capital reserve of approximately RMB21,763,000 were recognized.

30. RESERVES

The amounts of the Group’s reserves and the movements therein are presented in the consolidated statements of changes in equity in the Historical Financial Information.

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Capital reserve

The capital reserve represents the excess of the consideration received for subscription of the registered capital of the Company, the effect upon exercising the restricted stock under restricted stock incentive schemes and the difference between the consideration paid and net assets acquired by the Company for acquisition of non-controlling interests in subsidiaries.

Statutory reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC companies.

Share-based payments reserve

Share-based payments reserve represents the share-based compensation reserve due to equity-settled share award, details of which are set out in Note 31 to the Historical Financial Information.

The Company

The amounts of the Company’s reserves and the movements therein for the Track Record Period are presented as follows:

	Attributable to owners of the Company						
	Reserves						
	Share capital	Capital reserve	Statutory reserve	Share-based payments reserve	Accumulated profits	Total reserves	Total equity
	RMB'000 (Note 29)	RMB'000 (Note 30)	RMB'000 (Note 30)	RMB'000 (Note 30)	RMB'000	RMB'000	RMB'000
At January 1, 2023	153,500	303,671	35,159	1,482	121,422	461,734	615,234
Loss and total comprehensive expense for the year.	—	—	—	—	(35,629)	(35,629)	(35,629)
Transactions with owners:							
<i>Contributions and distributions</i>							
Share issued under restricted stock incentive schemes. . . .	1,194	8,251	—	—	—	8,251	9,445
Share-based compensation expenses	—	—	—	155,117	—	155,117	155,117
Shares canceled under restricted stock incentive schemes. . . .	—	—	—	(7,146)	—	(7,146)	(7,146)
Effect of restricted stock exercised under restricted stock incentive schemes. . . .	—	4,579	—	(4,579)	—	—	—
Total transactions with owners	1,194	12,830	—	143,392	—	156,222	157,416
At December 31, 2023 . .	154,694	316,501	35,159	144,874	85,793	582,327	737,021

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	Attributable to owners of the Company						
	Reserves						Total equity
	Share capital	Capital reserve	Statutory reserve	Share-based payments reserve	Accumulated profits	Total reserves	
	RMB'000 (Note 29)	RMB'000 (Note 30)	RMB'000 (Note 30)	RMB'000 (Note 30)	RMB'000	RMB'000	RMB'000
At January 1, 2024	154,694	316,501	35,159	144,874	85,793	582,327	737,021
Profit and total comprehensive income for the year.	—	—	—	—	47,886	47,886	47,886
Transactions with owners:							
<i>Contributions and distributions</i>							
Issue of shares	17,700	175,902	—	—	—	175,902	193,602
Share issued under restricted stock incentive schemes. . . .	7,596	96,202	—	—	—	96,202	103,798
Appropriation of statutory reserve	—	—	4,789	—	(4,789)	—	—
Share-based compensation expenses	—	—	—	225,506	—	225,506	225,506
Shares canceled under restricted stock incentive schemes. . . .	—	—	—	(6,132)	—	(6,132)	(6,132)
Effect of restricted stock exercised under restricted stock incentive schemes. . . .	—	152,794	—	(152,794)	—	—	—
Dividend declared	—	—	—	—	(35,998)	(35,998)	(35,998)
Total transactions with owners	25,296	424,898	4,789	66,580	(40,787)	455,480	480,776
At December 31, 2024 . .	179,990	741,399	39,948	211,454	92,892	1,085,693	1,265,683

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	Attributable to owners of the Company						
	Reserves						
	Share capital	Capital reserve	Statutory reserve	Share-based payments reserve	Accumulated profits	Total reserves	Total equity
	RMB'000 (Note 29)	RMB'000 (Note 30)	RMB'000 (Note 30)	RMB'000 (Note 30)	RMB'000	RMB'000	RMB'000
At January 1, 2025	179,990	741,399	39,948	211,454	92,892	1,085,693	1,265,683
Profit and total comprehensive income for the year.	—	—	—	—	545,777	545,777	545,777
Transactions with owners:							
<i>Contributions and distributions</i>							
Share issued under restricted stock incentive schemes. . . .	8,901	111,185	—	—	—	111,185	120,086
Appropriation of statutory reserve	—	—	52,454	—	(52,454)	—	—
Share-based compensation expenses	—	—	—	165,220	—	165,220	165,220
Shares canceled under restricted stock incentive schemes. . . .	—	—	—	(21,034)	—	(21,034)	(21,034)
Effect of restricted stock exercised under restricted stock incentive schemes. . . .	—	165,895	—	(165,895)	—	—	—
Dividend declared	—	—	—	—	(100,330)	(100,330)	(100,330)
Total transactions with owners	8,901	277,080	52,454	(21,709)	(152,784)	155,041	163,942
At December 31, 2025 . .	188,891	1,018,479	92,402	189,745	485,885	1,786,511	1,975,402

31. SHARE-BASED PAYMENT

During the Track Record Period, the Company has conducted a series of restricted stock incentive schemes (“Share Incentive Plans”) to eligible management and employees of the Group. Under the Share Incentive Plans, participants can exercise the shares when certain criteria fulfilled.

The restricted stocks granted are subject to specific lock-up periods and with service and/or performance conditions vesting conditions which are determined by the Board of Directors. Evaluations are made as of each reporting period to assess the likelihood of vesting conditions being met. Share-based compensation expenses are then adjusted to reflect the revision of original estimates. The effective period of all Share Incentive Plans are from the date of granting restricted stocks to the date when all the restricted stocks granted to the participants are vested or become lapsed, with a maximum duration of no more than 48 months except for 2022 Plan which was further extended to 60 months on October 17, 2025 and 2025 Plan which was 60 months originally. No dividend is entitled to the participants until they have exercised the restricted stocks.

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Details of equity-settled share-based payments during the Track Record Period are as follows:

2022 Plan

On October 17, 2022, the Restricted A share incentive schemes 2022 (“2022 Plan”) was approved by the shareholders of the Company. Under 2022 Plan, there are two types of restricted stock, type 2 initially granted restricted stock and type 2 reserved restricted stock. The type 2 initially granted restricted stock granted to the participants will be vested in three years after 12 months from the grant date, and the maximum vesting percentage for each year will be 30%, 40%, and 30%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc. While the type 2 reserved restricted stock was authorized to be granted to the participants which will be vested in two years after 12 months from the grant date, and the maximum vesting percentage for each year will be 50% and 50%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc. The shares granted under 2022 Plan shall be locked up immediately upon grant and unlocked upon the vesting condition had been met for each year.

On October 21, 2022, the Company granted 4,135,000 type 2 initially granted restricted stock and 1,033,750 type 2 reserved restricted stocks to 50 incentive participants at a grant price ranging from RMB6.27 to RMB8.78 per share.

On September 28, 2023, the Company further granted 140,000 type 2 reserved restricted stock to 5 incentive participants at a grant price of RMB6.27 per share.

The fair value of restricted stocks granted was estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the shares were granted. The following table lists the inputs to the model used:

	2022 Plan	
	Initially granted restricted stocks	Reserved restricted stocks
Date of grant	October 21, 2022	September 28, 2023
Share price at the grant date	RMB11.43	RMB36.67
Expected volatility (%)	20.17% – 21.98%	15.17% – 18.6%
Risk-free interest rate (%)	1.5% – 2.75%	1.5% – 2.1%
Expected life of options (years)	1 – 3 years	1 – 2 years

2023 Plan I

On March 23, 2023, the Restricted A share incentive schemes 2023 (“2023 Plan I”) was approved by the shareholders of the Company. Under 2023 Plan I, the type 2 restricted stock granted to the participants will be vested in three years after 12 months from the grant date, and the maximum vesting percentage for each year will be 40%, 40%, and 20%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc. The shares granted under 2023 Plan I shall be locked up immediately upon grant and unlocked upon the vesting condition had been met for each year.

On March 31, 2023, the Company granted 12,092,000 type 2 restricted stock to 41 incentive participants at a grant price of RMB12.07 per share.

The fair value of restricted stocks granted was estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the shares were granted. The following table lists the inputs to the model used:

	2023 Plan I
	Initially granted restricted stocks
Date of grant	March 31, 2023
Share price at the grant date	RMB29.6
Expected volatility (%)	19.1% – 20.15%
Risk-free interest rate (%)	1.5% – 2.75%
Expected life of options (years)	1 – 3 years

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2023 Plan II

On August 16, 2023, the Restricted A share incentive schemes 2023 (“2023 Plan II”) was approved by the shareholders of the Company. Under 2023 Plan II, the type 2 initially granted restricted stock granted to the participants will be vested in three years after 12 months from the grant date, and the maximum vesting percentage for each year will be 40%, 40%, and 20%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc. The shares granted under 2023 Plan II shall be locked up immediately upon grant and unlocked upon the vesting condition had been met for each year.

On August 17, 2023, the Company granted 6,223,500 type 2 initially granted restricted stock to 177 incentive participants at a grant price of RMB18.65 per share.

The fair value of restricted stocks granted was estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the shares were granted. The following table lists the inputs to the model used:

	2023 Plan II
	Initially granted restricted stocks
Date of grant	August 17, 2023
Share price at the grant date	RMB41.17
Expected volatility (%)	15.59% – 18.87%
Risk-free interest rate (%)	1.5% – 2.75%
Expected life of options (<i>years</i>)	1 – 3 years

2024 Plan

On April 25, 2024, the Restricted A share incentive schemes 2024 (“2024 Plan”) was approved by the shareholders of the Company. Under 2024 Plan, there are two types of restricted stock, type 2 initially granted restricted stock and type 2 reserved restricted stock. The type 2 initially granted restricted stock granted to the participants will be vested in three years after 12 months from the grant date, and the maximum vesting percentage for each year will be 40%, 40%, and 20%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc. The type 2 reserved restricted stock was authorized to be granted to the participants before the Company’s 2024 third quarter report being published which will be vested in three years after 12 months from the grant date, and the maximum vesting percentage for each year will be 40%, 40% and 20%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc. While the type 2 reserved restricted stock was authorized to be granted to the participants after the Company’s 2024 third quarter report being published which will be vested in two years after 12 months from the grant date, and the maximum vesting percentage for each year will be 50% and 50%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc. The shares granted under 2024 Plan shall be locked up immediately upon grant and unlocked upon the vesting condition had been met for each year.

On April 26, 2024, the Company granted 10,129,000 type 2 initially granted restricted stock and 1,200,000 type 2 reserved restricted stocks to 58 incentive participants at a grant price of RMB15.17 per share.

On August 15, 2024, the Company granted 770,000 type 2 reserved restricted stock to 20 incentive participants at a grant price of RMB15.17 per share.

On April 18, 2025, the Company granted 420,000 type 2 reserved restricted stock to 20 incentive participants at a grant price of RMB14.97 per share.

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The fair value of restricted stocks granted was estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the shares were granted. The following table lists the inputs to the model used:

	2024 Plan		
	Initially granted restricted stocks	Reserved restricted stocks (1st batch)	Reserved restricted stocks (2nd batch)
Date of grant	April 26, 2024	August 15, 2024	April 18, 2025
Share price at the grant date	RMB27.06	RMB21.55	RMB112.9
Expected volatility (%)	18.92% – 19.77%	18.44% – 20.93%	25.14% – 29.46%
Risk-free interest rate (%)	1.5% – 2.75%	1.5% – 2.75%	1.5% – 2.1%
Expected life of options (years)	1 – 3 years	1 – 3 years	1 – 2 years

2025 Plan

On May 15, 2025, the Restricted A share incentive schemes 2025 (“2025 Plan”) was approved by the shareholders of the Company. Under 2025 Plan, there are two types of restricted stock, type 2 initially granted restricted stock and type 2 reserved restricted stock. The type 2 initially granted restricted stock granted to the participants will be vested in four years after 12 months from the grant date, and the maximum vesting percentage for each year will be 25%, 25%, 25%, and 25%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc. The type 2 reserved restricted stock was authorized to be granted to the participants before the Company’s 2025 third quarter report being published which will be vested in four years after 12 months from the grant date, and the maximum vesting percentage for each year will be 25%, 25%, 25% and 25%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc. While the type 2 reserved restricted stock was authorized to be granted to the participants after the Company’s 2025 third quarter report being published which will be vested in three years after 12 months from the grant date, and the maximum vesting percentage for each year will be 30%, 30% and 40%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc. The shares granted under 2025 Plan shall be locked up immediately upon grant and unlocked upon the vesting condition had been met for each year.

On July 9, 2025, the Company granted 1,754,500 type 2 initially granted restricted stock to 68 incentive participants at a grant price of RMB69.18 per share.

On October 13, 2025, the Company granted 203,600 type 2 reserved restricted stock to 19 incentive participants at a grant price of RMB69.18 per share.

The fair value of restricted stocks granted was estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the shares were granted. The following table lists the inputs to the model used:

	2025 Plan	
	Initially granted restricted stocks	Reserved restricted stocks
Date of grant	July 9, 2025	October 13, 2025
Share price at the grant date	RMB167.87	RMB178.84
Expected volatility (%)	22.23% – 29.05%	22.16% – 25.38%
Risk-free interest rate (%)	1.5% – 2.75%	1.5% – 2.75%
Expected life of options (years)	1 – 4 years	1 – 4 years

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The movements of the restricted stocks granted and outstanding under the Restricted A share incentive schemes during the Track Record Period are as follows:

	Weighted average of exercise price	Weighted average share price at the date of exercise	Number of restricted stocks
At January 1, 2023	7.85		4,135,000
Granted	14.24		18,455,500
Canceled	14.68		(390,131)
Exercised	7.91	37.11	(1,194,132)
At December 31, 2023 and January 1, 2024	13.34		21,006,237
Granted	15.17		10,899,000
Canceled	17.34		(291,770)
Exercised	13.66	29.75	(7,596,514)
At December 31, 2024 and January 1, 2025	14.02		24,016,953
Granted	59.61		2,378,100
Canceled	18.34		(1,466,993)
Exercised	14.09	172.47	(8,901,661)
At December 31, 2025	20.64		16,026,399

No restricted stock has been forfeited or expired under the restricted stock incentive schemes during the Track Record Period.

The remaining contract lives for outstanding restricted stocks granted under the restricted stock incentive schemes were ranging from 1.8 to 2.8 years, 0.8 to 2.7 years and 0.8 to 3.8 years as at December 31, 2023, 2024 and 2025 respectively.

The fair value of the awarded shares was calculated based on the market price of the Company’s shares at the respective grant date.

The total expenses recognized in the consolidated statements of comprehensive income for restricted stocks granted to the Group’s senior management and core key employees under all restricted stock incentive schemes were approximately RMB155,117,000, RMB225,506,000 and RMB165,220,000 for the Track Record Period, respectively.

32. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The movements during the Track Record Period in the Group’s liabilities arising from financing activities are as follows:

Year ended December 31, 2023

	At January 1, 2023	Cash flows, net	Non-cash changes			At December 31, 2023
			Addition	Early termination of lease	Interest expenses	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Interest-bearing						
borrowings	265,407	386,136	–	–	16,860	668,403
Leases liabilities	47,414	(139,994)	688,105	(136,574)	11,885	470,836
	<u>312,821</u>	<u>246,142</u>	<u>688,105</u>	<u>(136,574)</u>	<u>28,745</u>	<u>1,139,239</u>

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Year ended December 31, 2024

	At January 1, 2024	Cash flows, net	Non-cash changes			At December 31, 2024
			Addition	Early termination of lease	Interest expenses	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing borrowings	668,403	505,157	–	–	32,602	1,206,162
Leases liabilities	470,836	(148,409)	344,948	(231,565)	18,246	454,056
	<u>1,139,239</u>	<u>356,748</u>	<u>344,948</u>	<u>(231,565)</u>	<u>50,848</u>	<u>1,660,218</u>

Year ended December 31, 2025

	At January 1, 2025	Cash flows, net	Non-cash changes			At December 31, 2025
			Addition	Early termination of lease	Interest expenses	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing borrowings	1,206,162	549,429	–	–	39,488	1,795,079
Leases liabilities	454,056	(155,858)	91,905	(129,500)	14,577	275,180
	<u>1,660,218</u>	<u>393,571</u>	<u>91,905</u>	<u>(129,500)</u>	<u>54,065</u>	<u>2,070,259</u>

33. NON-CONTROLLING INTERESTS

Details of the Group’s subsidiaries that have material non-controlling interests are set out below:

At December 31, 2023

	Percentage of equity interest held by non- controlling interests	Loss for the year allocated to non-controlling interests	Dividends paid to non-controlling interests	Accumulated balances of non-controlling interests
		RMB'000	RMB'000	RMB'000
Nanjing Wanxing	48%	(31,939)	–	39,191
Nanjing Wanpin	49%	(30,489)	–	9,475

The following tables illustrate the summarized financial information of the above material non-controlling interests. The amounts disclosed are before any inter-company eliminations:

	Nanjing Wanxing	Nanjing Wanpin
	RMB'000	RMB'000
Non-current assets	335,265	360,189
Current assets	1,589,005	445,253
Current liabilities	(1,684,826)	(573,031)
Non-current liabilities	(202,837)	(217,761)
Net assets	<u>36,607</u>	<u>14,650</u>
Carrying amount of non-controlling interests	<u>39,191</u>	<u>9,475</u>
Revenue	5,603,720	3,118,603
Other expense, net	(4,266)	(3,284)
Expenses	(5,656,892)	(3,156,523)
Total comprehensive expense for the period	<u>(57,438)</u>	<u>(41,204)</u>
Total comprehensive expense for the period attributable to non-controlling interests	<u>(31,939)</u>	<u>(30,489)</u>

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	Nanjing Wanxing	Nanjing Wanpin
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flow from (used in):		
Operating activities	788,428	187,001
Investing activities	(52,244)	(49,339)
Financing activities	29,256	(6,607)

Details of the Group’s subsidiaries that have material non-controlling interests are set out below:

At December 31, 2024

	Percentage of equity interest held by non-controlling interests	Profit for the year allocated to non-controlling interests	Dividends paid to non-controlling interests	Accumulated balances of non-controlling interests
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Nanjing Wanxing	48%	71,647	9,800	185,041
Nanjing Wanpin	49%	182,266	14,700	214,475
南京萬好商業管理有限公司 Nanjing Wanhao Business Management Co., Ltd.* (“Nanjing Wanhao”) . .	24.48%	89,124	—	(8,499)

* English translation is for identification purpose only.

