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Application Proof of

Guangzhou Ruoyuchen Technology Co., Ltd.

廣州若羽臣科技股份有限公司

(the “Company”)

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

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Guangzhou Ruoyuchen Technology Co., Ltd. 廣州若羽臣科技股份有限公司

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

[REDACTED]

Number of [REDACTED] : [REDACTED] H Shares (subject to the
under the [REDACTED] [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%, AFRC transaction levy of
0.00015% and Hong Kong Stock
Exchange trading fee of 0.00565%
(payable in full on application in Hong
Kong dollars and subject to refund)
Nominal value : RMB1.00 per H Share
[REDACTED] : [REDACTED]

**Joint Sponsors, [REDACTED], [REDACTED],
[REDACTED], [REDACTED]**



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The [REDACTED], on behalf of the [REDACTED], may, where considered appropriate and with the Company's consent, reduce the number of [REDACTED] and/or the indicative [REDACTED] below that which is stated in this document (which is HK\$[REDACTED] to HK\$[REDACTED]) at any time on or prior to the morning of the last day for [REDACTED] under the [REDACTED]. In such a case, an announcement will be published on the website of our Company at www.gzruoyuchen.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the [REDACTED] will be canceled and relaunched at the revised number of [REDACTED] and/or the revised [REDACTED] range in accordance with the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new document (as appropriate)) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for [REDACTED] under the [REDACTED]. Further details are set forth in the sections headed “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” in this document.

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

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[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

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SUMMARY

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

OVERVIEW

Who We Are

Ruoyuchen is a consumer-centric emerging consumer brand company, committed to delivering high-quality, differentiated products that address consumer needs in functionality, emotional value, immersive experiences, and self-expression.

Leveraging our omnichannel capabilities and deep industry insights, we build, scale, and partner with brands that are embedded in the lives of China’s new consumers, particularly established middle class, young white collars and modern moms, addressing their unmet needs, resonating with their values and engaging with them across their preferred touchpoints. Our business is structured around three segments:

- *Proprietary Brand Development.* We incubate and operate proprietary brands in China, focusing on consumer goods tailored to address evolving consumer preferences and demands. With extensive operational experience and market insights accumulated through our e-commerce operation and brand management businesses, we are able to efficiently build proprietary brands with strong product-market fit. Our proprietary brand portfolio mainly includes household care brand LYCOCELLE and nutritional supplement brands FineNutri and NuiBay, each addressing different aspects of our consumers’ demands. We manage the full brand development lifecycle, from setting brand strategy and developing products, to sourcing raw materials and working with third-party manufacturers, and finally to selling products to distributors and consumers. This approach allows us to deliver high-quality offerings that satisfy consumer demands.
- *Brand Management Business.* We empower brand partners to achieve sustainable growth. Acting as the exclusive operator for brand partners’ online business, we are responsible for brand operations, such as marketing, pricing decision, product sales and inventory management. In connection with these arrangements, we procure products from our brand partners and resell them to distributors and consumers. Beyond daily operations, we work closely with brand partners to develop tailored brand strategies, refine positioning and plan product portfolios that resonate with target consumers. By providing comprehensive operational capabilities and strategic guidance, we enable our brand partners to navigate the evolving complexities of the Chinese market and capture new growth opportunities.
- *E-commerce Operation Business.* We provide integrated digital operation solutions to third-party consumer good brands, enabling them to grow their online presence and perform better across sales channels. By managing online stores, supporting product sales, and carrying out brand marketing, we help our brand partners enhance sales conversion and boost brand visibility across major online platforms. Depending on the cooperation model, we either source products from our brand partners and resell them to distributors and consumers, or provide e-commerce operation services directly to our brand partners.

SUMMARY

Leveraging core capabilities in identifying specific consumer segments and usage scenarios, optimizing content-driven sales strategies, and rapidly converting consumer insights into popular products, we have successfully launched three main proprietary brands, LYCOCELLE, FineNutri and NuiBay:

- **LYCOCELLE (綻家):** Focused on premium household care products, LYCOCELLE addresses self-care cleaning scenarios through concepts such as “dedicated care for specific garments” (專衣專護) and “fragrance-infused cleaning” (香氛清潔). In developing LYCOCELLE products, we use refined fragrance essences to elevate both the sensory appeal and functional quality of our offerings, reinforcing LYCOCELLE’s focus on long-lasting, premium fragrance. For the year ended December 31, 2025, LYCOCELLE ranked 3 and 4 in terms of GMV among flagship stores in the fabric care category on Tmall and Douyin, respectively, according to Frost & Sullivan.
- **FineNutri (斐萃):** FineNutri is our premium nutricosmetics brand, created for ingredient-conscious consumers seeking visible anti-aging results. Its products feature compound, multi-ingredient formulations that calibrate and combine multiple active functional ingredients, such as ergothioneine and Calanus oil, to deliver complementary benefits across different skin-related and wellness needs. According to Frost & Sullivan, as of the Latest Practicable Date, FineNutri was the fastest beauty-focused nutritional supplement brand to surpass RMB500 million in retail sales in China since its inception.
- **NuiBay (紐益倍):** NuiBay is designed for the mass market, addressing consumers who values simplicity, affordability and everyday effectiveness. Launched in June 2025, NuiBay focuses on single-ingredient formulations, which simplify consumer decision-making. Its signature ergothioneine product is priced at RMB99 per 30 capsules, delivering an accessible daily supplementation option. The brand gained market attention since its launch, with cumulative GMV exceeding RMB160.0 million as of the Latest Practicable Date.

How We Deliver

Under the leadership of our founder and CEO, Mr. WANG Yu (王玉), we have successfully evolved from a digital partner empowering global brands into a consumer-centric brand platform with a full spectrum of capabilities to create, incubate and scale proprietary brands. This transformation has been driven by our deep understanding of the evolving needs of Chinese consumers, who increasingly value not only product efficacy, but also alignment with their personal preferences, aesthetic expectations and lifestyle contexts. Drawing on years of experience in our e-commerce operation services business, we have built a replicable brand-building system supported by a multi-disciplinary team with expertise across multiple consumer categories. This system combines cross-category consumer insight with integrated capabilities spanning trend identification, product creation, content development and channel integration, enabling us to efficiently build and scale brands such as LYCOCELLE and FineNutri.

We are capitalizing on the rise of content-driven e-commerce and the restructuring of channel dynamics to build a new paradigm for brands, centered on omnichannel resonance and content-led engagement. On the channel front, we have built an integrated ecosystem with Douyin at its core, using its traffic reach, communication efficiency and recommendation mechanism to drive product discovery, conversion and brand building, while extending brand influence across other channels such as Tmall, JD.com, Xiaohongshu and offline retail. In 2025, GMV from our proprietary brands through Douyin reached RMB1,728.2 million, representing approximately 66.0% of the total GMV generated from our proprietary brands. Tmall has also remained a core channel for us since our early development and supports brand building, sales conversion and lifecycle user management across our brand portfolio.

SUMMARY

On the content front, we leverage our in-house capabilities and external content resources to develop visually distinctive and emotionally resonant content assets that enhance consumer engagement and strengthen brand recognition across platforms. This approach has supported stronger traffic conversion, improved operating efficiency and accelerated brand scaling. LYCOCELLE and FineNutri had accumulated substantial brand audience assets on Douyin, enabling LYCOCELLE’s GMV to double year-over-year in 2025 and FineNutri to record GMV of RMB1,159.1 million in 2025.

Our Track Record

As a consumer-centric emerging consumer brand company, we have achieved rapid growth throughout the Track Record Period. Our total revenue increased from RMB1,366.1 million in 2023 to RMB1,765.8 million in 2024, and further to RMB3,431.8 million in 2025, representing a CAGR of 58.5% from 2023 to 2025. Additionally, our net profit has continued to improve, rising from RMB54.3 million in 2023 to RMB105.6 million in 2024, and further to RMB194.4 million in 2025, with a CAGR of 89.2% over the same period. Our significant growth in both revenue and net profit during the Track Record Period is testimony to our strong capabilities in brand creation, incubation and scale-up, and builds a solid foundation for our leadership in our industry.

OUR STRENGTHS

Our strengths include: (i) proven capabilities in building widely recognized brands and differentiated products; (ii) omnichannel resonance with Douyin at core; (iii) content-driven brand building capabilities; (iv) AI-enabled smart mid-end module and supply chain quality control system; and (v) a young, driven management team with strategic vision and deep talent reserves.

OUR STRATEGIES

Our strategies include: (i) strengthen brand development to build a consumer-centric brand matrix; (ii) continue to explore and utilize new technologies and ingredients; (iii) expand global growth through the internationalization of proprietary brands; (iv) pursue strategic M&A and empower high-quality overseas brands to drive local growth; (v) build a distinctive AI-driven mid-end module to support scalable operations; and (vi) strengthen our talent pool to enhance global management capabilities.

REVENUE MODEL

During the Track Record Period, we mainly generated revenue from proprietary brands, brand management business and e-commerce operation business. For proprietary brands, we procure raw materials and manufacturing services from suppliers and generate revenue from sales of products developed under our proprietary brands to distributors and consumers. Under brand management business, we maintain inventory of brand partners’ products and generate revenue from the resale of products procured from our brand partners to distributors and consumers. We are authorized to use our brand partners’ trademarks free of charge in delivering brand management solutions and have no revenue-sharing arrangements with them. For e-commerce operation business, depending on the cooperation model and services provided, our revenue is generated either from the resale of products sourced from brand partners to distributors and consumers under the distribution model, or from service fees charged to brand partners for our e-commerce operation services under the service fee model. We only maintain inventory of brand partners’ products under the distribution model.

SUMMARY

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Proprietary brands	263,278	19.3	500,958	28.4	1,813,163	52.8
LYCOCELLE	254,733	18.7	484,218	27.4	1,069,177	31.2
FineNutri	–	–	12,122	0.7	696,483	20.3
Others	8,545	0.6	4,618	0.3	47,503	1.3
Brand management	160,486	11.7	501,107	28.4	895,116	26.1
E-commerce operation	942,327	69.0	763,711	43.2	723,497	21.1
Distribution model	750,325	54.9	581,948	32.9	558,721	16.3
Service fee model	192,002	14.1	181,763	10.3	164,776	4.8
Total	1,366,091	100.0	1,765,776	100.0	3,431,776	100.0

OMNICHANNEL SALES AND DISTRIBUTION NETWORK

We sell products through an omnichannel sales network that integrates (i) direct-to-consumer sales through self-operated stores on major e-commerce platforms to end consumers, and (ii) distributor-based sales, which refer to sales through third-party intermediaries that do not involve direct transactions with end consumers. These distributors fall into three categories: (i) e-commerce platforms, (ii) retailers, and (iii) key accounts. E-commerce platforms sell our products solely through online channels, while retailers mainly operate online channels and key accounts enable us to maintain a strategic presence in offline grocery retail channels. The following table sets forth the breakdown of our revenue generated from sales of products by sales channels for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Direct-to-consumers						
Self-operated stores	619,580	52.8	1,007,500	63.6	2,479,386	75.9
Distributors						
E-commerce platforms	299,872	25.5	325,900	20.6	373,134	11.4
Retailers	238,181	20.3	192,383	12.1	332,308	10.2
Key accounts	16,456	1.4	58,230	3.7	82,172	2.5
Subtotal	554,509	47.2	576,513	36.4	787,614	24.1
Total	1,174,089	100.0	1,584,013	100.0	3,267,000	100.0

OUR CUSTOMERS AND SUPPLIERS

In 2023, 2024 and 2025, our aggregate revenue from the five largest customers in each year during the Track Record Period was RMB396.2 million, RMB432.3 million and RMB523.2 million, respectively, accounting for 29.1%, 24.4% and 15.2% of our total revenue, respectively. In the same years, our revenue from the single largest customer in each year during the Track Record Period was RMB176.9 million, RMB156.1 million and RMB162.1 million, accounting for 13.0%, 8.8% and 4.7% of our total revenue, respectively.

SUMMARY

Our major suppliers are brand partners, warehousing and logistics service providers, raw material providers, OEMs and e-commerce platforms providing promotional services. In 2023, 2024 and 2025, our procurement from the five largest suppliers in each year during the Track Record Period was RMB519.0 million, RMB598.8 million and RMB1,472.6 million, respectively, accounting for 44.4%, 47.7% and 50.8% of our total purchase, respectively. In the same years, our procurement from the single largest supplier in each year during the Track Record Period was RMB141.9 million, RMB227.9 million and RMB674.3 million, accounting for 12.1%, 18.2% and 23.2% of our total purchase, respectively.

MARKET OPPORTUNITIES AND COMPETITION

We focus our proprietary brands on household care and nutritional supplements, two categories undergoing structural transformation driven by accelerating online penetration, refined consumer segmentation and increasingly diversified usage scenarios. The household care industry in China is highly competitive and relatively fragmented, with numerous market participants. According to Frost & Sullivan, the market size of China’s household care industry, in terms of retail sales, grew from RMB117.2 billion in 2019 to RMB150.1 billion in 2024, and is expected to reach RMB217.3 billion in 2029, at a CAGR of 7.7% from 2024 to 2029. In 2024, the top five brands accounted for approximately 34.6% of the household care market in terms of retail sales. In terms of retail sales, the market size of China’s premium liquid detergent industry, defined as those priced at RMB50 or above per 1,000ml, reached RMB8.3 billion in 2024, and is expected to grow at a CAGR of 13.7% from 2024 to 2029 and reach RMB15.7 billion by 2029. Our LYCOCELLE brand ranked fifth in China’s premium liquid detergent segment, in terms of retail sales in 2024.

China’s nutritional supplements market features a large number of participants and remains relatively fragmented, with the top five brands, in terms of retail sales, accounting for approximately 25.0% of the market in 2024. Among these emerging players, our FineNutri brand is the fastest-growing beauty-focused nutritional supplement brand to surpass RMB500 million in retail sales in China since its inception, as of the Latest Practicable Date. In 2024, we ranked fourth in China’s e-commerce solution industry in terms of GMV generated from the health & wellness category. Leveraging our robust product development capabilities, expansive sales network, and advanced digitalization tools that boost operational efficiency, we believe we are well-prepared to excel in industry competition and maintain a leading presence across the industries in which we operate. See “Industry Overview.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information during the Track Record Period, extracted from the Accountants’ Report as set out in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with the IFRSs.

Summary of Consolidated Statements of Profit

The following table sets forth a summary of our consolidated statements of profit for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Revenue	1,366,091	1,765,776	3,431,776
Cost of sales	(817,700)	(977,613)	(1,380,611)
Gross profit	548,391	788,163	2,051,165

SUMMARY

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
General and administrative expenses	(97,408)	(117,266)	(127,377)
Selling and marketing expenses	(380,026)	(525,850)	(1,647,487)
Research and development expenses	(24,040)	(25,735)	(32,637)
Net impairment (losses)/reversals on financial assets	(4,980)	(6,284)	4,163
Other income	1,621	7,620	5,383
Other gains/(losses), net	7,900	(1,278)	(23,949)
Operating profit	51,458	119,370	229,261
Finance income	7,160	12,103	11,173
Finance costs	(2,189)	(4,612)	(15,266)
Finance income/(costs), net	4,971	7,491	(4,093)
Share of profit of interest in associates	276	1,218	621
Profit before income tax	56,705	128,079	225,789
Income tax expense	(2,415)	(22,443)	(31,388)
Profit for the year	54,290	105,636	194,401

Our net profit increased from RMB54.3 million in 2023 to RMB105.6 million in 2024, and further to RMB194.4 million in 2025, primarily due to (i) the rapid growth of our proprietary brands, particularly LYCOCELLE and FineNutri, and (ii) the growth of our brand management business, primarily driven by the strong sales performance of brand partners across personal care and maternal & infant care industries, as a result of our brand building and successful sales strategies.

