GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions, and may not be comparable to similarly terms adopted by other companies.

"COGS"	cost of goods sold
"Community Stores"	our stores located in residential neighbourhoods or street-side settings emphasising convenience and proximity to local residents
"Customer conversion rate"	the number of prescription spectacles sold divided by the number of customers who have visited the stores in a specified period
"Five Uniformities"	a comprehensive management policy implemented by the Company in April 2024 to standardise franchise operations, ensure consistent brand experience, and enhance service quality across all self-operated and franchised stores under **Mao Yuan Chang**
"Flagship Stores"	our premium, high-profile outlets located in prime urban commercial districts with the largest floor space, most advanced optometric equipment, and master-level optometry teams, serving as brand showcases
"Franchise fee"	fixed annual charges imposed on franchised stores for the right to use **Mao Yuan Chang**, ranging from RMB20,000 to RMB50,000
"Franchise management fees"	ongoing, recurring fee calculated as a percentage (ranging from 2% to 6%) of gross revenue generated by franchised stores and recorded in our ERP system, for ongoing operational support
"Investment payback"	investment payback period for a store is calculated as the number of months from its opening date until the cumulative store-level operating profit equals the total initial capital investment in that store
"OEM"	original equipment manufacturer
"Operational breakeven"	a store is considered to have reached operational breakeven in the month when its store-level operating margin first turns positive on a monthly basis, calculated as the store's sales revenue minus its directly attributable costs of sales and store-level operating expenses
"Repeat customer rate"	the proportion of unique customers with at least two transactions in any rolling 24-month window

"Shopping Mall Stores"	our stores situated in large-scale shopping centres benefiting from high footfall and providing a premium yet convenient shopping experience
"Standard Stores"	our stores positioned in established commercial or mixed-use areas focusing on efficient delivery of core optometric examinations and prescription services
"Store-level operating margin"	revenue from store sales minus directly attributable costs of sales and store-level operating expenses (including staff costs, rental and utilities, depreciation, and local marketing expenses), excluding headquarters-level corporate overheads, central marketing, and other non-allocated expenses