The following tables illustrate the summarized financial information of the above material non-controlling interests. The amounts disclosed are before any inter-company eliminations:

	Nanjing Wanxing	Nanjing Wanpin	Nanjing Wanhao
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	337,043	255,110	127,159
Current assets	4,120,046	1,147,341	2,072,265
Current liabilities	(3,563,069)	(959,333)	(1,565,132)
Non-current liabilities	(293,267)	(146,234)	(131,900)
Net assets	600,753	296,884	502,392
Carrying amount of non-controlling interests . . .	185,041	214,475	(8,499)
Revenue	23,178,278	7,712,237	11,111,043
Other income (expense), net.	894	(8,795)	4,691
Expenses	(22,707,832)	(7,457,100)	(10,599,944)
Total comprehensive income for the period . . .	471,340	246,342	515,790
Total comprehensive income for the period attributable to non-controlling interests	71,647	182,266	89,124
Net cash flow from (used in):			
Operating activities	617,635	223,992	591,398
Investing activities	(31,621)	(7,805)	(185,303)
Financing activities	181,879	(15,113)	(49,718)

The above financial information of Nanjing Wanxing includes Nanjing Wanhao’s financial information attributable to the Group as presented above.

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Details of the Group’s subsidiaries that have material non-controlling interests are set out below:

At December 31, 2025

	Percentage of equity interest held by non- controlling interests	Profit for the year allocated to non-controlling interests	Dividends paid to non-controlling interests	Accumulated balances of non-controlling interests
		RMB'000	RMB'000	RMB'000
Nanjing Wanxing	48%	714,503	84,400	852,161
Nanjing Wanpin	49%	361,610	14,700	229,325

The following tables illustrate the summarized financial information of the above material non-controlling interests. The amounts disclosed are before any inter-company eliminations:

	Nanjing Wanxing	Nanjing Wanpin
	RMB'000	RMB'000
Non-current assets	208,504	138,961
Current assets	6,299,695	1,806,232
Current liabilities	(4,390,900)	(1,029,975)
Non-current liabilities	(142,241)	(59,343)
Net assets	1,975,058	855,875
Carrying amount of non-controlling interests	852,161	229,325
Revenue	37,527,158	11,490,557
Other income, net	94,485	47,470
Expenses	(35,726,541)	(10,979,980)
Total comprehensive income for the period	1,895,102	558,047
Total comprehensive income for the period attributable to non-controlling interests.	714,503	361,610
Net cash flow from (used in):		
Operating activities	2,608,421	814,904
Investing activities	(9,520)	2,577
Financing activities	(890,195)	(285,100)

During the year ended December 31, 2024, the Company further acquired 49% of equity interest of Nanjing Wanhao held by 興化德雯管理諮詢有限公司 Xinghua Dewen Management Consulting Co., Ltd.*, 興化蘇好管理諮詢合夥企業(有限合夥) Xinghua Suhao Management Consulting Partnership (Limited Partnership)*, 興化幾何管理諮詢有限公司 Xinghua Jihe Management Consulting Co., Ltd* at an aggregate consideration of RMB294,000,000. Upon the completion of this acquisition, the Company holds a total of 75.52% of effective interest of Nanjing Wanhao.

During the year ended December 31, 2025, the Company entered into a share purchase agreement on August 11, 2025 to purchase 49% of shares of 南京萬優商業管理有限公司 Nanjing Wanyou Business Management Co., Ltd.* (“Nanjing Wanyou”) from two related companies, 淮南市盛裕企業管理有限公司 Huainan Shengyu Enterprise Management Co., Ltd.* and 淮南市會想企業管理有限公司 Huainan Huixiang Enterprise Management Co., Ltd.* (the “Sellers”).

The total consideration for the acquisition is RMB1,379,225,000, subject to adjustment based on the income approach, assuming a fair value of RMB2,997,000,000 for 100% equity of Nanjing Wanyou. The consideration was determined through arms’ length negotiations between the Company and the Sellers with reference to the valuation of Nanjing Wanyou conducted by an independent professional valuer. Upon completion, the Company directly holds 49% and indirectly holds 26.01% of Nanjing Wanyou’s equity.

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During the year ended December 31, 2025, Nanjing Jinwanchen entered into a share purchase agreement on December 8, 2025 to purchase 15.20% of shares of 南京萬燦商業管理有限公司 Nanjing Wacan Commercial Management Co., Ltd.* (“Nanjing Wacan”) from a shareholder of Nanjing Wacan (the “Seller”).

The total consideration for the acquisition is approximately RMB20,061,000, subject to adjustment based on the net asset approach, assuming a fair value of RMB131,977,000 for 100% equity of Nanjing Wacan. The consideration was determined through arms’ length negotiations between Nanjing Jinwanchen and the Seller with reference to the valuation of Nanjing Wacan conducted by an independent professional valuer. Upon completion, Nanjing Jinwanchen directly holds 66.20% of Nanjing Wacan’s equity.

34. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the Track Record Period.

(a) Related party transactions

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Purchase of goods			
Mimosa Group# (Note a)	141,083	441,346	459,539
寧波成績貿易有限公司 Ningbo Chengji Trading Co., Ltd.* (Note b)	1,010,894	13,292	23
寧波大庫商貿有限公司 Ningbo Daku Trading Co., Ltd. (“Ningbo Daku”)* (Note b)	157	163	–
江蘇好再來電子商務有限公司 Jiangsu Haozailai E-commerce Co., Ltd.* (“Jiangsu Haozailai”) (Note c)	54,511	151,060	–
江西實啟供應鏈有限公司 Jiangxi Shiqi Supply Chain Co., Ltd.* (“Jiangxi Shiqi”) (Note d)	59,578	845	–
安徽省盛亨食品科技有限公司 Anhui Shengheng Food Technology Co., Ltd.* (“Anhui Shengheng”) (Note f)	56,647	–	–
Sales of goods			
Ningbo Daku (Note b)	23	31	6

Mimosa Group consists of 含羞草(江蘇)食品有限公司 Mimosa (Jiangsu) Food Co. Ltd.*, 江蘇含羞草農業有限公司 Jiangsu Mimosa Agriculture Co., Ltd.* and 漳州含羞草食品有限公司 Zhangzhou Mimosa Food Co., Ltd.*

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	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Logistics expenses			
Mimosa Group [#] (Note a)	10,922	730	309
Ningbo Daku (Note b)	7,024	34,644	38,974
	<u>10,922</u>	<u>34,644</u>	<u>38,974</u>
Rental expenses			
江蘇零食工場連鎖食品有限公司 Jiangsu Snack Workshop Chain Food Co., Ltd.* (“Jiangsu Snack”) (Note a)	893	—	—
Ningbo Daku (Note b)	—	20,097	16,474
Jiangsu Haozailai (Note c)	263	263	—
福建含羞草農業開發有限公司 Fujian Mimosa Agricultural Development Co., Ltd.* (“Fujian Mimosa”) (Note e)	90	90	90
Anhui Shengheng (Note f)	3,250	3,250	—
	<u>3,250</u>	<u>3,250</u>	<u>—</u>
Purchase of assets			
Ms. Lin Gaichun 林該春	26,001	—	—
Ningbo Daku (Note b)	1,926	—	—
南京眾丞信息科技有限公司 Nanjing Zhongcheng Information Technology Co., Ltd.* (“Nanjing Zhongcheng”) (Note c)	—	—	24,516
Jiangxi Shiqi (Note d)	4,009	—	—
Fujian Mimosa (Note e)	—	—	160
Anhui Shengheng (Note f)	8,930	—	—
	<u>8,930</u>	<u>—</u>	<u>—</u>

* English translation is for identification purpose only.

Note:

- (a) Ms. Lin Gaichun 林該春女士, is the director of these related companies.
 - (b) Mr. Yuan Zhenqin 袁振勤先生, one of the director of a subsidiary, is the controlling shareholder of these related companies.
 - (c) Mr. Peng Dejian 彭德建先生, one of the director of a subsidiary, is the controlling shareholder of the related company.
 - (d) Mr. Mao Yinghui 毛穎輝先生, one of the director of a subsidiary, is the controlling shareholder of the related company.
 - (e) Fujian Mimosa is one of the shareholders of the Group.
 - (f) Mr. Zhou Peng 周鵬先生, one of the director of a subsidiary, is the controlling shareholder of the related company.
- (b) **Remuneration for key management personnel (including directors) of the Group:**

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, discretionary bonus and other benefits in kind	6,133	6,183	10,048
Contributions to defined contribution retirement plans	49	49	60
Share-based compensation expenses	7,546	6,072	3,077
	<u>13,728</u>	<u>12,304</u>	<u>13,185</u>

Further details of the directors’ emoluments are set out in Note 10 to the Historical Financial Information.

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(c) Balances with related parties

The Group:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Accounts receivables (Note 22)	12	—	—
Prepayments (Note 22)	—	694	—
Other receivables (Note 22)	144	33	3,132
	<u>156</u>	<u>727</u>	<u>3,132</u>
Accounts payables (Note 24)	84,305	33,798	21,333
Contract liabilities (Note 25)	568	435	—
Other payables (Note 25)	4,765	2,894	200
	<u>89,638</u>	<u>37,127</u>	<u>21,533</u>

The balances with related parties related to accounts receivables, prepayments, accounts payables and contract liabilities, are trade nature which are derived from business operations. While the other receivables and other payables balances with related parties are non-trade nature except for the quality assurance deposit received amounting to RMB200,000.

The Company:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Accounts receivables (Note 22)	—	—	2,214
Prepayments (Note 22)	2,428	1,539	294
Other receivables (Note 22)	133,677	176,970	156,014
	<u>136,105</u>	<u>178,509</u>	<u>158,522</u>
Accounts payables (Note 24)	27,555	2,358	3
Contract liabilities (Note 25)	16,511	9,892	64
Other payables (Note 25)	448	16,518	4,193
	<u>44,514</u>	<u>28,768</u>	<u>4,260</u>

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise restricted bank, deposits bank balances and cash and interest-bearing borrowings. The main purpose of these financial instruments is to raise and maintain finance for the Group’s operations. The Group has various other financial instruments such as trade and other receivables, trade and bills payable and other payables and accruals, which arise directly from its business activities.

The accounting policies for financial instruments have been applied to the line items below:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>Financial assets — at amortized cost</i>			
Financial assets included in trade and other receivables	145,277	65,962	83,095
Finance lease receivables	973	3,966	3,473
Restricted bank deposits	56,000	171,326	92,765
Bank balances and cash	1,153,690	2,209,288	4,648,998
	<u>1,355,940</u>	<u>2,450,542</u>	<u>4,828,331</u>

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	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>Financial liabilities — at amortized cost</i>			
Financial liabilities included in trade and bills payable	943,174	2,093,942	3,074,804
Financial liabilities included in other payables and accruals	699,267	1,131,345	1,285,046
Interest-bearing borrowings	668,403	1,206,162	1,795,079
Lease liabilities	470,836	454,056	275,180
	<u>2,781,680</u>	<u>4,885,505</u>	<u>6,430,109</u>

The main risks arising from the Group’s financial instruments are interest rate risk, credit risk and liquidity risk. The Group generally adopts conservative strategies on the Group’s risk management and limits the Group’s exposure to these risks to a minimum. The management of the Group reviews and agrees policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments.

Interest rate risk

The Group’s exposure to market risk for changes in interest rates relates primarily to the Group’s interest-bearing borrowings of approximately RMB211,706,000, RMB307,206,000 and RMB1,199,523,000, with floating interest rates as at December 31, 2023, 2024 and 2025 respectively. The Group currently does not have a policy to hedge against the interest rate risk as the management does not expect any significant interest rate risk at the end of each reporting period.

As at December 31, 2023, 2024 and 2025, if interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group’s profit/(loss) before taxation would decrease/increase (loss: increase/decrease) by approximately RMB2,117,100, RMB3,072,100 and RMB11,995,200, respectively.

The sensitivity analysis above has been determined assuming that the change in interest rate had occurred throughout the Track Record Period and had been applied to the exposure to interest rate risk for the closing balance of the interest-bearing borrowings with floating interest rates in existence at the end of each reporting period. The stated changes represent management’s assessment of a reasonably possible change in interest rates over the Track Record Period.

Credit risk

The carrying amount of financial assets recognized on the consolidated statements of financial position, which is net of impairment loss, represents the Group’s exposure to credit risk on these financial assets without taking into account the credit enhancements.

Trade receivables

The Group trades only with recognized, creditworthy customers. It is the Group’s policy that no credit terms are generally allowed to the customers and tenants.

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The default risk of the industry and place of operation in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group’s own trading records.

At December 31, 2023, 2024 and 2025, the Group had a concentration of credit risk as approximately 23%, 16% and 51% of the total trade receivables was due from the Group’s largest trade debtor, respectively, and approximately 40%, 54% and 81% of the total trade receivables was due from the Group’s five largest trade debtors, respectively.

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The Group’s customer base consists of a wide range of customers and the trade receivables are categorized by common risk characteristics that are representative of the customers’ abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognizes loss allowances based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated based on actual credit loss experience over the past years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group’s estimate on future economic conditions over the expected lives of the receivables.

The Group does not hold any collateral over trade receivables at December 31, 2023, 2024 and 2025.

The information about the exposure to credit risk and ECL for trade receivables using provision matrix at December 31, 2023, 2024 and 2025 is summarized as follows:

At December 31, 2023

	Average expected loss rate	Gross carrying amount	Loss allowance
	%	RMB’000	RMB’000
Trade receivables			
Within 90 days past due	–	23,007	–
91 days to 180 days past due	5	961	48
181 days to 1 year past due	10	1,919	192
Over 1 year past due	58	3,022	1,739
		<u>28,909</u>	<u>1,979</u>

At December 31, 2024

	Average expected loss rate	Gross carrying amount	Loss allowance
	%	RMB’000	RMB’000
Trade receivables			
Within 90 days past due	–	16,753	–
91 days to 180 days past due	5	191	10
181 days to 1 year past due	10	1,204	120
Over 1 year past due	87	3,595	3,140
		<u>21,743</u>	<u>3,270</u>

At December 31, 2025

Past due	Average expected loss rate	Gross carrying amount	Loss allowance
	%	RMB’000	RMB’000
Trade receivables			
Within 90 days	–	12,181	–
91 days to 180 days past due	5	394	20
181 days to 1 year past due	8	25	2
Over 1 year	69	1,606	1,110
		<u>14,206</u>	<u>1,132</u>

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The movement in the loss allowance for trade receivables during the Track Record Period are summarized below.

	For the Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the reporting period	1,241	1,979	3,270
Increase in loss allowance, net	704	1,297	428
Amount write off/recovered	34	(6)	(2,566)
At the end of the reporting period	<u>1,979</u>	<u>3,270</u>	<u>1,132</u>

Deposits with financial institutions

The majority of the Group’s restricted bank deposits and bank balances are deposited in major financial institutions located in the PRC, which are of high credit rating. The management of the Group considers the credit risk is limited and no loss allowance was recognized during the Track Record Period.

Finance lease receivables and other receivables

The management of the Group considers that the finance lease receivables and other receivables have low credit risk based on the borrowers’ strong capacity to meet its contractual cash flow obligations in the near term and low risk of default.

In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past years, past collection history, current creditworthiness, adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of other receivables to be negligible after taking into account the financial position, credit quality and past settlement records of the counterparties.

There was no change in the estimation techniques or significant assumptions made during the Track Record Period. After considering the above factors, provision of impairment loss of approximately RMB4,949,000, RMB3,388,000 and RMB7,319,000 was recognized during the Track Record Period respectively.