Summary of the Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated. For details, see consolidated statements of financial position included in the Accountants’ Report set out in Appendix I to this document.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Total non-current assets	306,214	362,228	359,686
Total current assets	1,039,484	1,188,623	1,823,924
Total assets	1,345,698	1,550,851	2,183,610
Total non-current liabilities	5,231	40,081	355,543
Total current liabilities	243,372	406,578	1,108,907
Total liabilities	248,603	446,659	1,464,450
Net current assets	796,112	782,045	715,017
Total equity	1,097,095	1,104,192	719,160

Our net current assets decreased from RMB796.1 million as of December 31, 2023 to RMB782.0 million as of December 31, 2024, and further to RMB715.0 million as of December 31, 2025, primarily due to (i) an increase in borrowings from RMB170.9 million as of December 31, 2023 to RMB274.5 million as of December 31, 2024, and further to RMB699.9 million as of December 31, 2025, to support our business growth, and (ii) an increase in trade payables from RMB20.0 million as of December 31, 2023 to RMB47.0 million as of December 31, 2024, and further to RMB175.9 million as of December 31, 2025, in line with our growing business scale.

SUMMARY

Our net assets increased from RMB1,097.1 million as of December 31, 2023, to RMB1,104.2 million as of December 31, 2024, primarily due to net profit recorded, exercise of share schemes reserves, and share-based payment reserves in 2024, partially offset by the dividends declared and repurchase of shares during the same year. Our net assets decreased from RMB1,104.2 million as of December 31, 2024, to RMB719.2 million as of December 31, 2025, primarily due to the dividends declared and repurchase of shares for the year ended December 31, 2025, partially offset by net profit recorded during the same year.

Summary of the Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash (used in)/generated from operating activities	(91,790)	333,706	151,796
Net cash (used in)/generated from investing activities	(14,818)	(54,827)	16,839
Net cash generated from/(used in) financing activities	66,176	(25,472)	112,312
Net (decrease)/increase in cash and cash equivalents	(40,432)	253,407	280,947
Cash and cash equivalents at beginning of the year	368,575	336,326	600,138
Effects of exchange rate changes on cash and cash equivalents.	8,183	10,405	(25,103)
Cash and cash equivalents at the end of the year	336,326	600,138	855,982

For the year ended December 31, 2025, our net cash generated from operating activities was RMB151.8 million, mainly due to our profit before income tax of RMB225.8 million, adjusted by (i) certain non-cash items, including interest income of RMB11.2 million, and (ii) changes in working capital, which primarily included an increase in inventories of RMB237.1 million and an increase in receivables of RMB121.9 million. Such adjustments were partially offset by increase in payables of RMB241.4 million.

For the year ended December 31, 2024, our net cash generated from operating activities was RMB333.7 million, mainly due to our profit before income tax of RMB128.1 million, adjusted by (i) certain non-cash items, including depreciation and amortization of non-current assets of RMB22.9 million and share-based compensation expenses of RMB10.1 million, and (ii) changes in working capital, which primarily included a decrease in inventories of RMB94.0 million, an increase in payables of RMB47.6 million and a decrease in receivables of RMB17.0 million. Such adjustments were partially offset by interest income of RMB12.1 million.

For the year ended December 31, 2023, our net cash used in operating activities was RMB91.8 million, mainly due to (i) changes in working capital, which primarily included an increase in inventories of RMB126.4 million and an increase in receivables of RMB66.8 million, and (ii) certain non-cash items, including net foreign exchange gains of RMB8.1 million and interest income of RMB7.2 million.

SUMMARY

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratio as of the dates and for the years indicated:

	As of/For the Year Ended December 31,		
	2023	2024	2025
Revenue growth	12.3%	29.3%	94.3%
Gross margin ⁽¹⁾	40.1%	44.6%	59.8%
Net profit margin ⁽²⁾	4.0%	6.0%	5.7%
Current ratio ⁽³⁾	4.3	2.9	1.6
Quick ratio ⁽⁴⁾	3.0	2.4	1.2
Return on equity ⁽⁵⁾	4.9%	9.6%	27.0%

Notes:

- (1) Calculated by dividing gross profit by revenue for a specific year.
- (2) Calculated by dividing profit for the year by revenue for such year.
- (3) Calculated by dividing total current assets by total current liabilities as of the dates indicated.
- (4) Calculated by dividing total current assets (excluding inventories) by total current liabilities as of the dates indicated.
- (5) Calculated by dividing profit for the year by total equity as of the closing date of such year.

RISK FACTORS

Our business and the [REDACTED] involve certain risks, including risks relating to (i) our business and industry, (ii) conducting business in China, and (iii) the [REDACTED], which are set out in the section headed “Risk Factors” in this document. Some of the major risks we face include, but are not limited to: (i) if we are unable to respond effectively to changes in market trends and customer preferences, our market share and result of operations could be adversely affected; (ii) we operate in highly competitive markets. The intensifying competition in the markets could materially and adversely impact our market share and result of operations if we fail to compete effectively; (iii) our business depends heavily on the strength and reputation of brand equity, especially for our brand partners’ brands; (iv) we may be unable to effectively scale, manage, and optimize our digitally powered sales and marketing capabilities; (v) if we fail to provide cost-effective e-commerce solutions with broad channel coverage, our growth prospects and competitive position may be materially and adversely affected; (vi) if we are unable to manage our growth or execute our strategies effectively, our business, financial condition and results of operations may be materially and adversely affected; (vii) we rely heavily on a limited number of online platforms for a substantial portion of our revenue during the Track Record Period. If such platforms’ services or operations are interrupted or if our relationships with such platforms terminate or deteriorate, our business, financial condition and results of operations may be materially and adversely affected; (viii) we depend on brand partners to grow our business. If we fail to attract and retain major brand partners, or if our business relationships with major brand partners are disintermediated, our business, financial condition and operating results could be adversely affected; (ix) our business success is dependent on our ability to continuously expand product portfolio and launch new brands; and (x) we are subject to the risks in relation to our distributors.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was owned as to approximately 30.18% by Mr. Wang, approximately 4.29% by Ms. Wang and approximately 8.47% by Tianjin Yayi, respectively. Tianjin Yayi is a limited partnership established in the PRC, the general partner of which is Ms. Wang, holding 1% partnership interest in Tianjin Yayi. The only limited partner in Tianjin Yayi as of the Latest Practicable Date is Mr. Wang, holding 99% partnership interest in Tianjin Yayi. Mr. Wang and Ms. Wang are spouses. By virtue of aforementioned relationship, Mr. Wang and Ms. Wang and Tianjin Yayi are considered to be a group of Controlling Shareholders, collectively holding approximately 42.93% as of the Latest Practicable Date.

SUMMARY

Upon completion of the [REDACTED] (assuming that [REDACTED] is not exercised and no new Shares are issued under the 2022 Equity Incentive Plan), Mr. Wang, Ms. Wang and Tianjin Yayi will be collectively interested in and control an aggregate of approximately [REDACTED]% of the total issued share capital of our Company. Accordingly, Mr. Wang, Ms. Wang and Tianjin Yayi remain as a group of Controlling Shareholders of our Company immediately upon the completion of the [REDACTED] (assuming that [REDACTED] is not exercised and no new Shares are issued under the 2022 Equity Incentive Plan).

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Our A Shares have been listed on the Shenzhen Stock Exchange (stock code: 003010.SZ) since September 2020. Our Directors have confirmed that our Company has no instance of 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 is no material matter that should be brought to [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 Company had complied with all applicable securities laws and regulations in the PRC in relation to its listing on the Shenzhen Stock Exchange in all material respects during the Track Record Period, and up to the date of submission of its [REDACTED] to the Hong Kong Stock Exchange.

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 have reasonable doubt about our Directors’ confirmation with regard to the compliance record of the Company on the Shenzhen Stock Exchange in any material respect.

DIVIDENDS

We declared and paid dividends in 2023, 2024 and 2025, respectively. A dividend of RMB3.00 per 10 shares was also approved by the annual general meeting of our Company held in April 2026. However, we cannot assure that we will pay any cash dividends in the foreseeable future. [REDACTED] should not purchase our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. According to applicable laws in mainland China and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; and allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by Shareholders’ general meeting. Pursuant to the Articles, in the absence of any significant investment plans or major cash expenditures, we shall distribute not less than 10% of our annual distributable profits in cash each year. The dividend payout ratio may vary depending on our investment plans or cash expenditure requirements.

[REDACTED]

[REDACTED] consist of professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We expect to incur [REDACTED] of approximately HK\$[REDACTED], comprising: (i) [REDACTED] fees of HK\$[REDACTED]; and (ii) non [REDACTED]-related expenses of HK\$[REDACTED], which are further categorized into: (a) fees and expenses of legal advisors and accountants of HK\$[REDACTED]; and (b) other fees and expenses of HK\$[REDACTED], assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED]), approximately HK\$[REDACTED] of which is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] of which is

SUMMARY

expected to be deducted from equity upon completion of the [REDACTED]. The [REDACTED] are expected to represent approximately [REDACTED]% of the gross [REDACTED] of the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]) and that the [REDACTED] is not exercised. For the year ended December 31, 2025, we have incurred approximately HK\$[REDACTED] [REDACTED] in relation to the [REDACTED], of which approximately HK\$[REDACTED] is expected to be deducted from equity upon completion of the [REDACTED], and the remaining amount of approximately HK\$[REDACTED] was recognized in our profit or loss. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such expenses to have a material adverse impact on our results of operations in 2026.

[REDACTED]

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting estimated [REDACTED], fees and expenses payable by us in connection with the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per H Share, and assuming the [REDACTED] is not exercised.

We currently intend to apply (i) approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) for brand building, including (a) enhancing the consumer awareness of our proprietary brands, including LYCOCELLE, FineNutri, and Nuibay, and expanding our sales network in China; and (b) expanding our brand management business; (ii) approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED]) to establishing research and

SUMMARY

development (R&D) capabilities, with a focus on advanced technologies and high-value ingredients to enhance product functionality, user experience, and differentiation; (iii) approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED]) to supporting the overseas expansion of our proprietary brands; (iv) approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED]) to acquiring or investing in overseas brands, with a focus on premium natural and eco-friendly consumer brands with differentiated positions and health & wellness brands that possess strong local market presence but remain in the early stages of development in China; (v) approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED]) to building digital and AI capabilities; and (vi) approximately [REDACTED]% of the net [REDACTED] (HK\$[REDACTED]) to working capital and general corporate purposes.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Acquisitions

In April 2026, Ruoyuchen International Limited (若羽臣國際有限公司) (“Ruoyuchen International”), our indirectly wholly-owned subsidiary incorporated in the British Virgin Islands, entered into share purchase agreements with Bespoke Global LP (“Bespoke Global”), a Cayman Islands exempted limited partnership, to acquire its equity interests in Bespoke Holding Corporation, a company incorporated in Delaware, the United States, and Erno Laszlo Group Ltd, a company incorporated in the United Kingdom, for a total consideration of approximately US\$43.8 million. The consideration was determined with reference to a valuation report prepared by an independent valuer and based on arm’s length negotiations between the parties. The two acquired entities principally engaged in the research and development and sale of skincare products under the brand “Erno Laszlo” (奧倫納素). The acquisition has been closed on April 13, 2026, after which, Ruoyuchen International holds 100% of the equity interests in Bespoke Holding Corporation and Erno Laszlo Group Ltd and, as a result, indirectly holds 100% of the equity interests in their respective wholly-owned subsidiaries, Erno Laszlo, Inc., a company incorporated in Delaware, the United States, and Aoluonasi Commercial (Shanghai) Co., Ltd. (奧洛納斯商業(上海)有限公司), a company incorporated in the PRC. The acquisition is expected to generate synergies with our existing business, including enhancing our brand portfolio, strengthening our product development capabilities and expanding our market presence.

No Material Adverse Change

Our Directors confirm that, there has been no material adverse change in our financial or trading position prospects since December 31, 2025 and up to the date of this document and there is no event since December 31, 2025, which would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report set out in Appendix I to this document.

DEFINITIONS

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

“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 Shenzhen Stock Exchange
“A Shareholder(s)”	holder(s) of the A Share(s)
“Accountants’ Report”	the accountants’ report prepared by Confucius International CPA Limited, 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”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	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 Listing Rules
“AUD”	Australian dollar, the lawful currency of Australia
“Audit Committee”	the audit committee of the Board
“Board” or “our Board”	the board of Directors
“business day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[REDACTED]

DEFINITIONS

“China,” “Mainland China” or “PRC”	the People’s Republic of China, which, for the purpose of this document and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China, and Taiwan Region
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“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
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company,” “our Company” or “the Company”	Guangzhou Ruoyuchen Technology Co., Ltd. (廣州若羽臣科技股份有限公司), a limited liability company established in the PRC on May 10, 2011 and converted into a joint stock company with limited liability on May 31, 2015, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 003010.SZ)
“Compliance Advisor”	Soochow Securities International Capital Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Mr. Wang, Ms. Wang and Tianjin Yayi as detailed in the section headed “Relationship with Our Controlling Shareholders” in this document
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)” or “our Director(s)”	the director(s) of our Company
“Dreamie International”	Dreamie International Trading Co., Limited (夢嗶嗶國際貿易有限公司), a company incorporated in Hong Kong with limited liability on May 6, 2015, a directly wholly-owned subsidiary of our Company
“EIT”	the PRC enterprise income tax

DEFINITIONS

“EIT Law” the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time

“EUR” Euro, the lawful currency of the European Union

[REDACTED]

“Extreme Conditions” extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affects the working public’s ability to resume work or brings safety concern for a prolonged period

“FINENUTRI International” FINENUTRI International Brand Management Co., Limited (斐萃國際品牌管理有限公司), a company incorporated in Hong Kong with limited liability on October 22, 2015, an indirectly wholly owned subsidiary of our Company

[REDACTED]

“Frost & Sullivan” Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an Independent Third Party

“GAC” the General Administration of Customs of the PRC (中華人民共和國海關總署)

[REDACTED]

“Greater China” the geographic and economic region that typically includes Mainland China, Hong Kong Special Administrative Region, Macau Special Administrative Region, and Taiwan Region

“Group,” “our Group,” “our,” “we,” or “us” our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)

DEFINITIONS

“Guangzhou Haitongda”	Guangzhou Haitongda Info-Tech Co., Ltd. (廣州海通達信息科技有限公司), a limited liability company established in the PRC on October 30, 2018, a directly wholly-owned subsidiary of our Company
“Guangzhou Moya Ark”	Guangzhou Moya Ark Trading Co., Ltd. (廣州摩亞方舟貿易有限公司), a limited liability company established in the PRC on May 7, 2019, an indirectly wholly-owned subsidiary of our Company
“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024, as amended, supplemented or otherwise modified from time to time
“H Share(s)”	[REDACTED] ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be [REDACTED] for and [REDACTED] in Hong Kong dollars and to be [REDACTED] on the Hong Kong Stock Exchange [REDACTED]
“H Shareholder(s)”	holder(s) of the H Share(s)
“HENGMEIKANG (International)”	HENGMEIKANG (International) Co., Limited (恆美康(國際)有限公司), a company incorporated in Hong Kong with limited liability on May 6, 2015, a directly wholly-owned subsidiary of our Company
“HK\$”, “HKD” or “Hong Kong dollar(s)”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong” or “HK” the Hong Kong Special Administrative Region of the PRC

[REDACTED]

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

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

[REDACTED]

“IFRS” the International Financial Reporting Accounting Standards as issued by the International Accounting Standards Board

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

DEFINITIONS

[REDACTED]

“Joint Sponsors”	the joint sponsors as named in the section headed “Directors and Parties Involved in the Global Offering”
“JPY”	Japanese yen, the lawful currency of Japan
“Korea”	the Republic of Korea
“Latest Practicable Date”	April 19, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
“Lily Buyer”	Lily Buyer (International) Trading Co., Limited (莉莉買手(國際)貿易有限公司), a company incorporated in Hong Kong with limited liability on July 23, 2015, an indirectly wholly-owned subsidiary of our Company

[REDACTED]

DEFINITIONS

“Listing Committee”	the listing committee of the Hong Kong Stock Exchange
[REDACTED]	
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
“Moa’s Ark”	Moa’s Ark Group Limited (摩亞方舟集團有限公司), a company incorporated in New Zealand with limited liability on May 7, 2019, an indirectly wholly-owned subsidiary of our Company
“MOF” or “Ministry of Finance”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM” or “Ministry of Commerce”	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))
“Mr. Wang”	Mr. Wang Yu (王玉), a member of our Controlling Shareholders
“Ms. Wang”	Ms. Wang Wenhui (王文慧), a member of our Controlling Shareholders
“NEEQ”	the National Equities Exchange and Quotations, a PRC over-the-counter system for trading shares of Non-listed Public Companies
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

DEFINITIONS

[REDACTED]

“Overseas Listing Trial Measures”	The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 which became effective on March 31, 2023
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Legal Advisor”	Zhonglun Law Firm, our legal advisor on PRC laws in connection with the [REDACTED]

[REDACTED]

DEFINITIONS

“Document” or “this document”	this document being issued in connection with the [REDACTED]
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Moya Ark”	Moya Ark (Shanghai) Brand Management Co., Ltd. (摩亞方舟(上海)品牌管理有限公司), a limited liability company established in the PRC on October 21, 2021 and an indirectly wholly-owned subsidiary of our Company
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both A Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Shenzhen Stock Exchange Listing Rules”	the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange (《深圳證券交易所股票上市規則》), as amended from time to time

[REDACTED]

“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Strategy and ESG Committee”	the strategy and ESG committee of the Board

DEFINITIONS

“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Tianjin Yayi”	Tianjin Yayi Biotech Partnership Enterprise (Limited Partnership) (天津雅藝生物科技合夥企業(有限合夥)), a limited partnership established in the PRC, one of our Controlling Shareholders
“Track Record Period”	the period comprising the three financial years ended December 31, 2023, 2024 and 2025
“treasury share(s)”	has the meaning ascribed thereto under the 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(s)”, “US\$” or “USD”	United States dollar(s), the lawful currency of the U.S.
“U.S. persons”	U.S. persons as defined in Regulation S
“U.S. Securities Act”	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time

[REDACTED]

“VAT”	value-added tax

[REDACTED]

“%”	per cent

“2022 Equity Incentive Plan”	the share option incentive plan of our Company approved and adopted on June 13, 2022

Unless otherwise specified, all references in this document to any shareholdings in our Company following the [REDACTED] assume that the [REDACTED] is not exercised and does not take into account the A Shares to be issued under the 2022 Equity Incentive Plan.