The gross carrying amounts of the financial assets, by credit risk rating grades, are as follows:

At December 31, 2023

Internal credit rating	Basis of ECL	Gross carrying amount	Loss allowance	Net carrying amount
		RMB'000	RMB'000	RMB'000
Performing	12-month	124,387	(5,067)	119,320
Not performing	Lifetime	95	(95)	–
		<u>124,482</u>	<u>(5,162)</u>	<u>119,320</u>

At December 31, 2024

Internal credit rating	Basis of ECL	Gross carrying amount	Loss allowance	Net carrying amount
		RMB'000	RMB'000	RMB'000
Performing	12-month	59,087	(7,632)	51,455
Not performing	Lifetime	95	(95)	–
		<u>59,182</u>	<u>(7,727)</u>	<u>51,455</u>

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At December 31, 2025

Internal credit rating	Basis of ECL	Gross carrying amount	Loss allowance	Net carrying amount
		RMB'000	RMB'000	RMB'000
Performing	12-month	87,338	(13,844)	73,494
Not performing	Lifetime	869	(869)	–
		<u>88,207</u>	<u>(14,713)</u>	<u>73,494</u>

At the end of each Track Record Period, the management assessed certain other receivables had a significant increase in credit risk due to the deterioration of financial position of the counterparty and life-time ECL was recognized at approximately RMB95,000, RMB95,000 and RMB869,000 respectively. The movement in the loss allowance for other receivables during the Track Record Period is summarized below.

For the year ended December 31, 2023

	12-month ECL	Lifetime ECL	
	Performing	Not performing	Total
	RMB'000	RMB'000	RMB'000
At the beginning of the reporting period	62	56	118
Increase/(Decrease) in allowance	5,005	(56)	4,949
Others	–	95	95
At the end of the reporting period	<u>5,067</u>	<u>95</u>	<u>5,162</u>

For the year ended December 31, 2024

	12-month ECL	Lifetime ECL	
	Performing	Not performing	Total
	RMB'000	RMB'000	RMB'000
At the beginning of the reporting period	5,067	95	5,162
Increase in allowance	3,388	–	3,388
Amount write off/recovered	(823)	–	(823)
At the end of the reporting period	<u>7,632</u>	<u>95</u>	<u>7,727</u>

For the year ended December 31, 2025

	12-month ECL	Lifetime ECL	
	Performing	Not performing	Total
	RMB'000	RMB'000	RMB'000
At the beginning of the reporting period	7,632	95	7,727
Increase in allowance	6,545	774	7,319
Amount write off/recovered	(333)	–	(333)
At the end of the reporting period	<u>13,844</u>	<u>869</u>	<u>14,713</u>

The Group does not hold any collateral over the balances.

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Liquidity risk

The Group’s objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group’s financial liabilities and lease liabilities at the end of each reporting period, based on the contractual undiscounted payments, is summarized below:

	Total carrying amount	Total contractual undiscounted cash flow	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At December 31, 2023						
Trade and bills payable	943,174	943,174	943,174	–	–	–
Other payables and accruals	699,267	699,267	699,267	–	–	–
Interest-bearing borrowings	668,403	710,425	534,618	16,843	104,960	54,004
Lease liabilities	470,836	508,894	159,556	146,017	191,851	11,470
	<u>2,781,680</u>	<u>2,861,760</u>	<u>2,336,615</u>	<u>162,860</u>	<u>296,811</u>	<u>65,474</u>
At December 31, 2024						
Trade and bills payable	2,093,942	2,093,942	2,093,942	–	–	–
Other payables and accruals	1,131,345	1,131,345	1,131,345	–	–	–
Interest-bearing borrowings	1,206,162	1,253,436	992,348	54,704	185,877	20,507
Lease liabilities	454,056	491,375	167,822	133,003	153,973	36,577
	<u>4,885,505</u>	<u>4,970,098</u>	<u>4,385,457</u>	<u>187,707</u>	<u>339,850</u>	<u>57,084</u>
At December 31, 2025						
Trade and bills payable	3,074,804	3,074,804	3,074,804	–	–	–
Other payables and accruals	1,285,046	1,285,046	1,285,046	–	–	–
Interest-bearing borrowings	1,795,079	1,952,694	861,864	299,334	791,496	–
Lease liabilities	275,180	295,115	119,079	76,884	81,245	17,907
	<u>6,430,109</u>	<u>6,607,659</u>	<u>5,340,793</u>	<u>376,218</u>	<u>872,741</u>	<u>17,907</u>

36. INVESTMENT IN SUBSIDIARIES

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investments, at cost	258,406	763,271	2,253,658
Less: Impairment	–	–	–
	<u>258,406</u>	<u>763,271</u>	<u>2,253,658</u>

Particulars of the principal subsidiaries, which are directly/indirectly owned by the Company, are included in Note 1 to the Historical Financial Information.

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37. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the Historical Financial Information on a recurring basis across the three levels of the fair value hierarchy defined in IFRS 13 “Fair Value Measurement” with the fair value measurement categorized in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 (lowest level): unobservable inputs for the asset or liability

a) Assets measured at fair value less costs to sell

	At December 31,		
	2023	2024	2025
	Level 3	Level 3	Level 3
	RMB'000	RMB'000	RMB'000
Biological assets	47,645	49,784	54,716

During the Track Record Period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements. The details of the movements, the description of sensitivity of changes in unobservable inputs, and valuation techniques and key inputs of the recurring fair value measurements categorized as Level 3 of the fair value hierarchy are set out in Note 21.

b) Assets and liabilities with fair value disclosure, but not measured at fair value

All financial assets and financial liabilities are carried at amounts not materially different from their fair values as at December 31, 2023, 2024 and 2025.

38. CAPITAL MANAGEMENT

The objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the Track Record Period.

39. RETIREMENT BENEFITS PLANS

The employees of the Group in the PRC are members of the state-sponsored retirement benefit scheme organized by the relevant local government authority in the PRC. The PRC entities are required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

For the Track Record Period, the total amount provided by the Group to the scheme or plans in the PRC and charged to profit or loss are RMB23,563,000, RMB54,657,000 and RMB75,584,000, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

40. PLEDGE OF ASSETS

The Group’s certain assets have been pledged to secure bills payable, bank borrowings and banking facilities granted to the Group. The carrying amounts of the pledged assets of the Group as at December 31, 2023, 2024 and 2025 are as follows:

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Property, plant and equipment	419,099	393,884	367,476
Right-of-use assets — land use rights	50,581	49,260	47,940
Restricted bank deposits	56,000	170,676	92,765
	<u>525,680</u>	<u>613,820</u>	<u>508,181</u>

The Company’s certain assets have been pledged to secure bank borrowings and banking facilities granted to the Company. The carrying amounts of the pledged assets of the Company as at December 31, 2023, 2024 and 2025 are as follows:

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Property, plant and equipment	298,109	280,444	263,193
Right-of-use assets — land use rights	24,522	23,854	23,186
	<u>322,631</u>	<u>304,298</u>	<u>286,379</u>

41. CONTINGENT LIABILITIES

As at December 31, 2023, 2024 and 2025, neither the Group nor the Company had any significant contingent liabilities.

42. COMMITMENTS

Capital expenditure commitments

At the end of the reporting period, the Group had the following capital expenditure commitment:

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contracted but not provided net of deposits paid for acquisition of property, plant and equipment	<u>1,618</u>	<u>—</u>	<u>—</u>

APPENDIX I

ACCOUNTANTS’ REPORT

43. EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2025, save as disclosed elsewhere in the Historical Financial Information, the Group has the following subsequent events:

On February 11, 2026, 264,293 type 2 restricted stock to 24 incentive participants under 2023 Plan I, 983,084 type 2 initially granted restricted stock to 77 incentive participants under 2023 Plan II, 908,577 type 2 initially granted restricted stock to 44 incentive participants and 246,009 type 2 reserved restricted stocks stock to 11 incentive participants under 2024 Plan were listed for circulation respectively. Therefore, contribution of approximately RMB37,238,000 is received by the Company from the participants, share capital of approximately RMB2,402,000 and capital reserve of approximately RMB34,836,000 are recognized.

The final dividends of RMB8.5 per 10 shares (tax inclusive) in respect of the year ended December 31, 2025 is proposed by the board of directors after the reporting period. The proposed dividends of approximately RMB162,599,000 will be approved at the forthcoming annual general meeting.

In addition, Nanjing Wancheng entered into a share purchase agreement in January 2026 to purchase 100% of shares of Nanjing Zhongcheng from Jiangsu Haozailai.

The total consideration for the acquisition is approximately RMB54,016,000, subject to adjustment based on the net assets approach, assuming a fair value of RMB54,016,000 for 100% equity of Nanjing Zhongcheng. The consideration was determined through arms’ length negotiations between Nanjing Wancheng and Jiangsu Haozailai with reference to the valuation of Nanjing Zhongcheng conducted by an independent professional valuer. Upon completion, Nanjing Wancheng directly holds 100% of Nanjing Zhongcheng’s equity.

The acquisition is expected to create synergies and support the Group’s long-term business development. The Directors believe that the acquisition will complement and support the growth of the Group by enhancing the Group’s intellectual property portfolio in relation to the snack and beverage retail business. The Directors consider that the terms of the acquisition are on normal commercial terms, fair and reasonable and in the interest of the Company and the shareholders as a whole.

44. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared in accordance with IFRS Accounting Standards and/or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to December 31, 2025.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

This Appendix mainly provides [REDACTED] with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to [REDACTED].

SHARES ISSUES

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by subscribers.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase and Decrease of Shares

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the capital by the following ways upon approval of separate resolutions at the general meeting:

- (i) issuing shares to unspecified parties;
- (ii) issuing shares to specific targets;
- (iii) distribution of bonus shares to existing shareholders;
- (iv) converting the reserve funds into share capital;
- (v) other means approved by the laws, administrative regulations or approved by the stock exchange of the place where the shares of the Company are [REDACTED].

Our Company may decrease our registered share capital and shall comply with the procedures stipulated in PRC Company Law and the Articles of Association.

Repurchase of Shares

Company shall not repurchase its own shares, unless otherwise under the circumstances:

- (i) to reduce the Company’s registered capital;
- (ii) to merger with other companies holding shares in the company;
- (iii) to use the shares for employee shareholding schemes or as equity incentives;
- (iv) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings regarding the merger or division of the Company;
- (v) to use the shares to satisfy the conversion of the convertible corporate bonds into shares issued by the Company;
- (vi) to safeguard corporate value and shareholders’ interests as the Company deems necessary.

Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) or (vi) as set out above, such acquisition shall be conducted through public centralized trading.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

Where the Company acquires its shares under the circumstances prescribed in items (i) and (ii) as set out above, such acquisition shall be resolved at a general meeting. Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) and (vi) as set out above, such acquisition shall be resolved at a Board meeting attended by at least 2/3 of the directors in accordance with the applicable securities regulatory rules of the place where the shares of the Company are [REDACTED].

In accordance with the applicable securities regulatory rules of the place where the shares of the Company are [REDACTED], where the Company acquires its shares under the circumstances prescribed in item (i) as set out above, such shares shall be canceled within ten days from the date of acquisition. Where the shares are acquired under the circumstances prescribed in items (ii) and (iv) as set out above, such shares shall be transferred or canceled within six months. Where the shares are acquired under the circumstances prescribed in items (iii), (v) and (vi) as set out above, the total number of the shares held by the Company shall not exceed 10% of the total issued shares, and such shares shall be transferred or canceled within three years.

Transfer of Shares

Shares of the Company shall be transferred in accordance with the laws.

The Directors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferrable by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of shares of the same class in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are [REDACTED] for trading. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. Where the laws, administrative regulations or listing rules of the place where the Company's shares are [REDACTED] provide otherwise in respect of the restrictions on the transfer, such rules shall prevail.

Any gains from sale of Company's shares or other securities with an equity nature by the Directors, senior management members or shareholders holding 5% or more of the Company's shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall be responsible for recovering such gains from the abovementioned parties. However, the disposal of such shares by securities companies holding more than 5% of the shares as a result of the outstanding shares acquired under [REDACTED], and other circumstances stipulated by the securities regulatory authorities of the place where the shares of the Company are [REDACTED] are excluded.

Shares or other securities with the nature of equity held by Directors, senior executives and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the above paragraph of this Article, the shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the Company. And if the Board of Directors fails to implement the provisions set forth in this Article, the responsible Directors shall bear joint and several liability in accordance with law.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The Company shall set up a register of shareholders based on the certificates provided by the securities settlement agency. The register of shareholders shall be sufficient evidence proving the holding of the shares of the Company by a shareholder. A shareholder shall enjoy rights and assume obligations as per the class of the shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of the Company shall enjoy the following rights:

- (i) to receive dividends and other distributions in proportion to the number of shares held;
- (ii) to request, convene, hold, participate or send proxy to attend general meetings and exercise corresponding rights to speak and vote in accordance with the law;
- (iii) to monitor, make suggestions on or question the Company’s operation;
- (iv) to transfer, donate or pledge shares in his/her/its possession in accordance with the law, administrative regulations, and provisions of the Articles of Association;
- (v) to inspect and duplicate the Articles of Association, the register of shareholders, minutes of general meetings, resolutions of the meetings of the Board of Directors, and financial and accounting reports. Shareholders who meet the requirements may inspect the Company’s accounting books and certificates;
- (vi) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;
- (vii) the shareholders disagreeing with the merger or separation resolution made by the general meeting are entitled to ask the Company to acquire their shares;
- (viii) other rights conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association.

If a resolution passed at the Company’s general meeting or the Board meeting violates laws or administrative regulations, shareholders have the right to institute proceedings before a people’s court to render the resolution invalid. If the procedures for convening, or the method of voting at, a general meeting or a Board meeting violate laws, administrative regulations or the Articles of Association, or a resolution violates the Articles of Association, shareholders are entitled to institute proceedings before a people’s court to rescind such resolution within 60 days of the adoption of such resolution, unless the procedures for convening, or the method of voting at, a general meeting or a Board meeting only contains a minor defect without a substantial impact on the resolution.

In the event of any loss caused to our Company as a result of violation of any laws, administrative regulations or Articles of Association by the Directors other than members of the Audit Committee and senior management when performing their duties in our Company, the Shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Audit Committee to file an action with the people’s court. Where the members of Audit Committee violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to our Company, the Shareholders may submit a written request to the Board of Directors to file an action with the people’s court.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the Shareholders’ written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of our Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of our Company.

In the event of a director or senior management person violates laws, administrative regulations or our Company’s Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the court.

The obligations of Shareholders are as follows:

- (i) To abide by laws, administrative regulations and the Articles of Association;
- (ii) To provide Share capital according to the Shares subscribed for and Share participation methods;
- (iii) Not to return Shares unless prescribed otherwise in laws and administrative regulations;
- (iv) Not to abuse Shareholders’ rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company’s status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company’s creditors;

Any Shareholder who abuses Shareholders’ rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of Shareholders to evade debts and seriously damages the interests of the Company’s creditors shall assume joint and several liability for the Company’s debts.

- (v) To perform other duties prescribed in laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association.

Controlling Shareholders and Actual Controllers

Controlling shareholders and actual controllers of the Company shall comply with the following provisions:

- (i) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;
- (ii) to strictly implement the public statements and undertakings made and shall not change or waive them;
- (iii) to fulfill information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;
- (iv) not to appropriate the Company’s funds in any way;
- (v) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (vi) not to make use of the Company’s undisclosed material information to gain benefits, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;
- (vii) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related transactions, profit distribution, asset restructuring, foreign investment or any other means;
- (viii) to ensure the integrity of the Company’s assets, and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (ix) other provisions of laws, administrative regulations, the CSRC, the stock exchange, securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association.

Where a controlling shareholder or actual controller of the Company does not act as a director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of directors shall apply.

Where a controlling shareholder or actual controller of the Company instructs a director or senior management to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such director or senior management.

General Rules of the General Meeting

The General Meeting shall consist of all the shareholders. The General Meeting is the organ of authority of the Company, and shall exercise the following functions and powers in accordance with the law:

- (i) to elect and replace directors, and to decide on matters relating to the remuneration of directors;
- (ii) to consider and approve the reports of the Board;
- (iii) to consider and approve the Company’s profit distribution plans and loss recovery plans;
- (iv) to resolve on the increase or reduction of the registered capital of the Company;
- (v) to resolve on the issue of bonds of the Company;
- (vi) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (vii) to amend the Articles of Association;
- (viii) to resolve on the appointment and dismissal of the accounting firm that undertakes the auditing activities of the Company and determine their remuneration;
- (ix) to consider and approve the guarantee matters stipulated in Article 47 and the financial assistance matters stipulated in Article 48 of the Articles of Association;
- (x) to consider the purchase or disposal of material assets within one year with an amount exceeding 30% of the latest audited total assets of the Company;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (xi) to consider and approve the change in use of proceeds;
- (xii) to consider share incentive schemes and employee share ownership schemes;
- (xiii) to consider and approve the major transaction matters stipulated in Article 118 of the Articles of Association;
- (xiv) to consider and approve the connected transactions matters stipulated in Article 125 of the Articles of Association;
- (xv) to consider other matters required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are [REDACTED] or the Articles of Association to be decided by the General Meeting.

The General Meeting may authorize the Board of Directors to make a resolution on the issuance of bonds of the Company.

The General Meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the circumstance:

- (i) when the number of directors falls short of the statutory number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;
- (ii) when the unrecovered losses of the Company amount to one-third of the total share capital;
- (iii) when shareholders individually or together holding 10% or more of the shares of the Company request to hold such a meeting;
- (iv) when the Board of Directors deems it necessary;
- (v) when the Audit Committee proposes to hold such a meeting;
- (vi) when the dismissal of independent directors results in the proportion of independent directors on the Board of Directors or its special committees failing to comply with the requirements of laws and regulations or the Articles of Association, or when there is a lack of accounting professionals among the independent directors;
- (vii) other circumstances as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are [REDACTED] or the Articles of Association.

In the event that an extraordinary general meeting is convened at the request of the securities regulatory rules of the place where the shares of the Company are [REDACTED], the effective date of the extraordinary general meeting may be adjusted in accordance with the clearance progress of the stock exchange where the Company’s shares are [REDACTED].

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

Convening of General Meetings

The Board of Directors shall convene the general meeting on time within the specified period. Subject to the consent of more than half of all the independent directors, the independent directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. With regard to the proposal made by the independent directors for convening an extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, applicable securities regulatory rules of the place where the shares of Company are [REDACTED] and the Articles of Association, provide a written response indicating whether it agree or disagree to convene the extraordinary general meeting within 10 days upon receipt of the proposal. Where the Board of Directors agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Where the Board of Directors does not agree to convene the extraordinary general meeting, it shall provide reasons and make an announcement.

The Audit Committee is entitled to propose to the Board of Directors to convene an extraordinary general meeting and such proposal shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the proposal.

Where the Board of Directors agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the approval of the Audit Committee. Where the Board of Directors does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the general meeting, and the Audit Committee may convene and preside over the meeting by itself.

Shareholders who individually or jointly hold more than 10% of the Company’s shares are entitled to request the Board of Directors to convene an extraordinary general meeting and such requisition shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are [REDACTED], and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the requisition.

Where the Board of Directors agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders.

Where the Board of Directors does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the requisition, shareholders who individually or jointly hold more than 10% of the Company’s shares shall have the right to propose the Audit Committee to convene the extraordinary general meeting and such requisition shall be made in writing to the Audit Committee.

Where the Audit Committee agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after receipt of the requisition. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders. If the Audit Committee fails to issue the notice of the meeting within the specified period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting. Shareholders who individually or jointly hold more than 10% of the Company’s shares for more than 90 consecutive days may convene and preside over the general meeting by themselves.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

If the general meeting is convened by the Audit Committee or shareholders on their own, it shall notify the Board of Directors in writing and file a record with the Shenzhen Stock Exchange at the same time. Before the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%. The Audit Committee or the shareholders who convene the meeting shall submit the relevant evidentiary materials to the Shenzhen Stock Exchange when issuing the notice of the general meeting and the announcement of the resolution of the general meeting.

Where the Audit Committee or the shareholders convene a general meeting on their own, the necessary expenses incurred thereof shall be borne by the Company.

Proposals and Notices of General Meeting

When the Company convenes a general meeting, the Board of Directors, the Audit Committee and shareholders who individually or jointly hold more than 1% of the Company’s shares shall be entitled to put forward proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company’s shares may submit provisional proposals in writing to the convener 10 days prior to the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days upon receipt of the proposals to announce the contents of the provisional proposal and submit the provisional proposals to the general meeting for consideration, however, except for the provisional proposals that violates the requirements of the laws, administrative regulations or the Articles of Association, or are not within the terms of reference of the general meeting.

Except as provided in the preceding paragraph, the convener shall not change the proposals set out in the notice of the general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of the general meeting or not complying with the Articles of Association shall not be voted on or resolved at the general meeting.

The convener shall notify all shareholders by announcement at least 20 days prior to the convention of an annual general meeting, or at least 15 days prior to the convention of an extraordinary general meeting. Where the laws, administrative regulations or listing rules of the place where the Company’s shares are [REDACTED] provide otherwise, such rules shall prevail. The Company shall not include the date of convention of meeting into the calculation of starting and ending time.

Notice of the general meeting shall contain:

- (i) the date, venue, duration, and convener of the meeting;
- (ii) matters and proposals submitted for consideration at the meeting;
- (iii) a clear statement that: each shareholder of ordinary shares (including preferred shareholders with restored voting rights) is entitled to attend the general meeting in person, or appoint one or more proxies who need not be shareholders of the Company, to attend and vote on his/its behalf;
- (iv) the date of record for the determination of shareholders who are entitled to attend the general meeting;
- (v) name and telephone number of permanent contact person;
- (vi) time and procedures for voting online or by other means.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

Holding of General Meetings

All shareholders whose names appear on the register of members on the record date or their proxies are entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws, regulations, securities regulatory rules of the place where the shares of the Company are [REDACTED], and the Articles of Association, and neither the Company nor the convener may refuse such right on any grounds, unless individual shareholders are required to abstain voting from individual matter as stipulated by the securities regulatory rules of the place where the shares of the Company are [REDACTED].

Shareholders may attend a general meeting in person, or may appoint a proxy to attend and vote on his/her behalf.

An individual shareholder that attends the meeting in person shall produce his or her own identity card or other valid documents or proof evidencing his or her identity. If he or she appoints a proxy to attend the meeting on his or her behalf, the proxy shall produce his or her own valid proof of identity and the power of attorney issued by the shareholder.

Shareholder who is a corporation shall attend and vote at a meeting by its legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, he or she shall produce his or her own identity card and a valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall present his or her own identity card and the power of attorney issued by the legal representative of the shareholder as a corporation, except for shareholder who is a recognized clearing house and its nominees as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are [REDACTED]. If such corporate shareholder has appointed a proxy to attend the meeting in accordance with the provisions of the Articles of Association, it shall be deemed to be present in person.

If the shareholder is a recognized clearing house or its nominees, it may authorize one or more persons it deems fit to act as its representative at any general meeting or any meeting of creditors; however, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. The authorization is signed by an authorized personnel of the recognized clearing house. A person so authorized may exercise rights on behalf of the recognized clearing house (or its nominees) (no shareholding voucher, notarized authorization and/or further evidence of the duly authorization is required) and shall enjoy statutory rights equivalent to those of other shareholders, including the right to speak and vote, as if such person is an individual shareholder of the Company.

Voting and Resolutions at General Meetings

Resolutions of the general meeting include ordinary resolutions and special resolutions. An ordinary resolution at a general meeting shall be passed by one half or above of the voting rights held by shareholders (including their proxies) attending and entitled to vote at the general meeting. A special resolution at a general meeting shall be passed by two-thirds or above of the voting rights held by shareholders (including their proxies) attending and entitled to vote at the general meeting.

The following matters shall be resolved by an ordinary resolution at a general meeting:

- (i) work reports of the Board;
- (ii) plans formulated by the Board for the distribution of profits and for making up losses;
- (iii) appointment and removal of the members of the Board of Directors, their remunerations and methods of payment;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (iv) matters other than those required by the laws and administrative regulations and the securities regulatory rules of the place(s) where the shares of the Company are [REDACTED] or by the Articles of Association to be adopted by special resolution.

The following matters shall be resolved by a special resolution at a general meeting:

- (i) the increase or reduction of share capital of the Company;
- (ii) the split, spin-off, merger, dissolution and liquidation (including voluntary winding-up) of the Company;
- (iii) amendments to the Articles of Association;
- (iv) the acquisition or disposal of major assets or guarantees within one year reaches or exceeds 30% of the Company’s latest audited total assets;
- (v) equity incentive plan;
- (vi) the guarantee matter as described in Item (5), Paragraph 1, Article 47 of the Articles of Association;
- (vii) any other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are [REDACTED] or the Articles of Association, and any other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.

A shareholder (including proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

When significant matters affecting the interests of the minority shareholders are considered at the general meeting, the votes cast by minority investors shall be counted separately. The results of separate counting shall be disclosed to the public in a timely manner.

The shares held by the Company have no voting rights, and that part of the shareholding shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.

If a shareholder purchases voting shares of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the general meeting. Where any shareholder is required under applicable laws and regulations or the Hong Kong Listing Rules to abstain from voting on a resolution, or is restricted to voting only for (or against) a resolution, any votes cast by such shareholder or its representative in violation of such requirements or restrictions shall be disregarded.

The Board of the Company, independent directors, shareholders holding more than 1% of the shares carrying voting rights or [REDACTED] protection agencies established in accordance with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are [REDACTED], or requirements of the CSRC may publicly solicit shareholders’ voting rights. The specific voting intentions and other information shall be fully disclosed to the persons whose voting rights are being solicited when soliciting shareholders’ voting rights. It is forbidden to solicit shareholders’ voting rights with compensation or compensation in disguised form. The Company shall not impose a minimum shareholding proportion limit on the solicitation of voting rights except for statutory conditions.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

DIRECTORS AND THE BOARD OF DIRECTORS

General Provisions in Relation to Directors

A director of the Company who is a natural person shall not act as the director of the Company under any of the following circumstances:

- (i) lacking or having limited capacity to engage in civil juristic acts;
- (ii) having been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property or disrupting the economic order of the socialist market; or having ever been deprived of political rights due to any crime, with less than 5 years having elapsed since the completion date of the execution of the penalty, or having been granted probation, with less than 2 years having elapsed since the completion date of the probation period;
- (iii) acting as a director, factory director or general manager of a company or enterprise that has been bankrupt and liquidated, whereby the director is personally liable for the bankruptcy of such company or enterprise, with 3 years having not elapsed since the completion date of the bankruptcy and liquidation of the company or enterprise;
- (iv) acting as the legal representative of a company or enterprise, but the business license of this company or enterprise has been revoked and this company or enterprise has been ordered to close due to a violation of the law, whereby the director is personally liable for the revocation, with 3 years having not elapsed since the revocation date of the business license thereof;
- (v) classified as a dishonest person subject to enforcement by the people’s court due to significant outstanding debts that have become due but have not been paid;
- (vi) prohibited from entering the securities market by the CSRC with the penalty period not yet expired;
- (vii) publicly recognized by stock exchanges as unsuitable for serving as a director or senior management officer of a [REDACTED] company, with the disciplinary action period not yet expired;
- (viii) other circumstances as stipulated by the laws, administrative regulations, departmental regulation, securities regulatory rules, or any other requirements stipulated by the relevant regulatory authorities of the places where the Company’s shares are [REDACTED].

Directors shall comply with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association, and owe the following fiduciary duties to the Company:

- (i) They shall not misappropriate Company property or embezzle Company funds;
- (ii) They shall not deposit Company funds into accounts opened in their personal names or in the names of other individuals;
- (iii) They shall not solicit or accept bribes or other illegal benefits through their authority;
- (iv) They shall not directly or indirectly enter into contracts or transactions with the Company unless they have reported to the Board of Directors or the General meeting and obtained approval through a resolution of the General meeting or the Board of Directors in accordance with the Articles of Association;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (v) They shall not exploit their positions to seize business opportunities that rightfully belong to the Company for their own benefit or the benefit of others, except that such opportunities are reported to the Board of Directors or General meeting and approved by a resolution of the General meeting; or the Company is legally, administratively, or under its Articles of Association unable to pursue such opportunities;
- (vi) They shall not engage in any business competing with the Company, either on their own behalf or for others, unless they have reported to the Board of Directors or General meeting and obtained approval through a resolution of the General meeting;
- (vii) They shall not retain commissions derived from transactions between third parties and the Company;
- (viii) They shall not disclose Company secrets without authorization;
- (ix) They shall not harm the Company's interests through their affiliated relationships;
- (x) They shall comply with other fiduciary duties stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association.

Any income obtained by Directors in violation of this provision shall be returned to the Company. Directors who cause losses to the Company through such violations shall be liable for compensation. Any contract or transaction entered into between the Company and immediate family members of Directors, senior management personnel, enterprises directly or indirectly controlled by Directors, senior management personnel, or their immediate family members, and other connected persons affiliated with Directors or senior management personnel, shall be governed by Article 103, Paragraph 2(iv) of the Articles of Association.

The Directors shall abide by the provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association, and have a diligent obligation to the Company, and shall perform their duties in the best interests of the Company and with the reasonable care normally due by the management. The Directors have the following diligent obligations to the Company:

- (i) shall exercise prudently, conscientiously and diligently the rights conferred by the Company in order to ensure that the Company's business activities comply with the requirements of national laws, administrative regulations and various economic policies, and that the business activities do not exceed the scope of business stipulated in the business license;
- (ii) all Shareholders shall be treated fairly;
- (iii) to keep abreast of the business operation and management of the Company;
- (iv) ensuring they devote sufficient time and energy to company affairs, maintaining ongoing attention to events that may significantly impact the Company's production and operations, promptly reporting operational issues to the board of directors, and not evading responsibility on the grounds of not being directly engaged in management or lack of awareness;
- (v) attending board meetings in principle in person, exercising prudent judgment regarding the potential risks and benefits of matters under review, and when unable to attend in person due to special circumstances, carefully selecting a proxy;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (vi) actively promoting the Company’s standardized operations, urging the company to fulfill its information disclosure obligations in a truthful, accurate, complete, fair, and timely manner, and promptly correcting and reporting any illegal or non-compliant activities of the Company;
- (vii) a written confirmation opinion shall be signed on the Company’s periodic reports to ensure that the information disclosed by the Company is true, accurate and complete;
- (viii) promptly reporting to the board of directors and urging the Company to fulfill its information disclosure obligations upon becoming aware of situations where company shareholders, actual controllers, or their connected persons misappropriate the Company’s assets or abuse controlling rights to the detriment of the Company or other shareholders;
- (iv) shall truthfully provide the Audit Committee with relevant information and information, and shall not hinder the Audit Committee from exercising their powers;
- (x) strictly fulfilling all commitments made;
- (xi) other diligent obligations under laws, administrative regulations, departmental regulations, the securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association.

The Company has established a director resignation management system to clarify the safeguards for unfulfilled public commitments and other outstanding matters. When the resignation of a Director takes effect or the term of office expires, all transfer procedures shall be completed to the board of directors, and the fidelity obligations of the director to the Company and the Shareholders shall not be automatically discharged after the end of the term of office, but shall remain valid for three years after the resignation of the director takes effect or the term of office expires. The Directors’ responsibilities in the performance of their duties during their term of office shall not be relieved or terminated by reason of their departure from office.

Board of Directors

The Board of Directors consists of nine Directors, four of whom are independent non-executive Directors, and five of whom are non-independent Directors (including one employee Director). One of the Directors shall be the chairman of the Board.

The Board of Directors exercises the following powers:

- (i) to convene the general meeting and report on work to the general meeting;
- (ii) to implement the resolutions of the general meeting;
- (iii) to determine the business and investment plans of our Company;
- (iv) to devise the earnings distribution and loss offset plans of the Company;
- (v) to formulate the plans for increasing or decreasing the Company’s registered capital, the issuance of corporate bonds or other securities, as well as the [REDACTED] of the stock of the Company;
- (vi) to formulate plans for major acquisitions of the Company, the buy-back of shares of our Company, corporate merger, separation, dissolution and changing the form of the Company;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (vii) to determine such matters as the Company’s external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donation within the scope authorized by the general meeting;
- (viii) to decide on the setup of the Company’s internal management organization;
- (ix) to decide on matters such as appointment or dismissal of the Company’s general manager, the secretary of the Board and other senior officers and on their compensation and incentives/disincentives; to decide on matters such as appointment or dismissal of the Company’s vice general manager, chief financial officer and other senior management and on their compensation and incentives/disincentives based on the nominations by the general manager;
- (x) to set the basic management systems of our Company;
- (xi) to make the modification plan to the Articles of Association;
- (xii) to manage the disclosure of company information;
- (xiii) to request to the general meeting of shareholders to hire or replace the accounting firm auditing for the company;
- (xiv) to attend to the work report of our Company’s general manager and review the work of the general manager;
- (xv) other powers and duties authorized by the laws, administrative regulations, regulations of the authorities, other securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association. Matters beyond the scope of authorization of the general meeting should be submitted by the Board of Directors to the general meeting for discussion.