Certain amounts and percentage figures included in this 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.

DEFINITIONS

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese or other languages are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

Unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Group and our business shall have the meanings set out below. Some of these terms and their meanings may not correspond to standard industry definitions or usages, and may not be comparable to similar terms adopted by other companies.

“618 shopping festival”	a major mid-year online shopping event
“AIGC”	AI-generated content, digital content, such as text, images, audio, or video, created by AI models based on user input or algorithmic prompts
“Aromascope headspace replication technology”	a technology that we use to capture the authentic fragrance of fresh flowers and deliver long-lasting yet gentle scents
“brand audience assets”	the accumulated consumer groups who have certain awareness, emotional connection and loyalty to a brand through various marketing activities and interactions, serving as the intangible assets of the brand. This group is dynamic, ensuring that the group continuously reflects active and commercially engaged brand followers. These audience groups are accumulated over time and are subject to refined operations and continuous value enhancement, thereby supporting long-term brand development. The concept of “brand audience assets” has gained traction in the marketing and digital advertising industry in China and is exemplified by the methodology introduced in the O-5A Brand Audience Asset Management Framework (《巨量引擎O-5A人群資產經營方法論》) published by Douyin’s advertising platform in 2022, which treats such consumer groups as operationally manageable and incrementally valuable assets
“CAGR”	compound annual growth rate
“Calanus oil”	a marine-sourced oil rich in Omega-3 extracted from tiny zooplankton Calanus finmarchicus, a resource from the North Atlantic Ocean
“content-driven engagement”	a marketing approach where high-quality, shareable content is strategically created and deployed to drive consumer interaction, brand awareness, and conversion across multiple channels. This approach leverages both in-house capabilities and external resources, such as IP collaborations, KOL partnerships, and user-generated content, to amplify reach and virality
“DTC” or “direct-to-consumer”	a business model where we sell products directly to end consumers, bypassing traditional retail intermediaries

GLOSSARY OF TECHNICAL TERMS

“ergothioneine”	a naturally occurring amino acid derivative and antioxidant found in certain fungi, plants, and animal tissues, known for its potential role in cellular protection, brightening and anti-oxidant
“ERP”	enterprise resource planning, a software that manages key business processes such as finance, human resources, supply chain, and inventory
“flagship store”	an official brand store registered on an e-commerce platform for our proprietary and brand partners’ brands
“FMCG”	fast-moving consumer goods, products that are sold quickly, at a relatively low cost, and have a short shelf life, requiring frequent replacement
“GMV”	gross merchandise value, the total value of all orders placed through a platform or channel within a given period, before deducting returns or cancellations
“high-intent traffic”	consumer groups that exhibit strong purchase intent or conversion potential, typically identified through multi-dimensional behavioral data. In the context of the brand audience asset theory, these consumers correspond to consumers who have demonstrated deep interest in a product or brand, such as by actively searching, adding items to shopping carts, or searching for the products across platforms and consumers who have completed their first purchase or made their first payment order under a certain brand. High-intent traffic are considered critical for precision marketing and conversion optimization, as they represent a dynamic segment with measurable engagement and monetization potential
“IP(s)”	intellectual properties
“IP collaboration accounts”	accounts we plan to establish on e-commerce platforms for the purpose of marketing and selling products based on IP cross-over collaborations, such as LYCOCELLE’s partnership with “Intimate Audrey Hepburn”
“KOC(s)” or “long-tail influencers”	key opinion consumer, consumer who shares authentic product experiences on social platforms and influences purchasing decisions through relatable, peer-driven content. These consumers typically have smaller follower bases but are perceived as genuine and trustworthy, making their recommendations highly persuasive within their peer networks
“KOL(s)”	key opinion leader, a person or organization who has influence in a particular field

GLOSSARY OF TECHNICAL TERMS

“top-tier creators”	high-profile content creators on social media platforms who typically have substantial influence and a large following
“mid-tail influencers”	influencers who focus on specific niche areas and generally hold strong professional standing and influence within specific communities
“MAU”	monthly active users, the number of unique users who access an app at least once during a calendar month
“multi-modal agents”	artificial intelligence models that integrate and operate across diverse data formats
“nutricosmetic”	according to Frost & Sullivan, nutricosmetic is an industry-recognized term referring to ingestible nutritional supplements formulated to support skin, hair or overall beauty-related benefits from within
“OEM”	original equipment manufacturer, a manufacturer or production entity that produces goods that are ultimately sold under third-party brands
“omnichannel resonance”	the synergistic effect achieved when brand messaging and consumer engagement are consistently amplified across multiple online and offline channels. It leverages the strengths of each channel to create a unified brand experience. By aligning content, traffic strategies, and consumer insights across these touchpoints, omnichannel resonance drives demand generation, enhances brand visibility, and accelerates conversion throughout the entire consumer journey
“PopScent technology”	a technology that enables essential oil particles to be gradually released through fabric friction, allowing long-lasting fragrance retention
“ROS”	reactive oxygen species, chemically reactive molecules containing oxygen that are produced in cells
“SKU(s)”	stock keeping unit(s), a unique code(s) assigned to a product(s) to help identify and track inventories
“scaled brand(s)”	a brand(s) with total retail sales exceeding RMB100 million in 2024
“synthetic biology”	an interdisciplinary field that combines biology, engineering, and computer science
“traffic”	the flow of internet users

GLOSSARY OF TECHNICAL TERMS

“UGC”	user-generated content, any form of digital content created and shared by individual users rather than brands or official publishers, typically on social media or online platforms
“UV”	ultraviolet, a form of high-energy electromagnetic radiation emitted by the sun and artificial sources

FORWARD-LOOKING STATEMENTS

This Document contains forward-looking statements and information relating to us and our subsidiary that are based on the intentions, beliefs, expectations or predictions 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,” “vision,” “aspire,” “target,” “schedules,” and the negative of these words and other similar expressions, as they relate to us 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 risk factors as described in this document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed “Risk Factors” in this document.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments.

RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below before deciding to [REDACTED] in our H Shares. Our operations involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all or part of your [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such event, the market price of our H Shares could decline, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we are unable to respond effectively to changes in market trends and customer preferences, our market share and result of operations could be adversely affected.

The success of both our proprietary brands, brand management and e-commerce operation services relies heavily on our ability to accurately identify and quickly react to the shifts in consumer behaviors, lifestyle preferences, product expectation and broad market trends. The new generation of consumers increasingly seeks products that reflect personal identity and values, rather than solely fulfilling basic functional needs. This evolution in consumer mindset has driven rising demand for personalized experiences and premium product offerings with emotional resonance, quality assurance and aesthetic appeal. For example, daily-use consumer goods infused with fragrance elements are increasingly seen not only as functional items, but also mediums for self-expression. Failure to anticipate or respond to these shifting preferences may lead to diminished brand equity, reduced consumer engagement, or a loss of competitiveness for both our proprietary brands and cooperated brands.

In addition, the consumer goods industry in China is undergoing rapid digital transformation, with online retail sales accounting for a growing proportion of total consumption. E-commerce platforms such as Tmall and content-driven platforms such as Douyin are increasingly shaping brand awareness, consumer engagement and purchase decisions. This evolving platform landscape requires us to remain agile in adapting our product development, marketing strategies and service models to meet fast-changing consumer expectations and channel dynamics. Any failure to anticipate or respond to such transformations, including the continued rise of content-driven consumption and shifting digital touchpoints, could adversely affect our market share, brand value, and overall financial performance.

We operate in highly competitive markets. The intensifying competition in the markets could materially and adversely impact our market share and result of operations if we fail to compete effectively.

We operate in highly competitive and rapidly evolving markets, across our proprietary brand development, brand management, and e-commerce operations segments. Competition in these markets is primarily driven by the ability of market participants to identify and address evolving consumer preferences. The household care industry in China is highly competitive with numerous market participants. In 2024, the top five brands accounted for approximately 34.6% of the household care market in terms of retail sales. This competitive landscape is consistent with the fabric care segment where our LYCOCELLE primarily operates. China’s nutritional supplements market is also highly competitive and relatively fragmented, with the top five brands accounting for approximately 25.0% of the market in terms of retail sales in 2024. Our proprietary brands, LYCOCELLE and FineNutri, are relatively young brands and face uncertainties associated with

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brand building and market expansion. We may not be able to effectively enhance market recognition, strengthen consumer loyalty or sustain growth. If we fail to enhance our brand awareness, maintain product quality and expand consumer reach, our market share, growth prospects and results of operations could be materially and adversely affected.

We also face significant competition in the market for e-commerce solutions, where we provide brand management and e-commerce operation services to brand partners. We compete with other service providers and, in some cases, the in-house e-commerce capabilities of our brand partners. If we fail to meet our brand partners’ evolving needs or deliver satisfactory results, our brand partners may reduce their cooperation with us or terminate their relationships with us, which could materially and adversely affect our results of operations.

Our business depends heavily on the strength and reputation of brand equity, especially for our brand partners’ brands.

Our growth and success depend significantly on consumer awareness, recognition, adoption and trust in our brand partners’ brands. Negative media coverage, including disparaging comments, reviews, or misinformation about our brand partners’ brands or products we promote and sell on social media platforms, or any negative publicity related to our business partners, could negatively affect consumer perception and confidence in our brand partners’ brands and products we promote and sell. Furthermore, adverse publicity about the industries we or our brand partners operate in, whether or not directly associated with us, may influence general consumer perception towards industry participants, adversely affecting confidence in our brands and products.

In particular, the quality and safety of our brand partners’ products are critical to preserving brand equity and consumer trust. Any actual or perceived deficiencies, such as product defects or substandard raw materials, whether due to inadequate quality control or supplier-related issues, could lead to product returns, recalls, regulatory scrutiny or consumer complaints. Our quality control procedures may not fully prevent such risks, particularly where external suppliers are involved. In addition, incidents of consumer dissatisfaction may be amplified through social media platforms, intensifying reputational damage and possibly resulting in fines, sanctions or enforcement actions. Our brand partners’ brand image and value may also be impaired by imitation or counterfeit products, which could confuse consumers and divert traffic away from our proprietary or brand partners’ products. Any of such events could have damaged our brand image and reputation, further materially and adversely affecting our business, financial condition and results of operations.

We may be unable to effectively scale, manage, and optimize our digitally powered sales and marketing capabilities.

Our long-term growth and competitiveness depend on the scalability and efficiency of our digitally powered sales and marketing capabilities, which span across major online distribution channels and content marketing infrastructure. We need to continuously adapt to evolving consumer behaviors, platform policies and retain technologies to remain competitive. If we fail to scale, manage and optimize our digital strategies, our business financial condition and results of operations could be materially and adversely affected. A substantial portion of our revenue is generated through online sales channels. Operating this complex, multi-platform network presents challenges such as price monitoring, channel cannibalization risk management, resource efficiency and customer loyalty. Misalignment across platforms, sub-optimal inventory or marketing execution could result in operational inefficiencies, reputational harm or lost revenue opportunities.

In addition, our marketing strategy relies heavily on content-driven platforms, particularly Douyin, which serves as a core engine for brand storytelling, user engagement and traffic generation. As consumer attention becomes increasingly fragmented across digital touchpoints, success on platforms like Douyin requires continuous investment in creative content production marketing, real-time consumer engagement, and digital promotional tactics. Platform rule changes,

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escalating competition for visibility, or ineffective campaign execution could adversely affect marketing performance and reduce return on investment in marketing initiatives. If we are unable to sustain effective digital marketing strategies or fail to resonate with our target audiences, our brand visibility, customer loyalty, and overall sales performance may be negatively impacted.

If we fail to provide cost-effective e-commerce solutions with broad channel coverage, our growth prospects and competitive position may be materially and adversely affected.

The e-commerce solution market is increasingly competitive, with brand partners placing growing emphasis on service pricing and channel coverage and demanding comprehensive, data-driven and customized service offerings. According to the National Bureau of Statistics of China, online retail sales accounted for 31.8% of total consumer goods retail sales in 2024, up from 25.8% in 2019. From 2019 to 2024, online retail sales grew at a CAGR of 7.9%, significantly outpacing the 3.5% CAGR of overall consumer goods retail sales during the same period. By the end of December 2024, internet users in China had reached 1.1 billion, shaping the landscape of both online and offline retail sales channels. Disruptive and dynamic content driven e-commerce platforms, exemplified by Douyin, have gained greater popularity among new consumers.

To sustain our growth and remain competitive, we must continuously upgrade our value proposition by providing customized solutions across multiple e-commerce platforms that can help brand partners maximize efficiency, reduce operational cost and expand consumer reach. Failure to provide services at attractive prices may result in lost opportunities, contract terminations or failure to renew existing partnerships. In addition, if our services are poorly implemented or fail to meet expectations, client satisfaction and retention may be adversely impacted. Our inability to differentiate ourselves by offering cost-effective and multi-platform solutions with broad channel coverage may cause brand partners to turn to alternative service providers or internalize their digital operations. As a result, our business, financial condition and results of operations could be materially and adversely affected.

If we are unable to manage our growth or execute our strategies effectively, our business, financial condition and results of operations may be materially and adversely affected.

We have experienced significant growth in recent years, both in terms of overall scale and business diversification. Our total revenue increased by 29.3% from RMB1,366.1 million in 2023 to RMB1,765.8 million in 2024, and further increased by 94.3% to RMB3,431.8 million in 2025. In particular, our recent business growth has been primarily fueled by the strong performance of our proprietary brands, which accounted for approximately 19.3%, 28.4% and 52.8% of our total revenue in 2023, 2024 and 2025, respectively. As we continue to expand our brand portfolio and consumer base, we face increasing operational complexity that may challenge our ability to maintain efficiency and achieve strategic goals. To support our ongoing growth, we must continue to manage a larger and more diverse group of suppliers and business partners, as well as build and sustain mutually beneficial relationships. At the same time, we need to continuously enhance and upgrade our infrastructure and technology, improve control over our operational, financial and management systems, strengthen our supplier and sales network management, refine our reporting systems and procedures, and expand, train and manage our employee base. All these efforts will require significant managerial, financial and human resources and we cannot assure you that such efforts will be able to effectively manage our growth. In addition, changes and developments in industries where we operate may also require us to re-evaluate our business model and make material adjustments to our long-term strategies and business plans. Our failure to adapt to these developments effectively may have a materially adverse effect on our business, financial condition and results of operations.

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Our business and financial position could be adversely affected if we fail to maintain effective cash flow management and experience cash outflow.

We recorded net cash outflows from operating activities in the amount of RMB91.8 million for the year ended December 31, 2023. Significant net cash outflows could adversely affect our liquidity and working capital. Net cash outflow from operating activities may limit our ability to fund our business operations or meet other financial obligations, especially if we are unable to obtain financing from other sources. There is no assurance that we are able to maintain persistent cash inflow from our operating activities. If we fail to do so, we may not be able to maintain sufficient working capital to maintain our business operations which may cause material adverse effects on our business and results of operations.

We rely heavily on a limited number of online platforms for a substantial portion of our revenue during the Track Record Period. If such platforms’ services or operations are interrupted or if our relationships with such platforms terminate or deteriorate, our business, financial condition and results of operations may be materially and adversely affected.

We rely heavily on a limited number of online platforms for a substantial portion of our revenue, including Douyin, Tmall, JD.com and VIP.com. We establish and manage self-operated flagship stores on these platforms to sell our proprietary and brand partners’ products. These platforms serve as essential infrastructure for our sales, providing the technological backbone, consumer traffic, and promotional tools necessary for our digital storefronts to function effectively. During the Track Record Period, approximately 45.4%, 57.1%, and 72.2% of our revenue were generated through these self-operated stores on the online platforms. We cannot assure you that we will be able to maintain our relationships with our online platforms or maintain our sales at historical levels thereon. These platforms are not obliged to continue to cooperate with us, and any deterioration or termination of such relationships could materially and adversely affect our business. In particular, any interruption in platform services, such as system failures, changes to platform policies or algorithms, or regulatory actions, could disrupt our store operation, reduce online visibility, and negatively impact customer engagement and conversion. In particular, prominent platforms have strict compliance policies regarding online content generations, content promotion, online sales and other related transaction regulations to maintain their reputation, integrity and trustworthiness with online consumers. If we fail to adhere to their policies for any reason, these platforms may terminate their business relationship with us. If our presence with any of these major platforms is terminated, it will significantly reduce our visibility and reach to our targeted consumers in addition to reputational damages to our brands.

Furthermore, our business relationships with these platforms also directly affect store traffic and promotional effectiveness. If contract terms between us and such platforms become less favorable, involve higher operational or marketing costs, or fail to deliver expected promotional support, our ability to attract and retain consumers may be impaired. Moreover, if these platforms experience reputational issues, such as data security breaches, counterfeit product concerns, or consumer dissatisfaction, our stores may suffer reduced traffic and reputational spillover. Should any of these key platforms terminate their business relationship with us entirely, we may not be able to secure new online sales platforms to compensate for business loss. Given our reliance on these platforms, any disruption, deterioration, or increased cost in these relationships could materially and adversely affect our business, financial condition, results of operations, and prospects.

RISK FACTORS

We depend on brand partners to grow our business. If we fail to attract and retain major brand partners, or if our business relationships with major brand partners are disintermediated, our business, financial condition and operating results could be adversely affected.

Our ability to grow our business depends on our ability to attract, retain and renew cooperation with brand partners. The renewal of our agreements and the terms of such renewal are subject to mutual agreement, and we cannot assure you that our existing agreements, particularly those with major brand partners with stronger bargaining power, will be renewed on the same or more favorable terms, on an exclusive basis or at all. If we fail to retain such brand partners or renew such agreements on commercially acceptable terms, our revenue and results of operations may be adversely affected.

Our cooperation with brand partners may also be affected by changes in their business strategies, marketing plans or product focus, which may reduce their demand for our services. In particular, a limited number of brand partners have historically contributed a significant portion of our revenue from brand management segment, and any reduction in their engagement with us could have a disproportionate adverse effect on our results of operations. In addition, if we fail to respond to our brand partners evolving needs in a timely manner, or fail to identify and onboard suitable new brand partners, our existing or potential brand partners may reduce their cooperation with us or turn to competing service providers.

For our brand management and distribution model of e-commerce operation services, we purchase products from brand partners for resale, and our profitability therefore depends in part on the commercial terms offered by such brand partners, including purchase prices. If our brand partners increase the prices offered to us and we are unable to pass such increases on to consumers, our profitability, competitiveness and results of operations could be materially and adversely affected.

Our business success is dependent on our ability to continuously expand product portfolio and launch new brands.

We have consistently invested in enhancing the brand equity of our proprietary products and developing and launch of new products. However, there is no assurance that our efforts in product innovation and portfolio expansion will always succeed. The newly developed or upgraded products may fail to gain market traction due to factors beyond our control, such as more innovative offerings or product technologies from competitors, the inability of our OEMs to implement new techniques, or a misalignment with rapidly shifting consumer trends. Failure to anticipate or react promptly to such changes may result in lower product acceptance, reduced return on investment, loss of premium pricing power, and erosion of brand equity, all of which could materially and adversely impact our sales and profitability.

In addition to product-level enhancements, we are incubating and launching new brands to capture emerging market opportunities and meet differentiated consumer needs. For instance, we successfully launched NuiBay in June 2025, positioned as an accessible and value-for-money offering in the ergothioneine segment. However, brand development entails high uncertainty and requires substantial upfront investment in positioning, design, marketing and supply chain coordination. The success of a new brand depends on a range of factors, including regulatory approvals, market demand, pricing strategy, and consumer acceptance, many of which are beyond our control. Moreover, new brand launches may stretch our operational resources, or generate lower-than-expected returns. Even when successfully launched, new brands may take time to gain traction and may not achieve anticipated market recognition or scale. Any failure to develop and commercialize new brands effectively may limit our ability to diversify revenue sources and capture long-term growth, and could materially and adversely affect our business, financial condition and results of operations.

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We are subject to the risks in relation to our distributors.

We engage distributors, including e-commerce platforms, retailers and key accounts, to expand our sales network and product reach. As of December 31, 2025, our distribution channels encompass 11 e-commerce platforms, 236 retailers and nine key accounts. For the movement of our cooperated e-commerce platforms, retailers and key accounts during the Track Record Period, please refer to “Business — Omnichannel Sales and Distribution Network — Distributors” in this document. In 2023, 2024 and 2025, revenue generated from sales to distributors amounted to RMB554.5 million, RMB576.5 million and RMB787.6 million, respectively, accounting for 40.6%, 32.6% and 23.0% of our revenue, respectively. Our ability to maintain and expand our sales network depends in part on the performance of our distributors and our ability to maintain stable relationships with them. If our distributors fail to generate sufficient orders, significantly reduce their purchases from us, or cease to cooperate with us, and we are unable to replace them in a timely and cost-effective manner, our business, results of operations and financial condition could be materially and adversely affected.

We generally maintain non-exclusive relationships with our distributors and do not have direct control over their day-to-day operations. We cannot assure you that our distributors will strictly comply with their contractual obligations, our sales policies or applicable laws and regulations, or that we will be able to detect or address any non-compliance in a timely manner. Any misconduct, breach of contract or regulatory non-compliance by our distributors could result in reputational harm, customer claims, reduced sales, disputes or additional costs.

In addition, although we provide retail price guidance, our distributors generally determine the actual resale prices of our products. Pricing practices that materially deviate from our guidance may lead to channel conflicts, consumer confusion or erosion of brand value. Further, we do not prohibit our distributors from engaging sub-distributors, with whom we do not have direct contractual relationships. As a result, we have limited visibility into and control over the conduct of such sub-distributors, and any misconduct, inconsistent execution or improper pricing practices by them may also adversely affect our reputation, brand image and sales performance.

We rely on OEMs to produce our proprietary products, which could expose us to additional risks.

We engage certain OEMs to manufacture products under our proprietary brands to optimize operational efficiency. In 2023, 2024 and 2025, we had maintained collaborations with 13, 26 and 30 OEMs to support our production needs, respectively. We select our OEMs based on stringent criteria. See “Business — Supply Chain Management — Third-party Manufacturing Services.” However, we cannot assure that our OEMs will have sufficient capacity to meet the increasing demand for our products, which could result in delayed launch of new products and late product delivery, and harm our market reputation and consumer relationships. In addition, production lead time may affect our abilities to manage inventory and implement our demand planning policies and procedures to ensure that scheduled production meets anticipated market demand.

We may be subject to any losses or product liability claims related to the manufacturing processes of our OEMs in the future. Any material deterioration in our relationships with such OEMs, any significant business challenges faced by them, or any failure on their part to produce products consistent with our standards or in accordance with contractual or regulatory requirements could affect our product quality or supply, cause consumer dissatisfaction, expose us to product liability claims, regulatory penalties, reputational damage, or financial losses. Further, any leakage, plagiarism or disclosure of confidential information during the process of production by OEMs could damage our reputation and jeopardize market competitiveness and may further subject us to legal proceedings and potential liabilities. Any of such events could materially and adversely affect our business, financial information and results of operations.

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We may not be able to identify, value, acquire or integrate suitable acquisition targets successfully, and may fail to realize the expected benefits of such acquisitions.

We intend to allocate a portion of the net [REDACTED] to acquire or invest in overseas brands. However, the valuation of a target business is inherently uncertain and may be based on assumptions regarding its future financial performance, market prospects and expected synergies, which may not materialize. If we fail to accurately assess the value, business prospects or risks of a target, or if we overpay for an acquisition, our financial condition and results of operations may be adversely affected.

Acquisitions also involve integration risks. We may encounter difficulties in integrating the acquired business, including its operations, systems, personnel and business processes, retaining key employees, and maintaining relationships with customers, suppliers and other business partners. Such risks may be more pronounced in cross-border acquisitions due to differences in regulatory environment, market conditions, business practices and corporate culture. Any failure to integrate an acquired business effectively may result in higher costs, operational disruption and management distraction.

In addition, even if we complete and integrate an acquisition, we may not realize the anticipated benefits, synergies, cost savings or efficiencies within the expected timeframe or at all. If any such acquisition fails to achieve its intended results, our business, financial condition and results of operations could be materially and adversely affected.

We are susceptible to supply shortages and interruptions, long lead times and price fluctuations for raw materials and ingredients, any of which could disrupt our supply chain and have a material adverse impact on our business, financial condition and results of operations.

We procure all raw materials for FineNutri and NuiBay and major raw materials including surfactants and fragrances for LYCOCELLE. A portion of our raw materials is sourced from overseas suppliers, which exposes us to risks inherent in cross-border procurement, including tariffs, import and export controls, customs clearance delays, logistical disruptions and rising transportation costs. In particular, we rely on Zooca, a Norwegian company, to supply Calanus oil, a key ingredient in FineNutri. Any disruption to the supply of such key raw materials could materially and adversely affect our ability to produce and deliver our products.

Moreover, we are subject to fluctuations in raw material prices driven by factors beyond our control, such as global supply and demand dynamics, inflation, and changes in government policies. In particular, fluctuations in the prices of Calanus oil and ergothioneine, which are essential for the formulation and efficacy of certain flagship products, may have a direct impact on our gross margin and cost structure. During the Track Record Period, the prices of our major raw materials experienced an overall decreasing trend. For example, the price of Calanus oil declined from approximately RMB1,527.2 per kilogram in 2023 to RMB1,450.8 per kilogram in 2024, and further to RMB974.8 per kilogram in 2025. However, if we experience a significant increase in procurement price of raw materials in the future, such increase would cause significant increase in our cost of sales, and thus have a significant adverse effect on the delivery of our products and financial results. We currently do not engage in hedging activities to mitigate foreign exchange rate fluctuations. As a result, any significant increase in raw material costs may adversely impact our cost structure and gross margins. If we are unable to pass such cost increases on to consumers or absorb them through operational efficiencies, our financial condition and results of operations could be materially and adversely affected.

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Any misconduct or negative publicity involving our distributors, brand partners, suppliers, collaborated KOLs/KOCs or other business partners may subject us to potential liability and harm our reputation.

Our business operations and reputation are closely tied to the conduct of our distributors, brand partners, suppliers, collaborated KOLs/KOCs and other business partners. Although we seek to implement oversight measures and contractual safeguards, we cannot assure you that we will be able to prevent, detect or address any misconduct, non-compliance or other inappropriate conduct by such parties in a timely manner, or at all. Any misconduct by, or negative publicity involving, such parties, including fraudulent activities, violations of laws and regulations, unethical business practices, inappropriate speech or behavior, or other conduct inconsistent with our standards, may subject us to legal proceedings, regulatory scrutiny or other liabilities, and could harm our reputation, erode consumer trust, disrupt our business relationships and adversely affect our business and results of operations. In addition, if any of our business partners becomes involved in disputes, lawsuits, investigations, administrative measures or penalties, we may also suffer reputational harm or negative publicity and may be required to devote significant time and incur substantial costs in responding to such matters.

In particular, KOLs/KOCs play an important role in our marketing and consumer engagement. During the Track Record Period, we collaborated with 1,810, 3,962, and 5,702 KOLs and KOCs for our LYCOCELLE brand. Of these, the single largest KOL or KOC for each year of the Track Record Period contributed to 6.8%, 7.6%, and 6.3% of LYCOCELLE’s total GMV for the same year, respectively. In 2024 and 2025, we collaborated with 426 and 549 KOLs and KOCs for our FineNutri brand. Of these, the single largest KOL or KOC contributed to 7.0% and 3.1% of FineNutri’s total GMV for the same year, respectively. If any such KOLs/KOCs becomes involved in misconduct or negative publicity, or if our future sales become increasingly reliant on a limited number of KOLs/KOCs, our sales performance, brand image and results of operations could be materially and adversely affected.

Our sales and marketing strategies may not be able to adapt to the changes in the market trends and consumer preferences in a timely manner, and our marketing activities may not be cost-effective in attracting consumers.

Our business depends on our ability to attract and retain consumers through effective sales and marketing strategies. We may not be able to adjust our strategies in a timely manner in response to changes in market trends, consumer preferences or sales channels, and our marketing activities may not be effective or cost-effective in promoting our brands and products. In addition, we rely on experienced sales and marketing personnel and relationships with third parties, such as KOLs and e-commerce platforms, to implement our marketing initiatives and enhance brand awareness. If we fail to do so, our market share, profitability, business, financial condition and results of operations could be materially and adversely affected.

Failure of inventory management may have a material and adverse effect on our business, financial condition and results of operations.

Our inventories turnover days were 117 days, 104 days and 92 days in 2023, 2024 and 2025, respectively. We depend on our demand forecasts to make procurement and production planning and to manage our inventories. Such demand, however, can change significantly between the date inventories are ordered or manufactured and the date by which we plan to sell them. Demand may be affected by various factors, including seasonality, new product launches, pricing and discounts, changes in consumer spending patterns and tastes. In addition, as we introduce a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The procurement of certain types of raw materials may require significant lead time and prepayment and they may not be returnable. If we fail to manage our inventories effectively, we may be subject to excessive warehousing costs, heightened risks of inventory obsolescence, decline in inventory value, and significant inventory write-offs. Any of the above

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may materially and adversely affect our results of operations and financial performance. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply quality materials and ingredients in a timely manner, we may experience inventory shortages, which might materially and adversely affect our business, financial condition and results of operations.

We engaged third-party warehouses and logistics service providers to store and deliver our products. Any delivery delays, improper handling or increase in warehousing or transportation costs may adversely affect our business, financial condition and results of operations.

Our business depends in part on third-party warehouse and logistics service providers to store and deliver our products in a timely and cost-effective manner. Any accidents, disruptions or inefficiencies affecting such providers, including fires, floods, typhoons, theft, operational failures, financial difficulties, regulatory changes, natural disasters or improper handling of our products, could result in inventory damage, delivery delays, increased warehousing or transportation costs, product recalls, product liability claims or harm to our brand image and reputation. In addition, any resulting lost sales, increased costs or business disruptions may not be fully recoverable under our insurance coverage. If any of these events occurs, our business, financial condition and results of operations could be materially and adversely affected.

Our return and exchange policies may subject us to additional costs and expenses, which may adversely impact our business, financial condition and results of operations.