Independent Directors

Independent directors shall maintain their independence. The following individuals shall not act as independent directors:

- (i) Persons employed by the Company or its subsidiaries, as well as their spouses, parents, children, and close social relations;
- (ii) Natural person shareholders who directly or indirectly hold more than 1% of the company’s issued shares or are among the top ten shareholders of the company, as well as their spouses, parents, and children;
- (iii) Persons working for shareholders who directly or indirectly hold more than 5% of the company’s issued shares or for the top five shareholders of the company, as well as their spouses, parents, and children;
- (iv) Persons working for affiliated enterprises of the company’s controlling shareholder or actual controller, as well as their spouses, parents, and children;
- (v) Persons who have significant business dealings with the company, its controlling shareholder, actual controller, or their respective affiliated enterprises, or who work for entities with such significant business dealings or their controlling shareholders or actual controllers;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (vi) Persons who provide financial, legal, consulting, sponsorship, or other services to the company, its controlling shareholder, actual controller, or their respective affiliated enterprises, including but not limited to all members of the project team of intermediary institutions providing such services, reviewers at all levels, signatories on reports, partners, directors, senior management personnel, and principal responsible persons;
- (vii) Persons who, in the past 12 months, have fallen under any of the circumstances listed in items (i) to (vi) above;
- (viii) Other individuals deemed non-independent under laws, administrative regulations, CSRC rules, stock exchange rules, securities regulatory rules of the place where the shares of the Company are [REDACTED] (including but not limited to Rule 3.13 of the Hong Kong Listing Rules) and the Articles of Association.

The affiliated enterprises of the company’s controlling shareholder or actual controller referred to in items (iv) to (vi) of the preceding paragraph shall not include enterprises controlled by the same state-owned asset regulatory authority as the company and which, under relevant regulations, do not constitute affiliated parties of the company.

Independent directors shall conduct an annual self-assessment of their independence and submit the results to the Board of Directors. The Board of Directors shall evaluate the independence of incumbent independent directors annually and issue a special assessment opinion, which shall be disclosed together with the annual report.

Independent directors shall exercise the following special powers:

- (i) independently engage intermediary agencies to conduct audits, consultations, or verifications on specific matters of the Company;
- (ii) propose to the Board of Directors the convening of an extraordinary general meeting of shareholders;
- (iii) propose the convening of a Board meeting;
- (iv) lawfully solicit shareholder rights from shareholders;
- (v) express independent opinions on matters that may harm the interests of the Company or minority shareholders;
- (vi) other powers stipulated by laws, administrative regulations, CSRC rules, securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association.

The exercise of the powers listed in Items (i) to (iii) above shall be subject to the consent of more than half of all independent directors.

The Company shall promptly disclose the exercise of the powers listed in the paragraph 1 of Article 143 of Articles of Association by independent directors. If any of these powers cannot be exercised properly, the Company shall disclose the specific circumstances and reasons.

The following matters shall be submitted to the Board of Directors for deliberation only after being approved by more than half of all independent directors:

- (i) Related-party transactions that are required to be disclosed;
- (ii) Proposals for changes to or waivers of commitments made by the Company or relevant parties;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (iii) Decisions and measures made by the board of directors of the [REDACTED] company being acquired in response to the acquisition;
- (iv) Other matters stipulated by laws, administrative regulations, CSRC rules, securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association.

The Company establishes a mechanism for special meeting attended solely by independent directors. Related party transactions should be pre-approved by the special meeting of independent directors before being submitted to the Board of Directors for consideration.

The Company shall hold special meetings of independent directors on a regular or ad hoc basis. Matters listed in items (i) to (iii) of the paragraph 1 of Article 143 and Article 144 of the Articles of Association shall be considered at a special meeting of independent directors.

The special meetings of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors; in the event that the convener fails to or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to preside over the meeting on their own.

Minutes of the special meetings of independent directors shall be prepared as required, with the inclusion of the opinions of the independent directors, who shall sign to confirm the minutes of the meetings.

The Company shall provide convenience and support for the special meetings of the independent directors.

Special Committees of the Board

The Board of the Company has established an Audit Committee, which shall exercise the functions and powers of the board of supervisors as prescribed by the Company Law.

The Audit Committee consists of three or more than three members, who are directors not holding senior management positions in the Company. Among them, independent directors shall be in majority with an accounting professional acting as convener.

The Audit Committee is responsible for reviewing the company’s financial information and its disclosure, supervising and evaluating the internal and external audit work and internal control. Any of the following matters shall be subject to the affirmative votes of more than half of all the members of the Audit Committee before the Board of Directors makes a resolution:

- (i) disclosing the financial and accounting reports, and financial statements and internal control evaluation report of periodic reports;
- (ii) hiring or removing the accounting firm that undertakes the audit engagements of the company;
- (iii) appointing or removing the financial director;
- (iv) making changes to accounting policies or accounting estimates, or make corrections for material accounting errors for reasons other than changes in accounting standards; and
- (v) any other matters authorized by the laws, administrative regulations, CSRC provisions, other securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

The Audit Committee shall hold a regular meeting at least once a quarter. An extraordinary meeting may be convened upon the proposal of two or more members or when the convener deems necessary. A meeting of the Audit Committee may only be held when more than two thirds of the members attended. Resolutions adopted at the Audit Committee meeting must be approved by more than half of all members of the Audit Committee. Resolutions of the Audit Committee shall be passed on a “one person one vote” basis.

The Board of the Company has established other special committees such as the Strategy Committee, the Nomination Committee, the Remuneration and Appraisal Committee, etc., which perform their duties in accordance with the Articles and the authorization of the Board. The proposals of the special committees shall be submitted to the Board for review and decision making. The working procedures of the special committees shall be formulated by the Board. Among them, independent directors in the Nomination Committee and the Remuneration and Appraisal Committee shall be in majority and one of them acts as convener.

Senior Management Members

The Company has one general manager, who is appointed or dismissed by the Board. The Company has several deputy general managers, who are appointed or dismissed by the Board. The general manager, deputy general managers, chief financial officer and secretary of the Board are the senior management members of the Company, all of whom shall be appointed or dismissed by resolution of the Board of Directors.

The Company has a secretary of the Board, who shall act as the designated liaison between the company and the Shenzhen Stock Exchange, and be responsible for the preparation of the meetings of the general meeting and the Board of the Company, the custody of documents, the management of the Company’s shareholder information, and handling matters related to information disclosure, etc. The secretary of the Board shall comply with the relevant provisions of laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System

The Company shall submit an annual financial report to the competent authorities of CSRC and the Shenzhen stock exchange within 4 months after the end of each fiscal year, submit and disclose its interim report to the competent authorities of CSRC and the Shenzhen stock exchange within 2 months after the end of the first half of each accounting year.

The above-mentioned annual report and interim report are prepared in accordance with relevant laws, administrative regulations, departmental rules and the provisions of the CSRC and the stock exchange.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

When distributing profits after taxation of the year, the Company shall set aside 10% of its profits for the Company’s statutory reserve until the fund has reached 50% or more of the Company’s registered capital.

When the Company’s statutory reserve is not sufficient to make up for the Company’s losses for the previous years, the profits of the current year shall first be used to cover the losses before any allocation is set aside for the statutory reserve pursuant to the preceding provision.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

After making allocations to the statutory reserve from its profits after taxation, the Company may, upon passing a resolution at a general meeting, make further allocations from its profits after taxation to the discretionary reserve.

After the Company covers its losses and makes allocations to its reserve, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association.

If the general meeting resolves to distribute any profits to the shareholders in violation of the Company Law, the shareholders shall return such profits distributed to the Company, and if any losses are caused thereby to the Company, the shareholders, as well as any directors, and senior officers responsible for the violation, shall be liable for compensation.

The Company shall not distribute any profits in respect of the shares held by it.

The Company is required to appoint one or more receiving agent(s) in Hong Kong for shareholders of H shares. The receiving agent(s) shall receive and hold on behalf of such shareholders of H shares any dividends allocated to H shares and other amounts payable by the Company, and transmit such payments to such shareholders of H shares. The receiving agent(s) appointed by the Company shall satisfy the requirements under the laws and regulations and the securities regulatory rules of the place where the shares of the Company are [REDACTED].

The provident fund of the Company is appropriated for purpose of making up the losses or expanding production and operation of the Company or being capitalized.

When using the Company’s reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations.

In any capitalization of the statutory provident fund, the remaining statutory provident fund shall not be less than twenty-five percent (25%) of the Company’s registered capital immediately prior to such capital increase through provident fund transfer.

After the shareholders make a decision for distribution of profits in general meeting, or after the Board of Directors formulates a specific plan in accordance with the conditions and upper limit of the interim dividend for the next year that approved by the annual general meeting of shareholders, the Board of Directors must finish distributing the dividends (or shares) within two months.

Internal Audit

The Company shall implement an internal audit system and clarify the leadership system, duties and authorities, staffing, financial support, application of audit results, and accountability.

The internal audit institution of the Company shall conduct supervision and inspection on the Company’s business activities, risk management, internal control, financial information and other matters.

Appointment of Accounting Firm

The Company shall appoint an accounting firm with “Securities Business Qualification” in compliance with the securities regulatory rules of the place where the shares of the Company are [REDACTED] to conduct accounting statements audit, net assets verification and other related consulting services for a term of one year, which may be renewed.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

The appointment and dismissal of the Company’s accounting firm shall be decided by the general meeting. The Board of Directors shall not appoint the accounting firm until it is decided by the general meeting.

The Company shall undertake to provide its accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

The audit fee payable to an accounting firm shall be decided by the general meeting.

When the Company intends to dismiss or not to reappoint an accounting firm, it shall give 10 days prior notice to the accounting firm. When a general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions. Where the accounting firm resigns, it shall state to the general meeting whether the Company has improper circumstances.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase, Capital Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity. One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies through establishment of a new company is merger by establishment of a new entity, and the parties to the merger shall be dissolved.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days after the date of the Company’s resolution on merger and shall make an announcement in the media outlet designated by the Company or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company’s resolution on merger. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

When the Company is divided, its assets shall be split accordingly. In the event of a division of the Company, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days after the date of the Company’s resolution on division and shall make an announcement through statutory information disclosure media or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company’s resolution on division.

The Company shall prepare a balance sheet and an inventory of assets when it intends to reduce its registered capital. The Company shall notify the creditors within 10 days upon resolution on reduction of registered capital by the general meeting and make announcement through statutory information disclosure media or the National Enterprise Credit Information Publicity System within 30 days. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the shareholders’ capital contribution or shareholding, unless otherwise stipulated by the laws or the Articles of Association.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the registration authority of the Company in accordance with the laws. When the Company is dissolved, the Company shall cancel its registration in accordance with the laws. When a new company is established, its establishment shall be registered in accordance with the laws.

In case of increase or reduction of registered capital of the Company, the Company shall legally complete the formalities for change registration with the registration authority of the Company.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

- (i) the term of its operations as is stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;
- (ii) the general meeting resolves to dissolve the Company;
- (iii) dissolution is necessary due to merger or division of the Company;
- (iv) the Company’s business license is revoked, the Company is ordered to close down or be revoked in accordance with the law;
- (v) where the operation and management of the Company falls into serious difficulties and its continued existence would cause material losses to shareholders, the shareholders holding above 10% of the total voting rights of the Company may apply to the people’s court to dissolve the Company if there are no other solutions.

If the Company encounters the reasons for dissolution as stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the Company falls under the circumstances of items (i) and (ii) above and has not distributed any property to shareholders, it may continue to exist by amending the Articles of Association or by a resolution of the general meeting.

Amendments to the Articles of Association or resolution adopted by the shareholders’ meeting in accordance with the provisions of the preceding paragraph or by resolution of the general meeting shall be approved by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

If the Company is dissolved pursuant to item (i), (ii), (iv) or (v) above, it shall be liquidated. The Directors, being the liquidation obligors of the Company, shall form a liquidation committee for liquidation within 15 days from the date of occurrence of the cause for dissolution. The liquidation committee shall comprise the Directors, unless the Articles of Association provide otherwise or it is resolved at a general meeting to elect another person(s). If a liquidation committee is not established within the specified time period to conduct liquidation, creditors may apply to the people’s court for the appointment of relevant persons to form a liquidation committee for liquidation purposes. If liquidation obligors fail to perform their liquidation obligations in a timely manner, causing losses to the company or its creditors, they shall bear compensation liability.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

The liquidation committee shall notify creditors within 10 days from the date of its establishment, and publish an announcement through statutory information disclosure media or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receiving the notice, or within 45 days from the date of announcement in case they have not received the notice.

If the liquidation committee discovers that the assets of the Company are insufficient to repay its debts after sorting out the assets of the Company and preparing a balance sheet and an inventory of assets, it shall apply to the people’s court for bankruptcy liquidation in accordance with the law. After the people’s court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people’s court.

In case the Company is declared to be insolvent according to the laws, liquidation shall be processed in accordance with the laws on corporate bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

- (i) after the amendments are made to the Company Law or relevant laws, administrative regulations and securities regulatory rules of the place where the shares of the Company are [REDACTED], the provisions of the Articles of Association are in conflict with the amended laws, administrative regulations or securities regulatory rules of the place where the shares of the Company are [REDACTED];
- (ii) there is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;
- (iii) the general meeting decides to amend the Articles of Association.

The amendments to the Articles of Association adopted by the general meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the shareholders’ meeting on amendment to the Articles of Association and the approval opinions of the relevant competent authorities.

Matters relating to amendments to the Articles of Association that constitute information required to be disclosed by laws and regulations shall be announced in accordance with the relevant provisions.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR GROUP

Incorporation of our Company

Our Company was established under the laws of the PRC on December 21, 2011 with the name Fujian Mimosa Biotechnology Co., Ltd. (福建含羞草生物科技有限公司). Its name was later changed to Fujian Wanchen Biotechnology Co., Ltd. (福建萬辰生物科技有限公司) in December 2012 and then to Fujian Wanchen Biotechnology Co., Ltd. (福建萬辰生物科技股份有限公司) in June 2014. Our Company was renamed to Fujian Wanchen Biotechnology Group Co., Ltd. (福建萬辰生物科技集團股份有限公司) in September 2023, and subsequently to its current name, Fujian Wanchen Food Group Co., Ltd. (福建萬辰食品集團股份有限公司) in January 2026. Since April 19, 2021, our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange with the stock code of 300972.

Our registered office is located at Taiwan Farmers’ Entrepreneurship Park, Zhangpu, Fujian Province, the PRC. Our principal place of business in Hong Kong is Room 1917, 19/F, Lee Garden One, 33 Hysan Road, Causeway Bay, Hong Kong. We have been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance since September 30, 2025 and Mr. Yau Tsz Lun will be our authorized representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in “Regulatory Overview” and Appendix III to this Document, respectively.

Changes in the Share Capital of our Company

On March 21, 2024, our Company completed a private placement of 17,699,115 A Shares at RMB11.30 per A Share to Mr. Wang Zening, increasing the Company’s total issued A Shares from 154,694,132 to 172,393,247.

On June 14, 2024, the Company’s total issued A Shares increased from 172,393,247 to 177,199,647 due to vesting of certain restricted share units pursuant to the Share Award Plans.

On September 11, 2024, the Company’s total issued A Shares increased from 177,199,647 to 179,484,932 due to vesting of certain restricted share units pursuant to the Share Award Plans.

On November 11, 2024, the Company’s total issued A Shares increased from 179,484,932 to 179,989,761 due to vesting of certain restricted share units pursuant to the Share Award Plans.

On July 4, 2025, the Company’s total issued A Shares increased from 179,989,761 to 187,615,062 due to vesting of certain restricted share units pursuant to the Share Award Plans.

On October 15, 2025, the Company’s total issued A Shares increased from 187,615,062 to 188,891,422 due to vesting of certain restricted share units pursuant to the Share Award Plans.

On February 11, 2026, the Company’s total issued A Shares increased from 188,891,422 to 191,293,385 due to vesting of certain restricted share units pursuant to the Share Award Plans.

Save as disclosed above, there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Document.

Changes in the Share Capital of our Major Subsidiaries

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of information relating to the changes in the share capital of any member of our Group within the two years immediately preceding the date of this Document. For details, see “Waivers and Exemption — Waiver in Respect of Alteration in Share Capital”.

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The following sets out the changes in the share capital of the Company’s Major Subsidiaries during the two years immediately preceding the date of this Document:

- On May 16, 2024, Taizhou Haoxianglai was established with a registered capital of RMB1 million and its registered capital has not changed since its establishment.

Save as disclosed above, there had been no other alterations of share capital of our subsidiaries within the two years preceding the date of this Document.

Resolutions of our Shareholders

Pursuant to the Shareholders’ meeting held on September 8, 2025, the following resolutions, among others, were duly passed:

- (a) the [REDACTED] by our Company of H Shares of nominal value of RMB[REDACTED] each and such H Shares be [REDACTED] on the Hong Kong Stock Exchange;
- (b) the number of H Shares to be [REDACTED] before the exercise of the [REDACTED] shall not be more than [REDACTED]% of the total issued share capital of our Company as enlarged by the [REDACTED], and granting the [REDACTED] the [REDACTED] of no more than [REDACTED]% of the number of H Shares [REDACTED] pursuant to the [REDACTED];
- (c) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on the [REDACTED]; and
- (d) authorization of the Board and its authorized person(s) to handle all matters relating to, among other things, the [REDACTED], the [REDACTED] and [REDACTED] of the H Shares.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) was entered into by our Group within the two years preceding the date of this Document and is or may be material:

- (a) [REDACTED].