Our product return policy allows products with defects to be returned and exchanged by our customers within a specified period. If we experience any deterioration in the quality of our products, we will incur additional costs associated with returns, exchanges and warranties. See “Business — Sales Return and Exchange.” Any future increase in return or exchange rates or changes in platform policies could result in higher operating expenses. In the case where we pursue contractual remedies against upstream manufacturers or suppliers for product defects, there is no assurance that such remedies will be timely or sufficient to offset potential losses or reputational damage. We may also be required to adopt new or amend existing return and exchange policies, by law or in accordance with the policies of the e-commerce platforms and key accounts through which our products are sold. Such policies may subject us to additional costs and expenses which we may not recoup through increased revenue. We cannot assure you that our return and exchange policies will not be misused by our consumers, which may significantly increase our costs and may materially and adversely affect our business, financial condition and results of operations. If we revise these policies in ways that are unfavorable to consumers, our consumers may be dissatisfied, which may result in loss of existing customers, which may materially and adversely affect our results of operations.

We may evaluate and potentially explore new business opportunities, and enter into new markets, which may turn out to be unsuccessful and adversely affect our business, financial condition and results of operations.

We may seek to explore new business opportunities, including the launch of new brands or the introduction of new products under existing brands, or enter into new markets to enhance our market presence and capture emerging consumer demand. However, the successful implementation of our development strategies requires significant resources and management attention and exposes us to additional regulatory, economic and political risks and challenges, including those in: (i) establishing localized operational infrastructure cost-effectively, encompassing product design and development, production, marketing and sales, logistics service and consumer service; (ii) managing fluctuations in the cost of raw materials and disruptions in global supply chains; (iii) ensuring continuing compliance with laws and regulations of applicable jurisdictions; (iv) customizing and localizing our products to respond to diverse consumer needs across markets; (v) promoting brands and products in a manner that resonates with the local market; (vi) securing intellectual property protection across markets and jurisdictions; (vii) handling increased

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competition from local providers of similar products; (viii) navigating tariffs and other non-tariff barriers, such as quotas and local content rules; (ix) recruiting qualified local talent, managing cross-cultural teams, and aligning our human resource policies with local labor practices; (x) protecting and enforcing intellectual property rights abroad; (xi) varying levels of digitalization and AI adoption and infrastructure, and increased or varying network and hosting service provider costs; (xii) adjusting to fluctuations in currency exchange rates and complying with currency control regulations; and (xiii) responding to significant changes in political, social and economic conditions that could impact our operations.

We cannot assure you that our new brand or product initiatives will be successful or yield the expected commercial benefits, or that we will successfully expand into the new markets. We may also incur significant expenses as a result of our international expansion. Failure to successfully manage these risks could subject us to significant costs that we cannot recover, which could compromise our existing competitive position and materially adversely affect our business, financial condition and results of operations.

We may not be able to successfully collect trade receivables due from third parties

As of December 31, 2023, 2024 and 2025, our trade receivables were RMB120.8 million, RMB130.4 million and RMB86.6 million, respectively. Our trade receivables turnover days remained relatively stable at 30 days and 27 days in 2023 and 2024, and decreased to 12 days in 2025. As our revenue increased during the Track Record Period, our corresponding trade receivables increased as well. There is no assurance that we will be able to collect these trade receivables in a timely manner or at all.

If our business partners experience financial difficulties or delays in their payment cycles, we may not be able to collect these trade receivables in a timely manner or in full. Any significant delays or default in payments by our business partners may adversely impact our cash flow, liquidity position and working capital. We may also need to make necessary impairment provisions due to these circumstances which could adversely affect our results of operations and financial conditions. There is no assurance that our collection procedures and efforts will be effective in collecting these trade receivables. Given the fact that our trade receivables increased during the Track Record Period, we are exposed to greater credit risks related to the collections of these trade receivables.

Our product sales and results of operations are subject to seasonal fluctuations.

Our results of operations are affected by seasonal fluctuations in demand for our products, which are primarily driven by consumer spending habits. Generally, in the second and fourth quarters of the year, when e-commerce platforms experience heightened promotional activities and increased shopping traffic, we receive a larger number of orders, resulting in higher revenue. In addition, the gross margin of our brand management business is subject to seasonality, as annual incentives are typically settled toward the end of the year, which may result in fluctuations in gross margin within a year. As we believe that this pattern is likely to continue in the foreseeable future, quarterly comparisons of our operating results may not be useful and our results of operations in any particular period will not necessarily be indicative of the results of operations to be expected for any future period. Going forward, our financial condition and results of operations may fluctuate due to seasonality as we continue to expand our sales network.

We may not be able to achieve desired commercial or branding outcomes from our cross-over collaborations, which could affect our brand image, product performance, and consumer perception.

We actively pursue cross-over collaborations to enhance consumer engagement and brand awareness, but we may not be able to achieve the desired commercial or branding outcomes from such initiatives. The success of these collaborations depends on a number of factors, many of which

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are beyond our control, including public reception, the appeal of the collaboration theme to our target consumers, the effectiveness of creative execution and distribution, and the availability and pricing of exclusive SKUs. In addition, such collaborations typically involve additional creative, marketing, operational and legal efforts, including content and IP licensing and inventory planning, which increase execution complexity. If any such collaboration fails to generate the expected sales or branding effect, or is adversely affected by delays, licensing disputes, supply shortages, poor execution or negative publicity, our brand image, consumer perception, marketing efficiency and results of operations could be materially and adversely affected.

Our success depends on the continuing efforts of our senior management team and experienced and capable personnel.

Our future success is significantly dependent upon the continued service of our senior management team, as well as certain experienced and capable personnel who are critical to our day-to-day operations. Under the leadership of our founder and CEO Mr. Wang, our strategically minded management team has played a pioneering role in driving our development in the Chinese evolving consumer sector. If we lose the services of any member of our senior management and any other key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit a new one, which could severely disrupt our business, strategic direction and growth. If any of our senior management team and key staff members joins a competitor or forms a competing business, we may lose business opportunities, know-how. Competition for skilled personnel and talents in our industry is intense, and the pool of qualified candidates is limited. We may be unable to retain existing talent or attract experienced individuals to fill critical roles, which could adversely impact our long-term development.

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 have cultivated a deep bench of talent over the years. We may need to offer attractive compensation and other benefits packages, including share-based compensation, to retain them and attract new talents. To cater to our evolving strategies and changing business environment, we may constantly optimize our organizational structure. These adjustments may cause additional costs and expenses and temporary disruptions to our operations, and we cannot assure that they will always lead to our desired results. Occurrence of any of the foregoing could severely disrupt our business and growth, negatively affect our reputation, or cause other adverse consequences.

Our reliance on information technology may expose us to new challenges and risks, which may materially and adversely affect our business, financial condition and results of operations.

Our business operations are supported by both self-developed and third-party information technology systems for various functions, including inventory management, order processing, customer relationship management (CRM), business intelligence (BI), promotional campaign management, and data analytics. These systems are important for maintaining our operation, business efficiency, data quality and timely decision-making. However, both self-developed and third-party systems are subject to various risks, including system failures, data inaccuracies, cyber-attacks, data breaches, and other security incidents. Our self-developed systems may face challenges such as design flaws, scalability limitations, insufficient testing, and resource constraints in ongoing maintenance and upgrades. Third-party systems may expose us to risks beyond our direct control, including vendor service interruptions, integration issues, and licensing disputes. If such risks materialize, such occasions could disrupt our operations, compromise our data, and result in significant remediation costs, legal liabilities, and reputational damage. Since our inception, we have not experienced any system failure or security breach of our technology systems. However, we cannot guarantee it will not happen in the future. If such incidents occur, our business may thereby incur significant disruption that will materially and adversely affect our business, financial condition and results of operation.

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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.

Our business operations involve the collection, use, storage, and entrusted processing of consumer data and contact person data. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we did not experience any cybersecurity or data security incidents, nor were we subject to any administrative penalties or involved in any litigation for violations of the PRC Cybersecurity Law, Data Security Law or Personal Information Protection Law and, as of the Latest Practicable Date, we are in compliance with the applicable PRC cybersecurity, data security and personal information protection regulations. We are subject to a variety of laws and regulations relating to data security and privacy, including restrictions on the collection, use, storage, entrusted processing and other processing of data. See “Regulatory Overview — Regulations on Cyber Security, Data Security and Personal Information Protection.”

Any failure or perceived failure to comply with laws and regulations with respect to personal information protection, data security and cybersecurity could subject us to potential liabilities, reputational damage and loss of customer loyalty. In addition, the regulatory landscape for data compliance and cybersecurity is complex and constantly evolving, which could increase our compliance costs and operational complexity. Any failure to closely monitor the relevant regulatory evolvments could subject us to potential liabilities, further materially and adversely affecting our business, financial condition and results of operations.

We need various approvals, licenses and permits to operate our business and the 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.

We primarily operate our business in China. In accordance with the laws and regulations of the PRC, we are required to maintain various approvals, licenses and permits to operate business in the PRC. The material licenses and permits necessary for our business operations primarily include Foreign Trade Operator Registration, Customs Registration of Consignee and Consignor of Imported and Exported Goods, Entry-Exit Inspection and Quarantine Filing for Inspection Enterprises, Filing of Consignees and Imported Cosmetics and Permit for the Sale of Pre-packaged Food. For details, please refer to “Business — Licenses, Approvals and Permits” in this document.

These licenses and permits are subject to examination, verification, accreditation, renewal or reassessment by the relevant authorities, and the applicable standards may change from time to time. We may experience difficulties, delays or failures in obtaining or renewing the approvals, licenses and permits required for our existing business operations, new brands or new products. In addition, if the interpretation or implementation of existing laws and regulations changes, or new laws and regulations require us to obtain additional approvals, licenses, permits or certificates, there is no assurance that we will be able to obtain them in a timely manner, or at all. Any such failure or delay could interrupt our operations, delay our expansion plans, require us to incur substantial compliance costs and devote significant management time and resources to rectifying any deficiencies, and may also subject us to liability or negative publicity, which could materially and adversely affect our business, financial condition and results of operations.

Our proprietary and brand partners’ brands and products may be subject to counterfeiting, imitation, and/or infringement by third parties, and we may not be able to prevent the existence of counterfeit products on the market.

Our proprietary and brand partners’ brands and products are integral to our market identity, brand equity and consumer appeal. Despite the efforts to protect and enforce intellectual property rights by our brand partners or us, there is a risk that third parties may manufacture and distribute counterfeit goods or imitations that infringe upon our proprietary or brand partners’ trademarks,

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designs, patents, or other intellectual property rights. The availability of such counterfeit products on the market can lead to brand dilution, loss of revenue, and damage to our reputation, which in turn could have a material adverse effect on our business, financial condition, and results of operations.

During the Track Record Period, we identified certain instances of counterfeit goods and product imitations on e-commerce platforms, primarily in relation to LYCOCELLE products. Such infringing activities were limited in scale and the commercial value accounted for less than 1.0% of our total revenue generated from LYCOCELLE products. To the best of our knowledge, we did not receive any material complaints or claims from consumers in relation to these counterfeit goods or imitations. Based on the above, our Directors are of the view that such matters will not have any material adverse impact on our results of operations and financial conditions. To mitigate the risks arising from such incidents, we actively monitor the markets and pursue legal action against the infringement of our intellectual property rights where feasible, including filing complaints with the relevant e-commerce platforms and initiating civil proceedings. As of the Latest Practicable Date, we have filed civil claims relating to counterfeit goods and imitations of LYCOCELLE products, one of which had been settled through mediation, while the others remained pending and unresolved. Such civil claims are immaterial to our business and operations, as the amount of compensation involved accounted for 1.0% of our total revenue. Based on the due diligence work conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would cause them to cast reasonable doubt on the Directors’ view on the impact of the counterfeit goods and imitations on our business operations or financial performance. However, the detection and prevention of counterfeit products are challenging. There is no assurance that our efforts will be sufficient to prevent the production and distribution of counterfeit or infringing products or that we will be able to obtain or enforce judgments against infringers. In addition, the costs associated with protecting our intellectual property rights may be substantial, and despite our efforts, there is a risk that we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. Any failure to protect our intellectual property rights could negatively impact our competitive position and reduce the value of our brand and products.

Any future litigation, legal disputes, claims or administrative proceedings against us, including product liabilities, could be costly and time-consuming to defend.

We may become subject, from time to time, to legal proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activities. Litigation to which we subsequently become a party may result in substantial costs, and divert our management’s attention and other resources from day-to-day business operation. In addition, we may initiate legal actions to protect our intellectual property rights, enforce contractual obligations, or defend our commercial interests. However, such actions may provoke counterclaims or retaliatory litigation from the opposing parties, which could expose us to additional legal risks and liabilities. Furthermore, any litigations, legal disputes, claims or administrative proceedings which are initially not of material importance may escalate and become important to us due to a variety of factors, such as the circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved.

Our insurance may not be sufficient to cover claims brought against us, may not provide sufficient payments to cover all of the costs to resolve one or more such claims and may not continue to be available on terms acceptable to us. In particular, any claim could result in unanticipated liability to us if (i) the claim is outside the scope of the indemnification arrangement we have with our customers; (ii) our consumers do not abide by the indemnification arrangement as required; or (iii) the liability exceeds the amount of any applicable indemnification limits or available insurance coverage. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material adverse effect on our business, financial condition and results of operations.

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Failure to comply with applicable advertising laws and regulations when promoting our proprietary or brand partners’ products may subject us to potential risks and penalties.

We from time to time advertise our proprietary or brand partners’ brands and products through various channels, including television, billboards and posters, news and magazines, the internet and social media, which are primarily subject to applicable laws and regulations in China. Any failure by us, our employees or third-party service providers we engaged to comply with such laws and regulations, or any differing interpretation by government authorities, may result in legal proceedings, investigations, penalties from the relevant authorities and increased compliance costs. Accordingly, our business, financial condition and results of operations may be materially and adversely affected.

We may be subject to higher income tax rates as certain preferential tax treatments granted to us will not be renewed.

During the Track Record Period, we have obtained High and New Technology Enterprises (“HNTE”) certification and hence are entitled to a preferential CIT rate of 15% for the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC every three years. Certain of our subsidiaries across Shanghai, Hangzhou and Guangzhou were qualified as small and micro enterprises and were subject to preferential tax. Such preferential tax treatments may expire when such entities no longer meet the regulatory criteria. The discontinuation of the above-mentioned preferential income tax treatments or the change of the applicable preferential tax rate currently available to us in the PRC could have a material and adverse effect on our financial condition and result of operations. We cannot assure you that we will be able to maintain our current effective tax rate in the future.

We require a substantial amount of capital to support our operations and respond to business opportunities. Any failure to obtain adequate capital on acceptable terms could have a material and adverse impact on our financial condition and prospects.

We may require additional financing to support capital investments, including any investments or acquisitions we may decide to pursue, and to meet our working capital needs. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets and the PRC regulations over foreign investment and the industries where we operate our business. There can be no assurance that financing would be available in a timely manner or in amounts or on terms favorable to us, or at all. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity, and could have a material adverse effect on our business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing Shareholders.

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

Our success depends in part on our ability to protect our intellectual property and to operate without infringing upon the intellectual property rights of others. Although we seek to protect our brands, trademarks, copyrights, trade secrets and other intellectual property through registration and contractual arrangements, such protections may not be sufficient, and we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property, which could harm our competitive position and adversely affect our business, financial condition and results of operations.

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Moreover, we typically negotiate with these OEMs in relation to the ownership of intellectual property rights. However, we cannot assure that all OEMs will comply with our requirement to prevent disclosure of confidential information to third parties at all times. If any of our OEMs are found to have disclosed such information to unauthorized third parties, we may incur substantial legal and financial costs. Additionally, any loss of trade secrets or unauthorized use of our proprietary information may limit our ability to compete in our market, potentially leading to a decline in our market share and revenue.

In addition, we cannot assure you that our business does not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. If we are found to have violated the intellectual property rights of others, we may be subject to claims, significant licensing fees, legal fees and other expenses, injunctions, or requirements to redesign products or obtain licenses, any of which could materially and adversely affect our business, financial condition and results of operations.

We may be subject to potential non-compete restrictions under certain agreements with brand partners, which could limit our ability to conduct business with competing brands and may result in contractual disputes.

Some of our contracts with brand partners under our e-commerce operation segment are based on standard form agreements proposed by such brand partners and contain non-compete provisions that restrict us from providing similar services to certain identified or listed competitors of such brand partners. As our business continues to expand, we may engage in business relationships with multiple brand partners that compete in overlapping product categories or target similar consumer groups. While we have maintained transparency with our brand partners regarding our existing and prospective collaborations, there is no assurance that such transparency will prevent potential disputes.

If any brand partner considers our engagement with another partner to be in breach of a non-compete provision, we may be subject to contractual claims, requests for termination, or reputational harm. Although, as of the Latest Practicable Date, we were not aware of any notice or claim by any brand partner alleging breach of any non-compete restriction, we cannot assure you that such claims will not arise in the future. Any such dispute, even if ultimately resolved in our favor, could result in legal and administrative costs, diversion of management attention, and potential loss of business opportunities.

Our insurance coverage may not be sufficient, which may have a material and adverse effect on our business, financial condition and results of operations.

We maintain insurance policies that are required under applicable laws and regulations and are based on the assessment of our operational needs, including property insurance for our office premises. We do not maintain insurance covering product liability claims arising from the use, consumption or operation of the products we sell and claims arising from our negligence in business operation, which are not required by any applicable laws or regulations. We do not maintain key-man insurance on any of our senior management or key personnel, or business interruption insurance. There is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. Any liability or damage to, or caused by, our sales channels or our personnel beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources, which could materially and adversely affect our results of operation. In the future, we may be unable to renew our insurance policies or obtain new insurance policies without increases in cost or decreases in coverage levels. We may also encounter disputes with insurance providers regarding payments of claims that we believe are covered under our policies.

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The current tensions in international trade and rising political tensions may adversely impact our business, financial condition, and results of operations.

As a company operating in China, we may be exposed to risks arising from geopolitical tensions and international trade disputes. There have been heightened tensions in international economic relations. For example, the United States recently imposed tariffs on various countries, including China. Certain international trade policies have adversely affected the global economy and financial markets. For example, the United States recently imposed tariffs on various countries, including China. As relevant policies are rapidly evolving, it may be difficult to evaluate their potential future impacts. Geopolitical conflicts like this may also lead to volatility in financial markets, fluctuations in currency exchange rates, disruptions in cross-border trades and increased procurement costs. In extreme cases, such conflicts could result in economic downturns that materially and adversely impact our operations.

During the Track Record Period, we did not generate any revenue from the United States and Europe, nor did we procure any raw materials from the United States. However, we maintained cooperation relationships with Zooca, a Norway-based company and the world’s sole producer of Calanus oil. In addition, certain brand partners are headquartered in North America and Europe, with which we entered into agreements that were executed in China. During the Track Record Period, our procurement of brand partners’ products imported from the United States and Europe was RMB122.4 million, RMB32.7 million and RMB68.4 million in 2023, 2024 and 2025, respectively, accounting for 10.5%, 2.6% and 2.4% of our total procurement for the same year, respectively. This general decline trend indicates that our exposure to tariff-related risks has reduced over time. During the Track Record Period and up to the Latest Practicable Date, our brand partners did not make any material adjustments in order volumes or pricing in response to tariff changes. Based on the above, our Directors are of the view that the tariffs will not have a material adverse impact on our operations and financial performance. Based on the Directors’ view above and considering that the revenue contributed by our brand partners located in North America and Europe represented a relatively small proportion of our total procurement during the Track Record Period and exhibited a declining trend, nothing has come to the Joint Sponsors’ attention that would reasonably cause them to disagree with the Directors’ view above. However, if any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if any government takes retaliatory trade actions due to the recent global trade tension, such changes could have an adverse effect on the business, financial condition and results of operations of us, our customers and our business partners. We may need to closely monitor and assess these risks, and take appropriate measures to mitigate them, such as diversifying our customer base, hedging our foreign exchange risk, and adapting our business strategies to changing market conditions. However, there can be no assurance that we will be successful in mitigating these risks, and any failure to do so could have a material adverse effect on our business, financial condition, and results of operations.

On October 28, 2024, the U.S. Department of the Treasury issued a final rule on outbound investment (the “Outbound Investment Rule”) to implement the executive order of August 9, 2023, which became effective on January 2, 2025. The Outbound Investment Rule prohibits or requires notification of certain transactions undertaken by U.S. persons or their controlled foreign entities and that involve persons with a qualifying nexus to China (including Hong Kong and Macau) and specified covered activities in the semiconductors and microelectronics, quantum information technologies or artificial intelligence systems sectors (persons meeting these criteria each a “Covered Foreign Person”). U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, certain transactions, including equity investments in, Covered Foreign Persons. After consulting external counsel, our Directors are of the view that we are not a “Covered Foreign Person” under the Outbound Investment Rule. However, if we were to be deemed a “Covered Foreign Person” due to changes in our business operations or amendments to relevant laws and regulations, our ability to raise capital and our stock price may be negatively affected.

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

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreaks of widespread health epidemics, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. Outbreaks of contagious diseases and other adverse public health developments in which we operate and conduct business could severely damage our supply chain operation, or impair the works of our workforce. The outbreak of any severe epidemic disease, such as avian flu, H1N1 flu, SARS or COVID-19, may disrupt our business operations such as offline sales channels, which could negatively affect our financial condition, results of operations, supply chain management and future prospects.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

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

On July 6, 2021, the relevant PRC government 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 need 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. See “Regulatory Overview — Regulations on Securities and Overseas Listing” for details.

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 relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, results of operations or financial conditions.

The economic, social and other general conditions in China could affect our business, financial condition and results of operations.

Our business, financial condition and results of operations may be influenced by the general political, economic and social conditions in the country where we operate. Governments worldwide have implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. The industries where we operate 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. Any changes in these factors may have material and adverse effect on our business, financial condition and results of operations.

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Governmental control of currency conversion, and restrictions on the remittance of Renminbi into and out of the PRC, may limit our ability to utilize our revenue effectively and adversely affect the value of your [REDACTED].

The PRC government imposes supervision on the convertibility of RMB into foreign currencies. In addition to RMB, some of our revenue is denominated in foreign currencies such as USD, EUR, HKD and JPY. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency, or otherwise satisfy our foreign currency-denominated obligations. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of RMB into or out of China.

You may have limited recourses in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us or our management named in the documents based on Hong Kong or other foreign laws.

We are a company incorporated under the laws of the PRC, with the majority of our assets and operations located in the PRC. In addition, the majority of our Directors and senior management reside within the PRC. The assets of these Directors and senior management also may be located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon our Directors and senior management outside the PRC. In addition, [REDACTED] may also experience difficulties in enforcing judgments if there is a lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions.

Furthermore, upon the [REDACTED] of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

Fluctuations in exchange rates of the Renminbi could result in foreign currency exchange losses.

The [REDACTED] from the [REDACTED] will be received in HKD. In addition, we are primarily exposed to changes in USD, EUR, HKD and JPY exchange rates. We primarily sell the products in mainland China, which are primarily sourced from overseas suppliers, including those in Singapore, Japan and France. During the Track Record Period, we primarily paid the suppliers in USD, EUR and AUD or other foreign currencies, and were paid by the consumers mainly in RMB and USD. As a result, any appreciation or depreciation of HKD or RMB against USD, EUR or other foreign currencies may affect the value of our [REDACTED] from the [REDACTED] or our profits. We recorded net foreign exchange gains of RMB8.1 million and RMB6.2 million in 2023 and 2024, respectively and net foreign exchange losses of RMB25.0 million in 2025. The exchange rate of HKD or RMB against USD, EUR or other foreign currencies is affected by, among other things, the policies of the PRC government and changes in political and economic conditions of China and the world, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may affect the exchange rate between RMB and USD, EUR or other foreign currencies in the future, which could result in a significant appreciation or depreciation of RMB against USD, EUR or other foreign currencies.

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In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition and results of operations.

We are a PRC tax resident subject to PRC tax on our global income, and the dividends payable to [REDACTED] and gains on the sale of our H Shares by our [REDACTED] are subject to PRC tax.

Under the PRC EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement, dividends from mainland China sources payable to non-mainland China resident enterprise [REDACTED] and gains realized by such [REDACTED] from the transfer of shares may be subject to mainland China income tax at a rate of 10%, if applicable. Non-PRC individuals are generally subject to PRC individual income tax with respect to PRC source income or gains at a rate of 20%. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. For details, see “Regulations — on Taxation.” The PRC government is planning to cease foreign individuals’ tax exemption for dividends obtained from foreign-invested enterprises, and the MOF and the SAT should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the MOF and the SAT. Given the situations, non-resident individual holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and bonus realized from the H Shares.

We may be exposed to compliance risks relating to social insurance and housing provident fund contributions.

Pursuant to applicable PRC labor laws and regulations, we are required to make contributions to various employee social welfare programs, including housing provident fund, pension insurance, medical insurance, unemployment insurance, maternity insurance, and work-related injury insurance. According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), employers who fail to contribute in full and at the prescribed rates may be ordered to rectify such non-compliance within a specified period and pay the outstanding amounts, along with a daily late payment penalty of up to 0.05%. If the employer fails to comply within the prescribed period, a fine ranging from one to three times the overdue amount may be imposed. According to the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》), we may also be required to make up any shortfall within a specified period and may be subject to enforcement actions by the People’s Court if we fail to do so.

During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for certain employees. For further details, see “Business — Legal Proceedings and Compliance.” In addition, during the Track Record Period, we engaged third-party human resources agencies to pay social insurance premium and housing provident funds for certain employees in the location where they work. Such arrangements are not strictly compliant with PRC laws, which require the employer that enters into the employment contract to make the contributions directly. If the third-party agencies fail to make full and timely contributions, or if the relevant authorities challenge the validity of such arrangements, we may be subject to additional costs, late payment penalties, or administrative sanctions. Our Directors believe that the incident described above would not have a material adverse effect on our business, financial condition and results of operations. We did not receive any notification from the relevant authorities requiring us to pay for the shortfalls with respect to social insurance and housing provident funds, nor did we receive any material employee complaint or have any material disputes with employees concerning their payment of social insurance and housing provident funds. However, we cannot assure you that employees will not lodge complaints regarding such contributions, or that we will not be subject to claims or proceedings initiated by PRC labor arbitration committees or courts in the future. We also cannot assure you that we will not be required to make additional contributions or pay damages in connection with such non-compliance.

RISK FACTORS

There are changes from time to time regarding the interpretation and enforcement of PRC laws, rules and regulations.

The PRC legal system is based on written statutes. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters, such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and continue to evolve, these laws and regulations may be subject to different interpretations and inconsistently enforced. In addition, there is a limited volume of published court decisions, which may be cited for reference but is not binding on subsequent cases, and has limited precedential value unless the Supreme People’s Court otherwise provides. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the [REDACTED].

PRC laws and regulations concerning the e-commerce industry are developing and rapidly evolving, and the measures we take to comply with these laws, regulations and industry standards may not always be effective. We cannot assure you that our practice would not violate any new PRC laws or regulations, and, as a result, we may be subject to litigation or enforcement action or reduced demand for our solutions or services. Moreover, developments in the industries where we operate may lead to changes in PRC laws, regulations and policies, or in the interpretation and application of existing laws, regulations and policies that may limit or restrict our operations, which could materially and adversely affect our business and operations.

RISKS RELATING TO THE [REDACTED]

No public market currently exists for our H Shares, and an active [REDACTED] market for our H Shares may not develop and the market price for our H Shares may decline or become 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 market price of our H Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

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 Global [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange. Under current laws and regulations of China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct [REDACTED] or settlement between the H Share and A Share markets. With different [REDACTED] characteristics, the H Share and A Share markets have different [REDACTED] volumes, liquidity and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] 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 [REDACTED] history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

RISK FACTORS

You will incur immediate and significant dilution and may experience further dilution if we issue additional H Shares or other equity securities in the future, including pursuant to the share incentive schemes.

If the [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H Share immediately prior to the [REDACTED], purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to Shareholders after the creditors’ claims. To expand our business, we may consider [REDACTED] and [REDACTED] additional H Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per H Share of their H Shares if we [REDACTED] additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Share-based compensation may cause shareholding dilution to our existing Shareholders.

We pay share-based compensation to Directors as directors’ service fee. During the Track Record Period, we made certain share-based awards to our directors and key employees, as detailed in Note 9 of Appendix I to this document. To further incentivize our employees to contribute to us, we may pay additional share-based compensation in the future. Issuance of shares with respect to such share-based payment may dilute the shareholding percentage of our existing shareholders. Expenses incurred with respect to such share-based payment may also significantly increase our operating expenses and therefore have a material and adverse effect on our financial performance. We may continue to issue share-based compensation to our Directors and other key employees to retain their services in the interest of our business, which will cause further dilution to our shareholders.

Future sales or perceived sales of our H Shares in the public market by major Shareholders following the [REDACTED] could materially and adversely affect the [REDACTED] of our H Shares.

The [REDACTED] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future [REDACTED], 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 of their holdings if we issue more securities in the future. New shares or share-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

The interests of our Controlling Shareholder may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay, or prevent a change in control of our Company, potentially depriving other shareholders of the opportunity to receive a premium for their Shares in the event of a sale. It could also potentially lower the [REDACTED] of our H Shares. These circumstances may occur even if opposed by other shareholders. Additionally, the interests of our Controlling Shareholders may differ from those of our other shareholders. It is possible that our Controlling Shareholders may use their significant influence to engage in transactions or make decisions that conflict with the best interests of our other shareholders.

RISK FACTORS

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 dividend policy in the future. We cannot assure you when and in what form dividends will be paid on our H Shares after the [REDACTED]. The declaration and distribution of dividends is at the complete discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we cannot assure you that we will make/can make dividend payments on our Shares in the future.

If we retain most, or all, of our available funds and any future earnings after the [REDACTED] to fund the development and commercialization of our pipeline products, we may not expect to pay any cash dividends in the foreseeable future. Therefore, you may not be able to rely on an [REDACTED] in our Shares as a source for any future dividend income.

Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [REDACTED] in our H Shares will likely depend entirely upon any future [REDACTED] appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the [REDACTED] or even maintain the price at which you purchased the Shares. You may not realize a return on your [REDACTED] in our H Shares and you may even lose your entire [REDACTED] in our Shares.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications contained in this document.

Certain facts, forecasts and statistics in this document relating to the PRC and global economy and the industry in which we operate are obtained from official government publications or publicly available sources that we believe are reliable. However, we cannot guarantee the quality or reliability of these sources. Our Directors believe that the sources of the information are appropriate and have taken reasonable care in extracting and reproducing such information. They do not believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by our Group, the Joint Sponsors or any other party involved in the [REDACTED] and no representation is given as to its accuracy or completeness. Due to possibly flawed or ineffective sampling or discrepancies between published information and market practice and other problems, the statistics in this document relating to the PRC and the global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. You should consider how much weight or importance such facts or statistics carry and should not place undue reliance on them.

RISK FACTORS

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

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

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

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in mainland China. 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 regulatory requirements of the securities authorities, industry standards and market practices in mainland China, 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.

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

You are strongly advised to read the entire document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this document. Prior to the completion of the [REDACTED], there may be press and media coverage regarding our Group and the [REDACTED]. Our Directors would like to emphasize to prospective [REDACTED] that we do not accept any responsibility for the accuracy or completeness of such information, and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our H Shares. In making decisions as to whether to [REDACTED] in our H Shares, prospective [REDACTED] should rely only on the financial, operational and other information included in this document.