Intellectual Property Rights

As of the Latest Practicable Date, our Group has registered, or has applied for the registration of the following intellectual property rights which were material to our Group’s business.

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Registration Number	Place of Registration	Registration Date (dd/mm/yyyy)
1. . . .		Company	17992886	PRC	14/11/2016

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No.	Trademark	Registered Owner	Registration Number	Place of Registration	Registration Date (dd/mm/yyyy)
2. . . .		Company	17992885	PRC	14/11/2016
3. . . .		Nanjing Wanxing Commercial Management Co., Ltd. (南京萬興商業管理有限公司) (“Nanjing Wanxing”)	77036513	PRC	28/08/2024
4. . . .		Nanjing Wanxing	66751022	PRC	14/02/2023
5. . . .		Nanjing Wanxing	66753935	PRC	14/02/2023
6. . . .	陆小馋	Nanjing Wanxing	66472398	PRC	28/01/2023
7. . . .	陆小馋	Nanjing Wanxing	60696472	PRC	28/04/2022
8. . . .	HAOXIANGLAI	Taizhou Wanhao	82357699	PRC	07/06/2025
9. . . .		Taizhou Wanhao	79642302	PRC	21/12/2024
10. . .		Taizhou Wanhao	74930464	PRC	14/04/2024
11. . .		Taizhou Wanhao	72849507	PRC	14/01/2024
12. . .		Taizhou Wanhao	54295857	PRC	21/10/2021
13. . .		Taizhou Wanhao	24723124	PRC	21/09/2018
14. . .		Taizhou Wanhao	24731930	PRC	21/09/2018
15. . .		Taizhou Wanhao	24729783	PRC	28/06/2018
16. . .		Taizhou Wanhao	24726578	PRC	21/09/2018
17. . .		Taizhou Wanhao	12616117	PRC	07/04/2015

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No.	Trademark	Registered Owner	Registration Number	Place of Registration	Registration Date (dd/mm/yyyy)
18. . .		Taizhou Wanhao	9691205	PRC	21/08/2012
19. . .		Jiangxi Wancong Commercial Chain Operation Co., Ltd. (江西萬叢商業連鎖經營有限公司) (“Jiangxi Wancong”)	70419237	PRC	28/12/2023
20. . .		Jiangxi Wancong	70059127	PRC	21/10/2023
21. . .		Jiangxi Wancong	68072841	PRC	14/05/2023
22. . .		Jiangxi Wancong	46415791	PRC	21/02/2021
23. . .		Ningbo Boquan Trading Co., Ltd. (寧波博全商貿有限公司) (“Ningbo Boquan”)	74362403	PRC	28/03/2024
24. . .		Ningbo Boquan	48987335	PRC	14/06/2021
25. . .		Ningbo Boquan	13075708	PRC	14/01/2015
26. . .		Ningbo Boquan	8471066	PRC	07/08/2011
27. . .		Ningbo Boquan	48974395	PRC	07/06/2021
28. . .		Taizhou Wanhao	82953948	PRC	07/07/2025
29. . .		Taizhou Wanhao	82965568	PRC	07/07/2025
30. . .		Taizhou Wanhao	82966279	PRC	07/07/2025
31. . .		Taizhou Wanhao	82959195	PRC	07/07/2025
32. . .		Taizhou Wanhao	82965973	PRC	07/07/2025

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No.	Trademark	Registered Owner	Registration Number	Place of Registration	Registration Date (dd/mm/yyyy)
33 . . .	来优品	Nanjing Wanyou Commercial Chain Management Co., Ltd. (南京萬優商業連鎖管理有限公司) (“Nanjing Wanyou Commercial Chain”)	59645250	PRC	07/06/2022
34 . . .		Nanjing Wanyou Commercial Chain	66405706	PRC	14/06/2023
35 . . .		Nanjing Wanyou Commercial Chain	65886632	PRC	28/12/2022
36 . . .		Nanjing Wanyou Commercial Chain	59228149	PRC	28/02/2022
37 . . .		Nanjing Wanyou Commercial Chain	59207055	PRC	28/02/2022
38 . . .	来优品	Nanjing Wanyou Commercial Chain	65251321	PRC	28/12/2022
39 . . .	来优品	Nanjing Wanyou Commercial Chain	16178721	PRC	07/04/2016
40 . . .	来优品	Nanjing Wanyou Commercial Chain	78705537	PRC	21/11/2024

Patents

As of the Latest Practicable Date, we had registered the ownership of and/or had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent Description	Registered Owner	Patent Category	Place of Registration	Registration Date (dd/mm/yyyy)
1. . . .	A harvesting device for preventing the growth of lateral buds of crab-flavored mushrooms (一種防止蟹味菇側芽生長的採收裝置)	Company	Utility model	PRC	24/12/2024
2. . . .	A humidification device for cultivating white jade mushrooms (一種白玉菇培育用加濕裝置)	Company	Utility model	PRC	29/11/2024

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No.	Patent Description	Registered Owner	Patent Category	Place of Registration	Registration Date (dd/mm/yyyy)
3. . . .	An incubator for breeding crab-flavored mushrooms (一種蟹味菇育種用恒溫箱)	Company	Utility model	PRC	25/10/2024
4. . . .	A breeding device for cultivating crab-flavored mushrooms (一種蟹味菇培育用養殖裝置)	Company	Utility model	PRC	25/10/2024
5. . . .	A culture rack for breeding crab-flavored mushrooms (一種蟹味菇育種用培養架)	Company	Utility model	PRC	03/09/2024
6. . . .	A fermentation tank for fermentation of enoki mushroom strains (一種用於金針菇菌種發酵用發酵罐)	Company	Utility model	PRC	19/07/2024
7. . . .	An enoki mushroom variety ‘Nongwanjin No. 10’ and its specific molecular markers (一種金針菇品種‘農萬金10號’及其特異性分子標記)	Company	Invention	PRC	02/02/2024
8. . . .	A cultivating device for <i>hypsizygus tessulatus</i> and its cultivating methods (一種真姬菇的培養裝置及其培養方法)	Company	Invention	PRC	25/07/2023
9. . . .	A culture medium for cultivating enoki mushrooms and its cultivating methods (一種基於金針菇培養用培養料及金針菇培育方法)	Company	Invention	PRC	14/07/2023
10. . .	A special cultivation bottle for crab-flavored mushrooms (一種蟹味菇專用栽培瓶)	Company	Utility model	PRC	30/12/2022
11. . .	A method for identifying enoki mushrooms and their molecular identification suitable for factory cultivation (一種適合工廠化栽培的金針菇及其分子鑑定方法)	Company	Invention	PRC	27/12/2022

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No.	Patent Description	Registered Owner	Patent Category	Place of Registration	Registration Date (dd/mm/yyyy)
12. . .	A method for identifying enoki mushrooms and their molecular identification suitable for factory cultivation (一種適合工廠化栽培的金針菇及其分子鑑定方法)	Company	Invention	PRC	22/11/2022
13. . .	A humidity control device for the cultivation of white jade mushrooms (一種白玉菇出菇培育用濕度調控裝置)	Company	Utility model	PRC	11/11/2022
14. . .	A strain of hypsizygus tessulatus (一株真姬菇菌株)	Company	Invention	PRC	22/03/2022
15. . .	A strain of hypsizygus tessulatus (一種真姬菇菌株)	Company	Invention	PRC	22/03/2022
16. . .	A water gun with adjustable pressure (一種可調壓力的水槍)	Company	Utility model	PRC	29/06/2018
17. . .	A multi-functional high-pressure water gun (一種多功能高壓水槍)	Company	Utility model	PRC	29/06/2018
18. . .	A cleaning device convenient for controlling flow rate for the production of enoki mushrooms (一種金針菇生產用便於控制流量的清洗裝置)	Nanjing Jinwanchen Biotechnology Co., Ltd. (南京金萬辰生物科技公司) (“ Nanjing Jinwanchen ”)	Utility model	PRC	04/11/2022
19. . .	A detection device for the breeding of high-quality enoki mushrooms (一種用於金針菇良種選育的檢測裝置)	Nanjing Jinwanchen	Utility model	PRC	04/11/2022
20. . .	A root cutting device for the production of enoki mushrooms (一種金針菇生產用切根裝置)	Nanjing Jinwanchen	Utility model	PRC	19/08/2022
21. . .	Stores (Haoxianglai) (店面(好想來))	Taizhou Wanhao	Design	PRC	10/05/2024

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Copyrights

As of the Latest Practicable Date, we owned the following copyrights which we consider to be material to our business:

No.	Copyright Name	Registered Owner	Place of Registration	Registration Date (dd/mm/yyyy)
1. . .	Wanchen Group logo (black version) (萬辰集團logo (黑版))	Company	PRC	04/02/2024
2. . .	Wanchen Group logo (blue version) (萬辰集團logo (藍版))	Company	PRC	04/02/2024
3. . .	Pattern design of natural good water packaging (天然好水包裝圖案設計)	Nanjing Wanxing	PRC	07/11/2024
4. . .	The design and combination form of Lu Xiao Chan and cartoon images (陸小饞及卡通形象的設計及組合形式)	Nanjing Wanxing	PRC	10/07/2023
5. . .	Packaging design of the juice tea – Guava green grapes (果汁茶 – 芭樂青提包裝設計)	Taizhou Wanhao	PRC	04/06/2025
6. . .	Packaging design of green grape jasmine beer (青提茉莉啤酒包裝設計)	Taizhou Wanhao	PRC	04/06/2025
7. . .	Packaging design of the juice tea – strawberry peach (果汁茶 – 草莓桃桃包裝設計)	Taizhou Wanhao	PRC	04/06/2025
8. . .	Packaging design of the juice tea – apple jasmine (果汁茶 – 蘋果茉莉包裝設計)	Taizhou Wanhao	PRC	04/06/2025
9. . .	Cartoon image and Haoxianglai Whole Foods Premium stores combination (卡通形象與好想來全食優選門頭組合)	Taizhou Wanhao	PRC	07/03/2025
10. .	New cartoon IP image and brand text combination design series (新款卡通IP形象及品牌文字組合設計系列)	Taizhou Wanhao	PRC	10/01/2025
11. .	Brand and slogan text combination design (Whole Foods Premium) series (品牌及廣告語文字組合設計(全食優選)系列)	Taizhou Wanhao	PRC	09/01/2025
12. .	New cartoon IP image and text trademark combination design (series) (新卡通IP形象及文字商標組合設計(系列))	Taizhou Wanhao	PRC	31/12/2024
13. .	Cartoon IP image and text combination design (cost-saving) (卡通IP形象及文字組合設計(省錢))	Taizhou Wanhao	PRC	31/12/2024

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No.	Copyright Name	Registered Owner	Place of Registration	Registration Date (dd/mm/yyyy)
14.	New cartoon IP image (新卡通IP形象)	Taizhou Wanhao	PRC	31/12/2024
15.	Facade design plan for Haolianglai stores (好想來門店外立面設計方案)	Taizhou Wanhao	PRC	24/12/2024
16.	Cartoon IP image and trademark fonts combination design (卡通IP形象及商標字體組合設計)	Taizhou Wanhao	PRC	23/12/2024
17.	Cartoon IP image and trademark fonts combination design (with slogan) (卡通IP形象及商標字體組合設計(帶廣告語))	Taizhou Wanhao	PRC	23/12/2024
18.	Single IP Series (單個Ip系列)	Taizhou Wanhao	PRC	09/12/2024
19.	Emoji series (wireless version) (表情包系列(無線版))	Taizhou Wanhao	PRC	22/11/2024
20.	Single IP series (wireless snack version) (單個Ip系列(無線零食版))	Taizhou Wanhao	PRC	22/11/2024
21.	Emoji series (line version) (表情包系列(線條版))	Taizhou Wanhao	PRC	22/11/2024
22.	Haolianglai brand snacks (好想來品牌零食)	Taizhou Wanhao	PRC	07/04/2024
23.	Laopo Daren's Store cartoon image (老婆大人卡通圖像)	Ningbo Boquan	PRC	30/04/2015
24.	Laopo Daren's Store logo (老婆大人logo)	Ningbo Boquan	PRC	30/04/2015

Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration Date (dd/mm/yyyy)
1.	vanchen.com	the Company	15/12/2007
2.	wcswkj.com	the Company	17/06/2017
3.	luxiaochanlingshi.com	Nanjing Wanxing	31/08/2022
4.	ballchain.cn	Ningbo Boquan	19/06/2025

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

Interests of our Directors and chief executive in the Company and our associated corporations

Save as disclosed in the section headed “Substantial Shareholders” and below, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised, no new Shares are issued under the Share Award Plans and there are no changes to the shareholding of our Company between the Latest Practicable Date and the [REDACTED]), so far as our

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Directors are aware, none of our Directors and chief executive has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Hong Kong Listing Rules:

Name	Position	Nature of Interest	Description of Shares	Number of Shares	Approximate Percentage of Shareholding in the A Shares Immediately after Completion of the [REDACTED]	Approximate Percentage of Shareholding in the Total Share Capital Immediately after Completion of the [REDACTED]
Mr. Li Bo (李博)	Executive Director and deputy general manager	Beneficial owner Beneficial owner ⁽²⁾	A Shares A Shares	22,500 70,000	[REDACTED]% [REDACTED]%	[REDACTED]% [REDACTED]%
Ms. Lin Gaichun (林該春)	Non-executive Director	Beneficial owner Beneficial owner ⁽²⁾ Interest of spouse ⁽³⁾	A Shares A Shares A Shares	120,000 280,000 360,000	[REDACTED]% [REDACTED]% [REDACTED]%	[REDACTED]% [REDACTED]% [REDACTED]%

Notes:

- (1) For the interest held by Mr. Wang Zening and Ms. Wang Liqing, see “Substantial Shareholders” for further details.
- (2) Represent the A Shares underlying the unvested RSUs each Director or chief executive was granted under the Share Award Plans.
- (3) Represents the Shares held by Mr. Wang Jiankun, the spouse of Ms. Lin Gaichun and a former director of our Company.

Interests of the substantial shareholders in the Shares

Save as disclosed in “Substantial Shareholder”, immediately following the completion of the [REDACTED] assuming that the [REDACTED] is not exercised, no new Shares are issued under the Share Award Plans and there are no changes to the shareholding of our Company between the Latest Practicable Date and the [REDACTED], our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

Interests of the substantial shareholders in other members of our Group

Member of Group	Shareholder	Capacity/Nature of interest	Approximate percentage of interest held by the substantial shareholder
Nanjing Wanxing Commercial Management Co., Ltd. (南京萬興商業管理有限公司)	Mr. Wang Zening	Beneficial owner	48%

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Member of Group	Shareholder	Capacity/Nature of interest	Approximate percentage of interest held by the substantial shareholder
Nanjing Wanpin Commercial Management Co., Ltd. (南京萬品商業管理有限公司)	Mr. Wang Zening	Beneficial owner	24.5%
Nanjing Wanquan Commercial Management Co., Ltd. (南京萬權商業管理有限公司)	Mr. Yuan Zhenqin ⁽¹⁾	Beneficial owner	49%
Nanjing Wanchang Commercial Management Co., Ltd. (南京萬昌商業管理有限公司)	Nanchang Maoyi Enterprise Management Partnership (Limited Partnership) (南昌茂義企業管理合夥企業(有限合夥)) ⁽²⁾	Beneficial Owner	39%
	Nanchang Shengjing Enterprise Management Partnership (Limited Partnership) (南昌盛景企業管理合夥企業(有限合夥)) ⁽²⁾	Beneficial Owner	10%
Nanjing Wantuo Commercial Management Co., Ltd. (南京萬拓商業管理有限公司)	Jinzhong Daqiang Enterprise Management Consulting Co., Ltd. (錦州大強企業管理諮詢有限公司) ⁽³⁾	Beneficial Owner	21.6%
	Xinghua Dewen Management Consulting Co., Ltd. (興化德雯管理諮詢有限公司) ⁽³⁾	Beneficial Owner	10.23%
	Xinghua Changhao Management Consulting Partnership (Limited Partnership) (興化常好管理諮詢合夥企業(有限合夥)) ⁽³⁾	Beneficial Owner	10%
Nanjing Wancan Commercial Management Co., Ltd. (南京萬燦商業管理有限公司)	Ms. Wang Ruixiang (王蕊香) ⁽⁴⁾	Beneficial Owner	28.9%

Notes:

- (1) Mr. Yuan Zhenqin (袁振勤) is a director of a subsidiary of our Group.
- (2) Nanchang Maoyi Enterprise Management Partnership (Limited Partnership) (南昌茂義企業管理合夥企業(有限合夥)) and Nanchang Shengjing Enterprise Management Partnership (Limited Partnership) (南昌盛景企業管理合夥企業(有限合夥)) are held by Mao Yinghui (毛穎輝), an employee of the Group and senior management of several of our subsidiaries, and Mao Lijun (毛麗軍), a relative of Mao Yinghui.
- (3) Jinzhong Daqiang Enterprise Management Consulting Co., Ltd. (錦州大強企業管理諮詢有限公司) is indirectly held by Xu Dongfei and Guo Jiasong as to 51% and by Wang Qiong, Jing Wenyan and Wang Jingchun as to 49%, all are Independent Third Parties. Xinghua Dewen Management Consulting Co., Ltd. (興化德雯管理諮詢有限公司) is held by Mr. Peng Dejian and his spouse, Ms. Fan Hongjuan, as to 99% and 1%, respectively. Xinghua Changhao Management Consulting Partnership (Limited Partnership) (興化常好管理諮詢合夥企業(有限合夥)) is a limited partnership whose general partner is controlled by Mr. Peng Dejian and Ms. Fan Hongjuan. Mr. Peng Dejian is an employee of our Group and a director of several of our subsidiaries.
- (4) Wang Ruixiang is an employee of the Group.