WAIVERS AND EXEMPTIONS

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

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant for a primary listing on the Stock Exchange 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 Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

Our management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that either by means of relocation of our existing executive Directors or appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. Therefore, we do not have, and do not contemplate to have, in the foreseeable future, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. As such, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is regular and effective communication between us and the Stock Exchange by way of, among others, the following conditions:

- (a) pursuant to Rules 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives appointed are Mr. Wang Yu (王玉) (“**Mr. Wang**”) and Ms. Zheng Hongyi (鄭泓澤) (“**Ms. Zheng**”) (the “**Authorized Representatives**”). Ms. Zheng is situated and based in Hong Kong, and will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Both of the Authorized Representatives will be readily contactable by telephone, facsimile (if applicable) and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;
- (b) when the 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. We have provided the 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 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 our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong upon reasonable notice, when required;

WAIVERS AND EXEMPTIONS

- (e) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Soochow Securities International Capital Limited as our compliance advisor (the “**Compliance Advisor**”) upon [REDACTED] for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. The Compliance Advisor will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange. The contact details of the Compliance Advisor have been provided to the Stock Exchange;
- (f) the Compliance Advisor will have access at all times to our Authorized Representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules, who will act as the additional channel of communication with the Stock Exchange when the Authorized Representatives are not available. Our Company shall ensure that our Authorized Representatives, Directors and our senior management members will timely provide such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor’s duties as set forth in the Listing Rules. To the extent reasonably practicable and legally permissible, we will keep the Compliance Advisor informed of all communications between the Stock Exchange and us. Meetings between the Stock Exchange and our Directors may be arranged through our Authorized Representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Advisor;
- (g) we will appoint other professional advisors (including legal advisors in Hong Kong) after the [REDACTED] to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and
- (h) our Company has designated one of our staff members as the communication officer at our headquarters after the [REDACTED] who will be responsible for maintaining day-to-day communication with the Authorized Representatives and our Company’s professional advisors in Hong Kong, including our legal advisors in Hong Kong and the Compliance Advisor, to keep abreast of any correspondence with and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide for New Listing Applicants, a new applicant for listing on the Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

WAIVERS AND EXEMPTIONS

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Luo Zhiqing (羅志青) (“**Ms. Luo**”), our vice president, finance director and Board secretary, as one of our joint company secretaries. The Company believes that it would be in the best interests of the Company and the corporate governance of the Company to have as Ms. Luo as its joint company secretary, who is responsible for overseeing compliance matters, as well as general operations and management and Board related matters of the Company and has day-to-day knowledge of the Company’s affairs. Ms. Luo has the nexus to the Board and close working relationship with the management of the Company necessary to perform the function of a joint company secretary and to take required actions in the most effective and efficient manner. However, Ms. Luo presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Zheng, a member of The Hong Kong Chartered Governance Institute, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Luo for an initial period of three years from the [REDACTED] to enable Ms. Luo to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. For details on Ms. Luo and Ms. Zheng’s qualifications and experience, see “Directors and Senior Management” in this document.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Luo may be appointed as a joint company secretary of our Company.

The waiver is valid for an initial period of three years from the [REDACTED], and is granted on the condition that Ms. Zheng, as a joint company secretary of our Company, will work closely with Ms. Luo to jointly discharge the duties and responsibilities as company secretaries and assist Ms. Luo in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Zheng will also assist Ms. Luo in organizing Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Zheng is expected to work closely with Ms. Luo and will maintain regular contact with Ms. Luo, the Directors and the senior management of our Company. In addition, Ms. Luo will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [REDACTED]. Ms. Luo will also be assisted by (a) the Compliance Advisor, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisors of our Company, on matters concerning our Company’s ongoing compliance with the Listing Rules and applicable laws and regulations.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be revoked immediately if Ms. Zheng ceases to provide assistance to Ms. Luo as a joint company secretary for the three-year period after the [REDACTED] or where there are material breaches of the Listing Rules by our Company.

WAIVERS AND EXEMPTIONS

Prior to the expiration of the initial three-year period, the qualifications and experience of Ms. Luo will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange to enable it to assess whether Ms. Luo, having benefited from the assistance of Ms. Zheng for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE 2022 EQUITY INCENTIVE PLAN

Pursuant to Rule 17.02(1)(b) of the Listing Rules, 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 must be disclosed in the document.

Pursuant to paragraph 27 of Appendix D1A to the Listing Rules, the listing document should contain particulars of any capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

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

Pursuant to section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the document must state the matters specified in Part I of the Third Schedule.

Pursuant to paragraph 10 of Part I of the Third Schedule, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the document.

As of the Latest Practicable Date, our Company has granted outstanding options under the 2022 Equity Incentive Plan to 93 grantees (the “**Grantees**,” each a “**Grantee**”) for an aggregate of 7,496,608 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), which included options granted to (i) one Director of the Company with respect to 617,400 underlying A Shares; (ii) one member of senior management of the Company with respect to 219,520 underlying A Shares; and (iii) 91 other Grantees (who are not Directors and senior management of the Company) with respect to 6,659,688 A Shares. No share options under the 2022 Equity Incentive Plan will be further granted after [REDACTED], and all share options have been granted to specific individuals under the 2022 Equity Incentive Plan.

WAIVERS AND EXEMPTIONS

The A Shares underlying the outstanding share options represent approximately [REDACTED]% of the total issued share capital of our Company immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and without taking into account any A Shares which may be allotted and issued under the 2022 Equity Incentive Plan). For details of the 2022 Equity Incentive Plan, see “Statutory and General Information — D. 2022 Equity Incentive Plan” in Appendix IV to this document.

We have applied for: (i) a waiver from the Stock Exchange from strict compliance with the requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules in relation to the options granted under the 2022 Equity Incentive Plan; and (ii) a certificate of exemption from the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the options granted under the 2022 Equity Incentive Plan, on the ground that strict compliance with the above requirements would be unduly burdensome for us on the basis of the following reasons:

- (a) given that 93 grantees are involved for the grant of outstanding share options under the 2022 Equity Incentive Plan, our Directors consider that it would be unduly burdensome to disclose in this document full details of all the share options granted by us to each of the grantees, which would significantly increase the cost and time for information compilation and document preparation required for strict compliance with such disclosure requirements, as the Group would need to collect and verify the personal information of a large number of the grantees to meet the disclosure requirements;
- (b) the disclosure of the personal details of each grantees, including their names, addresses and the number of share options 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 Group to obtain such consents given the number of the grantees;
- (c) full disclosure on the options granted to each grantee either through disclosure in this document or through making available a full list of grantees with all the particulars required would allow the employees of our Group to gain access to their peers’ or colleagues’ compensation, which could negatively affect employees’ morale, give rise to negative internal competitions, and lead to an increase in the costs for recruitment and retention. The lack of full disclosure with the above disclosure requirements will on the contrary give us flexibility in terms of determining the compensation of our broader group of employees;
- (d) full disclosure of the details of the grantees (which include their names and addresses), as well as the share options granted to each of them, would provide our competitors with our employees’ compensation details and facilitate their soliciting activities which could impact our Group’s ability to recruit and retain valuable personnel;
- (e) the grant and exercise in full of the options under the 2022 Equity Incentive Plan will not cause any material adverse impact to the financial position of our Group;
- (f) there will not be any new H Shares issued under the 2022 Equity Incentive Plan, as the option plan was an A Share incentive plan;
- (g) non-compliance with the disclosure requirements in relation to share options would not prevent our Company from providing its potential [REDACTED] with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

WAIVERS AND EXEMPTIONS

- (h) material information relating to the options under the 2022 Equity Incentive Plan will be disclosed in this document, including (i) the total number of share options granted and outstanding under the 2022 Equity Incentive Plan and the number of underlying Shares, (ii) the exercise price per A Share and the exercise period, and (iii) impact on earnings per Share upon full exercise of the outstanding options granted under the 2022 Equity Incentive Plan (assuming A Shares will be issued for the exercise of the outstanding options and A Shares in the repurchase account of the Company will not be utilized). Our Directors consider that the information that is reasonably necessary for potential [REDACTED] to make an informed assessment of our Company in their [REDACTED] decision making process has been included in this document.

In light of the above, our Directors are of the view that the grant of the abovementioned waiver and exemption will not prejudice the interests of the [REDACTED] public.

We have applied for, and the Stock Exchange [has] granted, a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and the condition to make available a full list of grantees with all the particulars required under paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, in relation to the options granted under the 2022 Equity Incentive Plan on the conditions that:

- (a) on an individual basis, full details of the outstanding share options granted by the Company under the 2022 Equity Incentive Plan to each of the Grantees as Director and member of the senior management of the Company, including all the particulars required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be disclosed in this document;
- (b) in respect of the options granted under the 2022 Equity Incentive Plan to the remaining Grantees (other than those referred to in paragraph (a) above), disclosure will be made on an aggregate basis: (i) the aggregate number of grantees and number of A Shares underlying the options granted under the 2022 Equity Incentive Plan; (ii) the dates of grant of the options under the 2022 Equity Incentive Plan; and (iii) the exercise period and exercise price of the options granted under the 2022 Equity Incentive Plan;
- (c) the aggregate number of A Shares underlying the outstanding share awards and the percentage of our Company’s total issued share capital represented by such number of A Shares as of the Latest Practicable Date will be disclosed in this document;
- (d) a summary of the principal terms of the 2022 Equity Incentive Plan will be disclosed in “Statutory and General Information — D. 2022 Equity Incentive Plan” in Appendix IV to this document;
- (e) the particulars of this waiver are set out in this document;
- (f) and the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from the disclosure requirements provided in paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVERS AND EXEMPTIONS

We have applied for, and the SFC [has] granted, a certificate of exemption from the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the options granted under the 2022 Equity Incentive Plan on the conditions that:

- (a) on an individual basis, full details of the options granted under the 2022 Equity Incentive Plan granted to each of our Director and member of senior management of our Company are disclosed in this document as required by paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the outstanding options granted under the 2022 Equity Incentive Plan to the other Grantees (other than those referred to in paragraph (a) above), on an aggregate basis, details including the number of such Grantees and the number of A Shares subject to the share options granted under the 2022 Equity Incentive Plan, the consideration paid for the grant of the share options, the grant dates and vesting period of the share options, and the percentage of the total issued share capital of our Company represented immediately following the completion of the [REDACTED] are disclosed in this document;
- (c) a full list of all the Grantees who had been granted share options to subscribe for the Shares under the 2022 Equity Incentive Plan containing all the particulars required under paragraph 10(d) of Part I of the Third Schedule are made available for public inspection in accordance with the arrangements set out in “Documents Delivered to the Registrar of Companies In Hong Kong and Available on Display — Document Available for Inspection” in Appendix V to this document;
- (d) the particulars of the exemption are disclosed in this document; and
- (e) this document is issued on or before [REDACTED].

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wang Yu (王玉)	1602, Block 6, Unit 1 No. 419 Linjiang Avenue Tianhe District, Guangzhou Guangdong Province PRC	Chinese
Ms. Xu Qing (徐晴)	No. 668 West Huangpu Avenue Tianhe District, Guangzhou Guangdong Province PRC	Chinese
Non-executive Directors		
Ms. Wang Wenhui (王文慧)	1602, Block 6, Unit 1 No. 419 Linjiang Avenue Tianhe District, Guangzhou Guangdong Province PRC	Chinese
Mr. Pang Xiaolong (龐小龍)	Room 1517, Building GY Ruidong Garden, No. 1 New Street Huangpu District, Guangzhou Guangdong Province PRC	Chinese
Independent Non-executive Directors		
Mr. Huang Tianshun (黃添順)	Room 401 No. 10 Shanshui Huafu No. 300, East Hanxi Avenue Panyu District, Guangzhou Guangdong Province PRC	Chinese
Ms. Zhang Chunyan (張春艷)	Room 3-401 No. 103 No. 220 Wuxianqiao Tianhe District, Guangzhou Guangdong Province PRC	Chinese
Ms. Zheng Ying (鄭穎)	3D Block 1 Mount Haven 3 Liu To Road Tsing Yi, New Territories Hong Kong	Chinese (Hong Kong)

See the section headed “Directors and Senior Management” in this document for further details of our Directors.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

China Securities (International) Corporate Finance Company Limited

18/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

GF Capital (Hong Kong) Limited

27/F, GF Tower
81 Lockhart Road
Wanchai
Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal advisors to our Company

As to Hong Kong and United States laws:

Cooley HK
35/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC laws:

Zhonglun Law Firm
23/F and Units 01 & 04 of 31/F, R&F Center
10 Huaxia Road, Zhujiang New Town
Tianhe District, Guangzhou
Guangdong Province
PRC

Legal advisors to the Joint Sponsors and the [REDACTED]

As to Hong Kong and United States laws:

Clifford Chance
27/F, Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC laws:

DeHeng Law Offices (Shenzhen)
11 & 33/F, Section B, Anlian Plaza
No. 4018 Jintian Road
Futian District
Shenzhen, Guangdong Province
PRC

Independent Auditor and Reporting Accountants

Confucius International CPA Limited
Certified Public Accountants
Rooms 1501-08, Tai Yau Building
181 Johnston Road
Wan Chai
Hong Kong

Transfer Pricing Advisor

Guangdong Tianjian Taxation Firm Co., Ltd.
4th Floor, No. 856 (A-2)
East Huangpu Avenue
Huangpu District, Guangzhou
Guangdong Province
PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Industry Consultant

**Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.**
Room 2504-2505
Wheelock Square
1717 Nanjing West Road
Jing'an District
Shanghai
PRC

Compliance Advisor

**Soochow Securities International Capital
Limited**
Level 17, Three Pacific Place
1 Queen's Road East
Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC	Room 607A, No. 319 East Dasha Road, Huangpu District, Guangzhou Guangdong Province PRC
Headquarter and Principal Place of Business in the PRC	38/F, Huanju Building No. 8 Dingxin Road Haizhu District, Guangzhou Guangdong Province PRC
Principal Place of Business in Hong Kong	40th Floor, Dah Sing Financial Centre 248 Queen’s Road East Wanchai Hong Kong
Company’s Website	<u>www.gzruoyuchen.com</u> <i>(Note: the information contained on this website does not form part of this document)</i>
Joint Company Secretaries	Ms. Luo Zhiqing (羅志青) 38/F, Huanju Building No. 8 Dingxin Road Haizhu District, Guangzhou Guangdong Province PRC Ms. Zheng Hongyi (鄭泓懌) 40/F, Dah Sing Financial Centre 248 Queen’s Road East Wanchai Hong Kong
Authorized Representatives	Mr. Wang Yu (王玉) 38/F, Huanju Building No. 8 Dingxin Road Haizhu District, Guangzhou Guangdong Province PRC Ms. Zheng Hongyi (鄭泓懌) 40/F, Dah Sing Financial Centre 248 Queen’s Road East Wanchai Hong Kong
Audit Committee	Ms. Zhang Chunyan (張春艷) (<i>chairperson</i>) Mr. Huang Tianshun (黃添順) Ms. Zheng Ying (鄭穎)
Remuneration and Appraisal Committee	Mr. Huang Tianshun (黃添順) (<i>chairperson</i>) Mr. Wang Yu (王玉) Ms. Zheng Ying (鄭穎)

CORPORATE INFORMATION

Nomination Committee

Ms. Zheng Ying (鄭穎) (*chairperson*)
Mr. Huang Tianshun (黃添順)
Ms. Xu Qing (徐晴)

Strategy and ESG Committee

Mr. Wang Yu (王玉) (*chairperson*)
Mr. Huang Tianshun (黃添順)
Ms. Xu Qing (徐晴)

[REDACTED]

Principal Banks

Bank of China (Guangzhou Gangwan Road Sub-branch)

No. 258 Gangwan Road
Huangpu District, Guangzhou
Guangdong Province
PRC

China CITIC Bank Corporation Limited (Guangzhou Gaode Sub-branch)

No. 55 Huacheng Avenue
Tianhe District, Guangzhou
Guangdong Province
PRC

China Merchants Bank Co., Ltd. (Head Office)

China Merchants Bank Tower
No. 7088 Shennan Boulevard
Futian District, Shenzhen
Guangdong Province
PRC

INDUSTRY OVERVIEW

This and other sections of this document contain information relating to the industry in which we operate. Certain information and statistics set forth in this section and other sections of this document have been extracted from the F&S Report issued by Frost & Sullivan, an independent market research agency, which we commissioned, and from various official government publications and other publicly available publications. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors, [REDACTED] or any other party involved in the [REDACTED] (excluding Frost & Sullivan), and no representation is given as to its accuracy.

STRUCTURAL SHIFTS IN CHINA’S CONSUMER MARKET: ENTERING A CONSUMER-CENTRIC ERA

China’s consumer market has undergone significant structural changes over the past decades, driven by the rise of middle-class households and digitally native generations. Content-driven e-commerce platforms have led the transformation of retail channels and reshaped consumer touchpoints. Retail scenarios become more diversified with increasingly differentiated product offering. Consumer demand and preferences are continuously upgrading. The new generation of consumers places greater importance on personal values and emotional resonance, gradually shifting from purely functional consumption towards a pursuit of emotional satisfaction and self-expression. This shift has opened new growth opportunities for the consumer goods industry.