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So far as set out above and save as disclosed in the Document, our Directors are not aware of any persons (other than our Directors or chief executive) will, immediately following the completion of the [REDACTED], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

Particulars of Directors’ Service Contracts

Each of the Directors [has] entered into a service contract or a letter of appointment with our Company.

Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors in their respective capacities as Directors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors

Save as disclosed in “Directors’ emoluments” and Note 10 to the Accountants’ Report set out in Appendix I to this Document for the three financial years ended December 31, 2023, 2024 and 2025, none of our Directors received other remunerations of benefits in kind from us.

Other information in relation to a former director

The former Chairman of the Board, Mr. Wang Jiankun (“**Mr. Wang**”), was subject to retention measures (留置) by a PRC supervisory committee during February to May 2025 (the “**Incident**”).

During the Incident, Mr. Wang was requested to cooperate with the supervisory authorities to assist in the investigation of an underlying matter (the “**Matter**”). While Mr. Wang is obligated under the applicable laws and regulations of the PRC to keep the Matter and any details thereof confidential, the retention ended in May 2025. As confirmed by Mr. Wang, there had been no further follow-up measures, investigations or proceedings related thereto after he was released. As at the Latest Practicable Date, Mr. Wang had not been subject to further coercive measures nor transferred to the prosecutorial authorities after the retention was ended; in addition, Mr. Wang had obtained a certificate issued by the relevant public security authorities showing that he had no criminal record during and after the retention.

As a company with its A Shares listed on the ChiNext Market of the Shenzhen Stock Exchange, the Company made public announcements in respect of the Incident and the ending of the Incident. During the whole period when the retention measure was in effect and up to the Latest Practicable Date, the Company had not received any enquiry, comment or investigation from the Shenzhen Stock Exchange or any other governmental authority in relation to the Incident, the Matter or the suitability of Mr. Wang to remain a director of the Company.

To the best knowledge of the Company, the Incident and the Matter were unrelated to the Company, the Group, any current Directors, supervisors, senior management or employees of the Group, or the Controlling Shareholders. There was no reference of any wrongdoing or actions of the foregoing persons in the regulatory notices in connection with the Incident made available to the Company. During the whole period when the retention measure was in effect, none of the foregoing persons was under any investigation in relation to the Matter.

Mr. Wang resigned from the Company as a Director and Chairman of the Board in July 2025, primarily because he intends to spend his time on other business ventures and on his personal development.

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On the basis of the above, the Company is of the view that neither the Incident nor the resignation of Mr. Wang has any material adverse effect on the Group’s business and operations or the Company’s suitability for [REDACTED].

Disclaimers

- (a) save as disclosed in the section headed “Substantial Shareholders” and this section, none of our Directors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [REDACTED] on the Stock Exchange;
- (b) save as disclosed in the section headed “Substantial Shareholders”, none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the [REDACTED] (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;
- (c) save as disclosed in the sections headed “Summary” and “Business”, none of our Directors, their respective close associates (as defined under the Hong Kong Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group for each year/period during the Track Record Period; and
- (d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to the business of our Group taken as a whole. none of our Directors or any of the parties listed in “Qualifications of Experts” of this Appendix is:
 - i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or
 - ii. materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business.

SHARE AWARD PLANS

Summary

As of the Latest Practicable Date, our Company has adopted five employee share incentive plans, namely (a) the 2022 Share Award Plan, (b) the 2023 Share Award Plan, (c) the 2023 Second Share Award Plan, (d) the 2024 Share Award Plan and (e) the 2025 Share Award Plan (collectively, the “**Share Award Plans**”). The principal terms of the Share Awards Plans (as amended from time to time) are summarized in this section below.

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As of the Latest Practicable Date, our Company had granted outstanding RSUs (defined below) under the Share Award Plans to a total of 323 grantees (“**Grantees**”) for an aggregate of 14,813,950 A Shares, representing approximately [REDACTED]% of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]). As of the Latest Practicable Date, apart from the 2025 Share Award Plan, the proposed grants under all the Share Award Plans had been completed and no further grants would be made thereunder; the Company may make further grants of up to 235,025 RSUs pursuant to the 2025 Share Award Plan. If the Company determines to make any further grant of RSUs under the 2025 Share Award Plan, it will do so before the [REDACTED].

The terms of the Share Award Plans are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules. No RSUs will be further granted under the Share Award Plans after the [REDACTED]. All RSUs have been and will be granted to specific individuals under the Share Award Plans.

We have applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Hong Kong Listing Rules. For more details, see “Waivers — Waiver in relation to the Share Award Plans”.

The 2022 Share Award Plan

The following is a summary of the principal terms of the 2022 Share Award Plan adopted by the Company.

(a) Purpose

The purposes of the 2022 Share Award Plan are to further enhance our corporate governance; to establish and improve the long-term incentive mechanism for the Company; to attract and retain directors, senior management, core business staff and other key employees; to incentivise employee enthusiasm and creativity as well as strengthen employee cohesion and corporate competitiveness; and thereby aligning the interests of the Shareholders, the Company and the core management teams of the Group and promoting the long-term development of the Company.

(b) Eligible Grantees

The eligible Grantees of the 2022 Share Award Plan shall include directors, senior management, core business staff and other key employees of the Group.

The proposed Grantees under the 2022 Share Award Plan at the time of the adoption included directors (excluding independent non-executive directors or supervisors of the Company), senior management, core business staff and other key employees of the Group.

(c) Administration

The Shareholders in general meeting are the top authority of the 2022 Share Award Plan; the implementation, amendment and termination of the plan is subject to the approval of the Shareholders. The Board administers the plan and manages all matters relating to the plan within the scope of the authority given by the Shareholders. The board of supervisors and the independent non-executive Directors of the Company shall supervise the execution of the plan.

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(d) Source of Shares

The awards that made by granted under the 2022 Share Award Plan are in the form of restricted share units (“**RSUs**”), each corresponds to an underlying A Share. Upon the vesting of each RSU and subject to the relevant Grantee paying the corresponding purchase price, the Grantee shall receive a newly issued A Share.

(e) Total Number of Shares

The maximum number of A Shares that may be issued pursuant to the 2022 Share Award Plan shall not exceed 5,750,000 A Shares, representing approximately 3.75% of the total share capital of our Company as at the date of announcement of the proposed plan. RSUs under the 2022 Share Award Plan were proposed to be granted in two batches: 4,600,000 RSUs shall be granted under the initial grant (“**Initial Grant**”) and 1,150,000 RSUs shall be reserved for a subsequent grant (“**Subsequent Grant**”).

(f) Term

The term of the 2022 Share Award Plan is 60 months, commencing from the date of the first grant of RSUs under the 2022 Share Award Plan until all such RSUs have either vested or lapsed in accordance with the plan rules.

(g) Grant of RSUs

The grant date of the Initial Grant of RSUs shall be determined by the Board within 60 days after approval of the plan at the Shareholders’ general meeting, or, if the grant is subject to satisfaction of certain conditions, within 60 days from the date on which such conditions are satisfied. The grant date for the Subsequent Grant shall be confirmed by the Board within 12 months after such approval, and in all cases the grant date shall fall on a trading day.

The purchase price of the RSUs was determined with reference to the trading prices of the Company’s A Shares prior to the announcement of the plan. For the Initial Grant, the purchase price was RMB8.78 per share for the first category of grantees and RMB6.27 per share for the second category of grantees, and for the Subsequent Grant, the purchase price was RMB6.27 per share.

(h) Vesting

RSUs granted under the 2022 Share Award Plan shall vest in tranches, subject to the Grantees remaining in service and the satisfaction of the relevant Company and/or subsidiary-level and individual-level performance-based vesting conditions. Vesting must occur on a trading day within the term of the plan, but no RSU may vest during statutory blackout period under PRC securities laws, including (i) within 30 days prior to the publication of annual or interim reports (or from the original scheduled publication date if delayed), (ii) within 10 days prior to the publication of quarterly reports, earnings forecasts or preliminary results, (iii) during the occurrence or decision-making process of material events that may have a significant impact on the trading price of the Company’s share until disclosure, and (iv) other periods as prescribed by the CSRC and the stock exchange. Below is a summary of the vesting schedule and Company-level vesting conditions.

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Initial Grant:

Vesting Period	Vesting Schedule/Condition	Vesting Portion
First Vesting Period . . .	From the first trading day after the expiry of 12 months from the grant date until the last trading day within 24 months from the grant date The Company’s revenue for 2022, compared with that for 2021, shall increase by not less than 10%	30%
Second Vesting Period . .	From the first trading day after the expiry of 24 months from the grant date until the last trading day within 48 months from the grant date The Company’s revenue for 2023, compared with that for 2021, shall increase by not less than 25%	40%
Third Vesting Period . . .	From the first trading day after the expiry of 48 months from the grant date until the last trading day within 60 months from the grant date The Company’s revenue for 2024, compared with that for 2021, shall increase by not less than 35%	30%

Subsequent Grant:

Vesting Period	Vesting Schedule/Condition	Vesting Portion
First Vesting Period . . .	From the first trading day after the expiry of 12 months from the reserved grant date until the last trading day within 24 months from the reserved grant date The Company’s revenue for 2023, compared with that for 2021, shall increase by not less than 25%	50%
Second Vesting Period . .	From the first trading day after the expiry of 24 months from the reserved grant date until the last trading day within 36 months from the reserved grant date The Company’s revenue for 2024, compared with that for 2021, shall increase by not less than 35%	50%

(i) Lock-up Period

RSUs granted under the 2022 Share Award Plan are also subject to statutory transfer restrictions under the PRC Company Law, securities laws and other applicable regulations, as well as the articles of association of the Company. In particular, Directors and senior management of the Company may not transfer more than 25% of their total shareholdings in any year during their term of office, and may not transfer any of their shareholdings within six months after resignation. Directors, senior management, and their immediate family members are further prohibited from selling shares within six months after purchase or repurchasing shares within six months after sale, and any gains from such transactions shall belong to the Company and be collected by the Board. If the relevant provisions of PRC laws and regulations or the Company’s articles of association are amended during the term of the plan, transfers of RSUs by Directors and senior management shall comply with the amended requirements.

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2023 Share Award Plan

The principal terms of the 2023 Share Award Plan are substantially the same as those of the 2022 Share Award Plan; the following is a summary of the principal terms that differ:

(a) Eligible Grantees

The eligible Grantees of the 2023 Share Award Plan shall include core business staff and key employees of the Group. The proposed Grantees at the time of the adoption of the Plan included core business staff and key employees of the Group, but excluded directors, senior management, independent non-executive directors, supervisors, shareholders holding 5% or more of the shares of the Company or the de facto controller of the Company and their close relatives, and foreign employees.

(b) Total Number of Shares

The maximum number of A Shares that may be issued under the 2023 Share Award Plan shall not exceed 12,095,000 A Shares, representing approximately 7.88% of the total share capital of our Company as of the date of announcement of the proposed plan. The RSUs were proposed to be granted in one grant with no reserved portion.

(c) Grant of RSUs

The grant date of the RSUs shall be determined by the Board within 60 days after approval of the plan at the Shareholders’ general meeting, or, if the grant is subject to satisfaction of certain conditions, within 60 days from the date on which such conditions are satisfied.

The purchase price of the RSUs was RMB12.07 per Share.

(d) Vesting

RSUs granted under the 2023 Share Award Plan shall vest in tranches, subject to the Grantees remaining in service and the satisfaction of the relevant vesting conditions. Below is a summary of the vesting schedule and Company-level vesting conditions.

Vesting Period	Vesting Schedule/Condition	Vesting Portion
First Vesting Period . . .	From the first trading day after the expiry of 12 months from the grant date until the last trading day within 24 months from the grant date	40%
	Company’s revenue for 2023 reaching RMB1.6 billion	
Second Vesting Period . .	From the first trading day after the expiry of 24 months from the grant date until the last trading day within 36 months from the grant date	40%
	Company’s revenue for 2024 reaching RMB1.8 billion	
Third Vesting Period . . .	From the first trading day after the expiry of 36 months from the grant date until the last trading day within 48 months from the grant date	20%
	Company’s revenue for 2025 reaching RMB2 billion	

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2023 Second Share Award Plan

The principal terms of the 2023 Second Share Award Plan are substantially the same as those of the 2022 Share Award Plan; the following is a summary of the principal terms that differ:

(a) Eligible Grantees

The eligible Grantees of the 2023 Second Share Award Plan shall include senior management, core business staff and key employees of the Group. The proposed Grantees at the time of adoption of the plan included senior management, core business staff and key employees of the Group, but excluded directors, independent non-executive directors, supervisors, shareholders holding 5% or more of the shares of the Company or the de facto controller of the Company and their close relatives, and foreign employees.

(b) Total Number of Shares

The maximum number of A Shares that may be issued under the 2023 Second Share Award Plan shall not exceed 7,800,625 A Shares, representing approximately 5.08% of the total share capital of our Company as of the date of announcement of the proposed plan.

RSUs under the 2023 Second Share Award Plan were proposed to be granted in two batches: 6,240,500 RSUs shall be granted under the initial grant (“**Initial Grant**”) and 1,560,125 RSUs shall be reserved for a subsequent grant (“**Subsequent Grant**”).

(c) Grant of RSUs

The purchase price of each of the Initial Grant and the Subsequent Grant was RMB18.65 per A share, which was determined with reference to 50% of the average trading prices of the Company’s A Shares prior to the announcement of the plan.

(d) Vesting

RSUs granted under the 2023 Second Share Award Plan were divided into the Initial Grant and the Subsequent Grant. Below is a summary of the vesting schedule and Company-level vesting conditions.

Initial Grant:

Vesting Period	Vesting Schedule/Condition	Vesting Portion
First Vesting Period . . .	From the first trading day after the expiry of 12 months from the grant date until the last trading day within 24 months from the grant date	40%
	Company’s revenue for 2023 reaching RMB3.5 billion	
Second Vesting Period . .	From the first trading day after the expiry of 24 months from the grant date until the last trading day within 36 months from the grant date	40%
	Company’s revenue for 2024 reaching RMB4.0 billion	

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Vesting Period	Vesting Schedule/Condition	Vesting Portion
Third Vesting Period . . .	From the first trading day after the expiry of 36 months from the grant date until the last trading day within 48 months from the grant date	20%

Company’s revenue for 2025 reaching RMB4.5 billion

If the Subsequent Grant was granted before the disclosure of the Company’s third quarterly report for 2023, the vesting schedule would be as follows:

Vesting Period	Vesting Schedule/Condition	Vesting Portion
First Vesting Period . . .	From the first trading day after the expiry of 12 months from the grant date of the reserved portion until the last trading day within 24 months from the grant date	40%

Company’s revenue for 2023 reaching RMB3.5 billion

Second Vesting Period . .	From the first trading day after the expiry of 24 months from the grant date of the reserved portion until the last trading day within 36 months from the grant date	40%

Company’s revenue for 2024 reaching RMB4.0 billion

Third Vesting Period . . .	From the first trading day after the expiry of 36 months from the grant date of the reserved portion until the last trading day within 48 months from the grant date	20%

Company’s revenue for 2025 reaching RMB4.5 billion

If the Subsequent Grant was granted after the disclosure of the Company’s third quarterly report for 2023, the vesting schedule would be as follows:

Vesting Period	Vesting Schedule/Condition	Vesting Portion
First Vesting Period . . .	From the first trading day after the expiry of 12 months from the grant date of the reserved portion until the last trading day within 24 months from the grant date	50%

Company’s revenue for 2024 reaching RMB4.0 billion

Second Vesting Period . .	From the first trading day after the expiry of 24 months from the grant date of the reserved portion until the last trading day within 36 months from the grant date	50%

Company’s revenue for 2025 reaching RMB4.5 billion

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2024 Share Award Plan

The principal terms of the 2024 Share Award Plan are substantially the same as those of the 2022 Share Award Plan; the following is a summary of the principal terms that differ:

(a) Eligible Grantees

The eligible Grantees of the 2024 Share Award Plan include senior managements, core business staff and key employees of the Group. The proposed Grantees at the time of adoption of the proposed plan included senior management, core business staff and key employees of the Group, but excluded directors, independent non-executive directors, supervisors, shareholders holding 5% or more of the shares of the Company or the de facto controller of the Company and their close relatives, and foreign employees.

(b) Total Number of Shares

The maximum number of A Shares that may be issued under the 2024 Share Award Plan shall not exceed 11,329,000 A Shares, representing approximately 6.57% of the total share capital of our Company as of the time of announcement of the proposed plan.

RSUs under the 2024 Share Award Plan were proposed to be granted in two batches: 10,129,000 RSUs shall be granted under the initial grant (“**Initial Grant**”) and 1,200,000 RSUs shall be reserved for a subsequent grant (“**Subsequent Grant**”).

(c) Grant of RSUs

The purchase price of the Initial Grant and the Subsequent Grant was RMB15.17 per A Share.

(d) Vesting

RSUs granted under the 2024 Share Award Plan were divided into the Initial Grant and the Subsequent Grant. Below is a summary of the vesting schedule and Company-level vesting conditions.

Initial Grant:

Vesting Period	Vesting Schedule/Condition	Vesting Portion
First Vesting Period . . .	From the first trading day after the expiry of 12 months from the grant date until the last trading day within 24 months from the grant date	40%
	Company’s revenue for 2024 reaching RMB20 billion	
Second Vesting Period . .	From the first trading day after the expiry of 24 months from the grant date until the last trading day within 36 months from the grant date	40%
	Company’s revenue for 2025 reaching RMB22 billion	

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Vesting Period	Vesting Schedule/Condition	Vesting Portion
Third Vesting Period . . .	From the first trading day after the expiry of 36 months from the grant date until the last trading day within 48 months from the grant date	20%

Company’s revenue for 2026 reaching RMB24 billion

If the Subsequent Grant was made before the disclosure of the Company’s third quarterly report for 2024, the vesting schedule would be as follows:

Vesting Period	Vesting Schedule/Condition	Vesting Portion
First Vesting Period . . .	From the first trading day after the expiry of 12 months from the grant date of the reserved portion until the last trading day within 24 months from the grant date	40%

Company’s revenue for 2024 reaching RMB20 billion

Second Vesting Period . .	From the first trading day after the expiry of 24 months from the grant date of the reserved portion until the last trading day within 36 months from the grant date	40%

Company’s revenue for 2025 reaching RMB22 billion

Third Vesting Period . . .	From the first trading day after the expiry of 36 months from the grant date of the reserved portion until the last trading day within 48 months from the grant date	20%

Company’s revenue for 2026 reaching RMB24 billion

If the Subsequent Grant was granted after the disclosure of the Company’s third quarterly report for 2024, the vesting schedule would be as follows:

Vesting Period	Vesting Schedule/Condition	Vesting Portion
First Vesting Period . . .	From the first trading day after the expiry of 12 months from the grant date of the reserved portion until the last trading day within 24 months from the grant date	50%

Company’s revenue for 2025 reaching RMB22 billion

Second Vesting Period . .	From the first trading day after the expiry of 24 months from the grant date of the reserved portion until the last trading day within 36 months from the grant date	50%

Company’s revenue for 2026 reaching RMB24 billion

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2025 Share Award Plan

The principal terms of the 2025 Share Award Plan are substantially the same as those of the 2022 Share Award Plan; the following is a summary of the principal terms that differ:

(a) Eligible Grantees

The eligible Grantees of the 2025 Share Award Plan include core business staff and key employees of the Group. The proposed Grantees at the time of adoption of the plan included core business staff and key employees of the Group, but excluded directors, senior management, independent non-executive directors, supervisors, shareholders holding 5% or more of the shares of the Company or the de facto controller of the Company and their close relatives, and foreign employees.

(b) Total Number of Shares

The maximum number of A Shares that may be issued under the 2025 Share Award Plan shall not exceed 2,218,125 A Shares, representing approximately 1.23% of the total share capital of our Company as at the date of announcement of the plan.

RSUs under the 2025 Share Award Plan were proposed to be granted in two batches: 1,774,500 RSUs shall be granted under the initial grant (“**Initial Grant**”) and 443,625 RSUs shall be reserved for a subsequent grant (“**Subsequent Grant**”).

(c) Terms

The plan is valid from the grant date until all RSUs either vest or lapse, with a maximum term of 60 months.

(d) Grant of Share Award

The purchase price of each of the Initial Grant and the Subsequent Grant is RMB69.58 per A Share.

(e) Vesting

RSUs granted under the 2025 Share Award Plan shall vest in tranches commencing from the expiry of 12 months after the grant date, subject to the Grantee remaining in service and the satisfaction of the vesting conditions. Vesting dates must fall within the term of the plan and on a trading day, and no vesting may occur during statutory blackout periods applicable to directors and senior management under the PRC Company Law, the Securities Law and other applicable regulations.

If any director or senior management of the Company, or their spouse, parents or children, being a Grantee, disposes of shares in the Company prior to vesting, the vesting of his or her RSUs shall be deferred for six months from the date of the last disposal, in accordance with the short-swing trading rules under the Securities Law. If there are changes to the relevant legal or regulatory restrictions during the term of the plan, vesting of RSUs shall be subject to the modified requirements. Below is a summary of the vesting schedule and Company-level vesting conditions.

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Initial Grants:

Vesting Period	Vesting Schedule/Condition	Vesting Portion
First Vesting Period . . .	From the first trading day after the expiry of 12 months from the grant date until the last trading day within 24 months from the grant date	25%
	The Company’s net profits for 2025, compared with that for 2024, shall increase by 40%	
Second Vesting Period . .	From the first trading day after the expiry of 24 months from the grant date until the last trading day within 36 months from the grant date	25%
	The Company’s net profits for 2026, compared with that for 2024, shall increase by 45%	
Third Vesting Period . . .	From the first trading day after the expiry of 36 months from the grant date until the last trading day within 48 months from the grant date	25%
	The Company’s net profits for 2027, compared with that for 2024, shall increase by 50%	
Fourth Vesting Period . .	From the first trading day after the expiry of 48 months from the grant date until the last trading day within 60 months from the grant date	25%
	The Company’s net profits for 2028, compared with that for 2024, shall increase by 55%	

If the Subsequent Grant is to be granted on or before the disclosure of the Company’s third quarterly report for 2025, the vesting schedule would be the same as for the initial grants as set out above.

If the Subsequent Grant is to be granted after the disclosure of the Company’s third quarterly report for 2025, the vesting schedule would be as follows:

Vesting Period	Vesting Schedule/Condition	Vesting Portion
First Vesting Period . . .	From the first trading day after the expiry of 12 months from the grant date of the reserved portion until the last trading day within 24 months from the grant date	30%
	The Company’s net profits for 2026, compared with that for 2024, shall increase by 45%	

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Vesting Period	Vesting Schedule/Condition	Vesting Portion
Second Vesting Period . . .	From the first trading day after the expiry of 24 months from the grant date of the reserved portion until the last trading day within 36 months from the grant date	30%
	The Company’s net profits for 2027, compared with that for 2024, shall increase by 50%	
Third Vesting Period . . .	From the first trading day after the expiry of 36 months from the grant date of the reserved portion until the last trading day within 48 months from the grant date	40%
	The Company’s net profits for 2028, compared with that for 2024, shall increase by 55%	

Outstanding RSUs Granted

As of the Latest Practicable Date, our Company has granted outstanding RSUs under the Share Award Plans to a total of 323 Grantees for an aggregate of 14,813,950 A Shares, representing approximately [REDACTED]% of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued under the Share Award Plans). Among the outstanding Share Awards, 4 Directors, 3 members of senior management, 11 connected persons of the Company (who are not Directors or members of senior management), and other 305 Grantees who are employees of our Group (who are not Directors, members of senior management or connected persons of the Company) were granted RSUs corresponding to 1,050,000 A Shares, 299,940 A Shares, 5,039,645 A Shares, and 8,424,365 A Shares, respectively. Save as aforementioned, no RSUs were granted to any other Directors, senior management members or consultants of our Company under the Share Award Plans.

Below is a list of the Grantees of outstanding RSUs who are (i) Directors or senior management members of the Company; (ii) connected persons (who are not Directors or senior management) and (iii) other employees, of the Company under the Share Award Plans:

Name	Position	Applicable Plan	Date of Grant	Vesting Period	Purchase Price	Number of A Shares Underlying the Outstanding RSUs Granted under the Share Award Plans	Approximately Percentage in the Issued Shares Immediately after the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company)
(RMB per Share)							
Directors and senior management							
Wang Zening . . .	Executive Director, General Manager	2022 Share Award Plan	Oct 21, 2022	3 years	8.78	280,000	[REDACTED]%
Wang Liqing . . .	Executive Director, Chairperson of the Board	2022 Share Award Plan	Oct 21, 2022	3 years	8.78	420,000	[REDACTED]%
Li Bo	Executive Director, Deputy General Manager	2022 Share Award Plan	Oct 21, 2022	3 years	6.27	70,000	[REDACTED]%

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Name	Position	Applicable Plan	Date of Grant	Vesting Period	Purchase Price (RMB per Share)	Number of A Shares Underlying the Outstanding RSUs Granted under the Share Award Plans	Approximately Percentage in the Issued Shares Immediately after the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company)
Lin Gaichun . . .	Non-executive Director	2022 Share Award Plan	Oct 21, 2022	3 years	8.78	280,000	[REDACTED]%
Cai Dongna . . .	Finance Director, Board Secretary, Deputy General Manager	2022 Share Award Plan 2023 Second Share Award Plan 2024 Share Award Plan	Oct 21, 2022 Aug 17, 2023 Apr 26, 2024	3 years 3 years 3 years	6.27 18.65 15.17	30,000 20,000 60,000	[REDACTED]% [REDACTED]% [REDACTED]%
Wang Song. . . .	Deputy General Manager, Technical Director	2022 Share Award Plan	Oct 21, 2022	3 years	6.27	70,000	[REDACTED]%
Yang Jun.	Deputy General Manager	2023 First Share Award Plan 2023 Second Share Award Plan	Mar 31, 2023 Aug 17, 2023	3 years 3 years	12.07 18.65	97,740 22,200	[REDACTED]% [REDACTED]%
Connected persons (who are not Directors or senior management)							
Wang Jiankun . .	Former Director	2022 Share Award Plan	Oct 21, 2022	3 years	8.78	840,000	[REDACTED]%
Xu Shungen . . .	Director at subsidiary level, sales director	2022 Share Award Plan 2023 Second Share Award Plan	Oct 21, 2022 Aug 17, 2023	3 years 3 years	6.27 18.65	30,000 6,000	[REDACTED]% [REDACTED]%
Huang A'rong . .	Director at subsidiary level, finance director	2022 Share Award Plan 2023 Second Share Award Plan 2024 Share Award Plan	Oct 21, 2022 Aug 17, 2023 Aug 15, 2024	3 years 3 years 3 years	6.27 18.65 15.17	15,000 6,000 12,000	[REDACTED]% [REDACTED]% [REDACTED]%
Ye Qiuyun	Supervisor at subsidiary level,	2022 Share Award Plan	Oct 21, 2022	3 years	6.27	9,000	[REDACTED]%
Peng Dejian . . .	Substantial shareholder, director at subsidiary level	2023 First Share Award Plan	Mar 31, 2023	3 years	12.07	300,000	[REDACTED]%
Fan Hongjuan . .	Administrative manager (associate of Peng Dejian)	2023 First Share Award Plan	Mar 31, 2023	3 years	12.07	300,000	[REDACTED]%

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Name	Position	Applicable Plan	Date of Grant	Vesting Period	Purchase Price (RMB per Share)	Number of A Shares Underlying the Outstanding RSUs Granted under the Share Award Plans	Approximately Percentage in the Issued Shares Immediately after the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company)
Zhang Haiguo . . .	Chief executive at subsidiary level	2023 First Share Award Plan	Mar 31, 2023	3 years	12.07	285,645	[REDACTED]%
Mao Yinghui . . .	Chief executive at subsidiary level	2023 Second Share Award Plan	Aug 17, 2023	3 years	18.65	296,000	[REDACTED]%
		2025 Share Award Plan	Jul 9, 2025	4 years	69.18	120,000	[REDACTED]%
Yuan Zhenqin . . .	Director at subsidiary level	2024 Share Award Plan	Aug 15, 2024	3 years	15.17	960,000	[REDACTED]%
Ma Zhenmin . . .	Deputy general manager (associate of Yuan Zhenqin)	2024 Share Award Plan	Aug 15, 2024	3 years	15.17	960,000	[REDACTED]%
Yuan Jiayi	Director of overseas marketing research (associate of Yuan Zhenqin)	2024 Share Award Plan	Aug 15, 2024	3 years	15.17	900,000	[REDACTED]%
Other Employee Grantees							
299 with outstanding RSUs representing 1 – 300,000 A Shares	–	–	Oct 21, 2022- Oct 13, 2025	2-4 years	6.27- 69.18	5,060,434	[REDACTED]%
5 with outstanding RSUs representing 300,001 – 600,000 A Shares	–	–	Mar 31, 2023- Jul 9, 2025	2-4 years	12.07- 69.18	2,463,931	[REDACTED]%
1 with outstanding RSUs representing 600,001 or more A Shares .	–	–	Apr 26, 2024	3 years	15.17	900,000	[REDACTED]%

Assuming full vesting of all outstanding RSUs, the shareholding of our Shareholders immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised) will be diluted by approximately [REDACTED]%.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

OTHER INFORMATION

Estate Duty

As of the Latest Practicable Date, no estate duty is levied under the laws of the PRC.

Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group’s results of operations or financial conditions, taken as a whole.

Compliance Advisor

Our Company has appointed Somerley Capital Limited as the compliance advisor in compliance with Rule 3A.19 and Rule 19A.05 of the Hong Kong Listing Rules.

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Promoters

The promoters of the Company are all of the 3 then shareholders of our Company as of June 27, 2014, immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the [REDACTED] and the related transactions described in this Document.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

No Material Adverse Change

Save as disclosed in the “Summary — Recent Development and No Material Adverse Change” and “Financial Information — No Material Adverse Change” to this Document, after all due diligence was performed as appropriate as the Directors believe, our Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since December 31, 2025 (being the date to which the latest consolidated financial statements of our Group were prepared).

Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, please refer to “Appendix III — Summary of Articles of Association” to this Document.

APPENDIX IV

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Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this Document as mentioned in “Appendix I — Accountants’ Report — Note 35”.

Qualification of Experts

The qualifications of the experts (as defined under the Hong Kong Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Document are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO
China Merchants Securities (HK) Co., Limited	A licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Grandall Law Firm (Beijing)	Legal advisor to our Company as to PRC law
China Insights Industry Consultancy Limited	Independent industry consultant
Forvis Mazars CPA Limited	Certified Public Accountants Registered Public Interest Entity Auditor

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Consents of Experts

Each of the experts as referred to “Qualifications of Experts” of this Appendix has given and has not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respective included.

Joint Sponsors’ Independence

Each of the Joint Sponsors satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Hong Kong Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, the Joint Sponsors’ fees payable by us to each of the Joint Sponsors in respect of their services as sponsors in connection with the [REDACTED] on the Stock Exchange is US\$450,000.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Binding Effect

This Document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

Save as disclosed in this Document:

- (a) within the two years preceding the date of this Document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;
- (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;
- (g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;
- (h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;
- (j) our Company has no outstanding convertible debt securities or debentures;
- (k) our Company is a joint stock limited company and is subject to the PRC Company Law; and
- (l) our Company has adopted a code of conduct regarding Directors’ securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in “Statutory and General Information — Further Information about our Business — Summary of Material Contracts” in Appendix IV to this Document; and
- (b) the written consents referred to in “Statutory and General Information — Other Information — Consents of Experts” in Appendix IV to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Hong Kong Stock Exchange’s website at www.hkexnews.hk and the Company’s website at <https://www.vanchen.com/> during a period of 14 days from the date of this Document:

- (a) the Articles of Association;
- (b) the Accountants’ Report from Forvis Mazaers CPA Limited, the text of which is set out in Appendix I to this Document;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;
- (d) the report from Forvis Mazaers CPA Limited on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II to this Document;
- (e) the material contracts referred to in “Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contracts”;
- (f) the written consents referred to in “Appendix IV — Statutory and General Information — Other Information — Consents of Experts”;
- (g) the service contracts and letters of appointment referred to in “Appendix IV — Statutory and General Information — Further Information about our Directors, Chief Executive and Substantial Shareholders — Particulars of Directors’ Service Contracts”;
- (h) the legal opinions issued by Grandall Law Firm (Beijing), our PRC Legal Advisor, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;
- (i) the industry report issued by China Insights Industry Consultancy Limited referred to in “Industry Overview”;
- (j) the valuation report issued by APV International Consulting & Appraisal Limited, an independent qualified professional valuer;
- (k) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Shenzhen Stock Exchange Listing Rules, together with unofficial English translations thereof; and
- (l) the terms of the Share Award Plans.

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE ON DISPLAY**

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of all the grantees under the Share Award Plans will be made available for public inspection at our Company’s Hong Kong legal advisor’s office in Hong Kong at 10/F, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this Document.