Expansion of China’s Middle-Class and Above Households: Focus on Product Quality and Self-Expression

In 2024, China’s urbanization rate had reached 67.0%, approaching the level of developed countries. The urbanization process has driven the steady expansion of middle-class and above households. According to Frost & Sullivan, the number of middle-class and above households in China reached 124.2 million in 2024, accounting for 24.6% of all households in China, and is expected to further increase to 128.5 million in 2029.

Typical representatives of this demographic include the established middle class and young white collars. These consumers have strong purchasing power and have shifted from price- and function-oriented consumption to a focus on functionality, emotional value, immersive experiences, and self-expression. They value the pleasure and recognition derived from each purchase and are willing to pay a premium for added value, such as emotional satisfaction and product experience. This trend is reshaping the traditional consumer goods market and pushing brands beyond merely offering functional products to creating emotional and value resonance.

Content-Driven E-Commerce Platforms Leading Channel Transformation and Creating New Growth Opportunities for Brands

China’s consumer goods sales channels are rapidly migrating online, with online retail emerging as the core growth engine. According to the National Bureau of Statistics of China, online retail sales accounted for 31.8% of total consumer goods retail sales in 2024, up from 25.8% in 2019. From 2019 to 2024, online retail sales grew at a CAGR of 7.9%, significantly outpacing the 3.5% CAGR of overall consumer goods retail sales during the same period. By the end of December 2024, internet users in China have reached 1.1 billion, shaping the landscape of both online and offline retail sales channels. Disruptive and dynamic content-driven e-commerce platforms, exemplified by Douyin, have gained greater popularity among the new consumers.

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Douyin, best known for its consumer algorithm, redefines retail sales channel in digital era. It can reach targeted consumers, stimulate interest, recommend desired products, establish trust, and facilitate purchase decisions through immersive experiences on its content-driven platform. For emerging brands, Douyin provides effective tools for building brand awareness and consumer engagement. Through efficient user outreach, real-time consumer feedback and agile product iteration, it helps brands achieve efficient user acquisition and rapid growth. Douyin is one of the most vibrant super mobile applications that have accumulated 1 billion MAU. Douyin’s vast user base, massive traffic scale, and highly efficient algorithm are reshaping the growth trajectory of brands and redefining how brand value is built.

OVERVIEW OF CHINA’S HOUSEHOLD CARE INDUSTRY

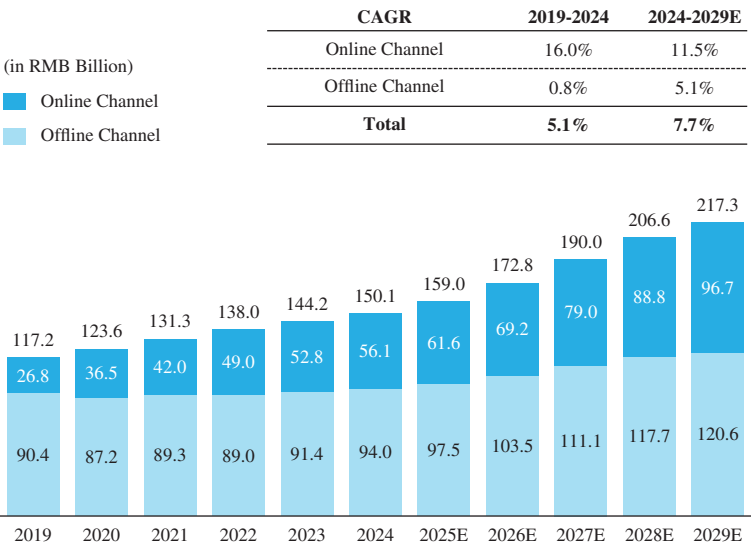
The household care industry encompasses a wide array of daily consumer products, including fabric care, personal hygiene and home care products. In recent years, rising health awareness and hygiene standards among China’s consumers have fueled growing attention to product efficacy, quality, and safety, driving continuous innovation and diversified product offerings to meet the nuanced demands of consumer goods segments.

Profound Change from Offline to Online Channel, with Content-Driven E-Commerce Platforms Emerging as the Primary Driver

Household care products are considered necessities for daily life, demonstrating resilience against economic cycles. According to Frost & Sullivan, the market size of China’s household care industry, in terms of retail sales, grew from RMB117.2 billion in 2019 to RMB150.1 billion in 2024, and is expected to reach RMB217.3 billion in 2029, at a CAGR of 7.7% from 2024. In recent years, the industry’s sales channels have undergone notable transformation, with online penetration increasing from 22.8% in 2019 to 37.4% in 2024 and expected to reach 44.5% in 2029.

In certain segments, emerging brands have achieved rapid growth by leveraging e-commerce platforms to precisely reach target consumers and meet potential demand through product innovation and category expansion.

**Market Size of China’s Household Care Industry by Sales Channel,
in Terms of Retail Sales, 2019-2029E**



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Online sales channels typically include content-driven e-commerce platforms, integrated e-commerce platforms and others. Integrated e-commerce platforms serve as digital marketplaces, where products are displayed on virtual shelves and consumers can browse, compare and purchase products upon search, with representative examples including Tmall and JD.com, while others refer to online channels other than content-driven e-commerce platforms and integrated e-commerce platforms, primarily including official websites, brand-operated apps and mini-programs. Content-driven e-commerce platforms, led by Douyin, have emerged as disruptive forces, leveraging livestreaming, content marketing and targeted recommendations to accelerate the online penetration of the household care products. Retail sales of household care products through content-driven e-commerce platforms increased from RMB4.7 billion in 2019 to RMB18.0 billion in 2024, at a CAGR of 30.7%, and is expected to further increase to RMB40.6 billion in 2029, at a CAGR of 17.7% from 2024. Online retail sales from content-driven e-commerce platform as a percentage of total online retail sales increased from 17.6% in 2019 to 32.0% in 2024, and is expected to further increase to 42.0% in 2029, demonstrating its potential to be a key growth engine for online retail sales expansion.

Fabric Care Segment Dominates, While Home Care and Personal Hygiene Segments Grow Rapidly

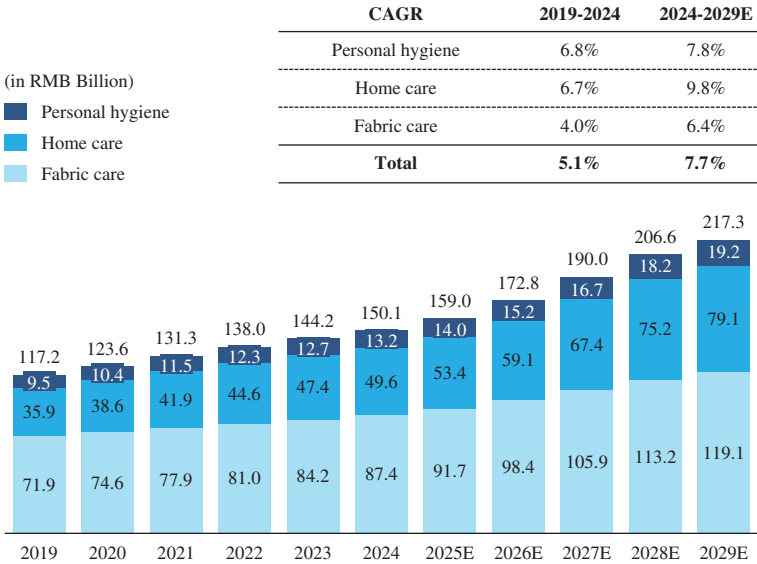
The household care industry primarily consists of three major segments: fabric care, home care and personal hygiene. Fabric care is the largest segment within the industry, covering liquid detergent, laundry pods, powder detergent, fabric softeners, etc. Driven by rigid demand and high-frequency usage, the fabric care segment maintained stable growth, accounting for 58.2% of the overall household care market in 2024 in China, with a market size of RMB87.4 billion.

Home care products primarily refers to cleaning products used for living space, including floor cleaners, dishwashing detergents, home fragrances, etc. Consumer expectations are expanding beyond basic cleaning and antibacterial functions to include odor management, low residue, environmental friendliness and material safety, driving product function upgrades and formulation iteration for related products. This segment reached a market size of RMB49.6 billion in 2024, in terms of retail sales, and is expected to reach RMB79.1 billion in 2029 in China, at a CAGR of 9.8% from 2024.

Hand cleaning products are a major category in the personal hygiene industry, which can be divided into two major categories: liquid hand soaps and bar soaps. Compared with bar soaps, liquid hand soaps cause less skin irritation and reduce cross-contamination risk, and are gaining traction among consumers. Consumer preferences for gentleness antibacterial efficacy, convenience, as well as fragrance and packaging, are driving product upgrades. At the same time, the increasing demand for attractive product designs and fragrance experiences has contributed to a shift toward products that balance functionality with sensory delight. From 2019 to 2024, personal hygiene category was the fastest-growing segment within the China's household care industry by retail sales.

INDUSTRY OVERVIEW

Market Size of China’s Household Care Industry by Major Category, in Terms of Retail Sales, 2019-2029E

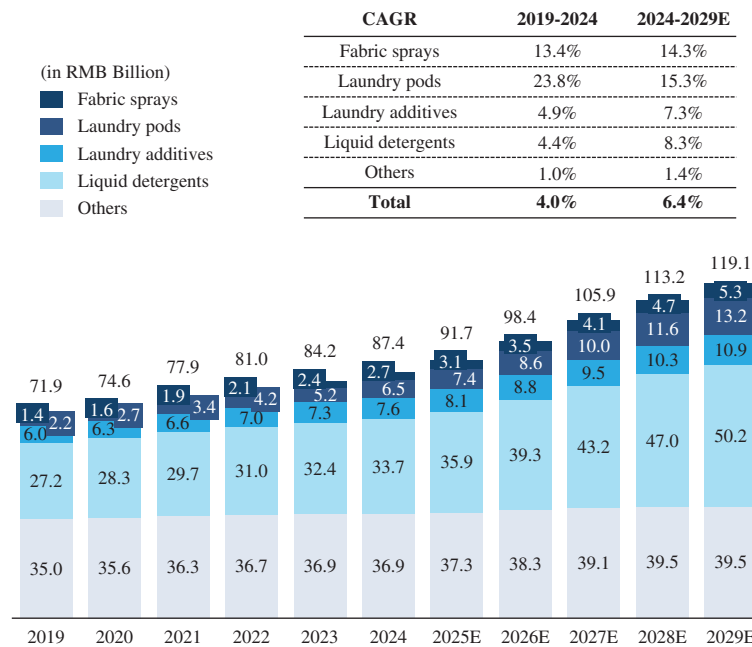


Source: Frost & Sullivan

Within China’s fabric care sector, a notable structural shift is occurring from powder laundry detergent to liquid detergent and laundry pods, driven by evolving consumer habits and product innovations. Liquid detergents have become the leading subcategory in the fabric care market. Retail sales grew from RMB 27.2 billion in 2019 to RMB 33.7 billion in 2024, with a CAGR of 4.4%. In 2024, they accounted for 38.6% of the total fabric care market. Due to their convenience, high solubility, and low residue after washing, liquid detergents have strengthened their leading position in this category. In China, from 2024 to 2029, retail sales of liquid detergents are expected to grow at a CAGR of 8.3%, reaching RMB50.2 billion in 2029, representing 42.2% of the fabric care market. Within this market, lingerie liquid detergent represents a distinct subsegment designed specifically for intimate and close-to-skin garments, reflecting consumers’ growing demand for more refined and specialized fabric care. In terms of retail sales, the market size of China’s lingerie liquid detergent reached RMB3.9 billion in 2024 and is expected to grow at a CAGR of 14.5% from 2024 to 2029, expanding to RMB7.7 billion by 2029. Laundry pods are also gaining market share rapidly, which increased from 3.1% in 2019 to 7.4% in 2024, reaching a market size of RMB6.5 billion in terms of retail sales in 2024. This subcategory is projected to grow at a robust CAGR of 15.3% to reach RMB13.2 billion in 2029, becoming a key driver of structural upgrades within the industry. Driven by increasingly refined functions and diversified usage scenarios, products such as fabric softeners and fabric sprays have also achieved rapid growth. The market size of fabric sprays, in terms of retail sales, grew at a CAGR of 13.4% from RMB1.4 billion in 2019 to RMB2.7 billion in 2024, and is expected to maintain a strong growth trajectory with a CAGR of 14.3% from 2024 to 2029. These products are increasingly popular for their ability to instantly eliminate odors, reduce wrinkles, offer antibacterial protection, and support convenient, on-the-go use.

INDUSTRY OVERVIEW

Market Size of China’s Fabric Care Industry by Major Product Category, in Terms of Retail Sales, 2019-2029E



Note: Others include powder detergents and bar detergents.

Source: Frost & Sullivan

Furthermore, driven by consumers’ rising demand for refined and specialized fabric care beyond basic cleaning efficacy, the premium liquid detergent segment, defined as products priced at RMB50 or above per 1,000ml, has emerged as a key driver of the overall expansion of China’s liquid detergent market. In terms of retail sales, the market size of China’s premium liquid detergent segment reached RMB8.3 billion in 2024 and is projected to grow at a CAGR of 13.7% from 2024 to 2029, reaching RMB15.7 billion by 2029.

Key Drivers for the Household Care Market

- Growing demand for refined and scenario-specific cleaning solutions.** Consumer preferences are shifting from basic cleaning functions toward more refined and specialized solutions, prompting brands to continuously expand their product portfolios, develop more targeted scenario-based solutions, and accelerate the market’s evolution toward specialized and high-quality care.
- Rapid growth of content-driven e-commerce platforms.** With content-driven e-commerce platforms such as Douyin accelerating the transformation of consumer pathways in household care sector, livestreaming has become a revolutionary force. According to China Internet Network Information Center, as of December 2024, the number of livestreaming users in China reached 833 million, accounting for 75.2% of the total number of internet users, evidencing the process and influence of content-driven e-commerce platforms. Compared with traditional e-commerce platforms, content-driven e-commerce platforms can leverage livestreaming and consumer algorithm to identify and reach new generation of consumers, who are highly distinctive. Livestreaming enables instant interactions and simulation of real-life usage scenarios, providing opportunities for products with limited offline visibility to penetrate online, making it a key driver of category growth.

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- *Rising health and hygiene awareness.* In recent years, consumers have become increasingly health-conscious and demand higher hygiene and safety standards for their living spaces. According to the National Health Commission of the People’s Republic of China, in 2024 the national health literacy level reached 31.87%, and is expected to maintain a relatively rapid rate of increase. Health literacy refers to an individual’s ability to obtain, understand and use basic health information and services to make appropriate health decisions. As health literacy continues to rise, consumers are placing greater emphasis on the safety, ingredient transparency and effectiveness of household care products. Beyond basic cleaning, there is a growing preference for products that combine functionality and sensory delight, such as antibacterial and deodorizing floor cleaners with fragrance and surface care, or natural hand soaps with minimal residue, and pleasant scents. This is fueling a shift toward low-irritant, eco-friendly, multi-functional formulations, reflecting dual expectations for safety and efficacy.

Future Trends

- *Rising demand for premium products driven by quality and innovation.* Today’s consumers prioritize ingredient safety, eco-friendliness, and multifunctional benefits such as antibacterial, anti-mite, and long-lasting fragrance. At the same time, rising health and environmental awareness has increased demand for premium products featuring top-quality ingredients, a variety of functionalities, and innovative formulations. Top-quality ingredients refer to those that are safe, effective, and may include plant extracts, functional enzymes, and advanced fragrance components. Consumers are willing to pay a premium for safer and more effective products with better performance, which has become a key industry trend.
- *Convenient and scenario-based cleaning solutions are increasingly popular.* In a fast-paced modern lifestyle, consumers’ preference for convenient, scenario-based household care solutions reflects a strong demand for efficient and practical offerings, and the market for products such as fabric sprays is expected to continue expanding in the future.
- *Health and environmental awareness accelerates the industry’s green transformation.* Consumer focus on personal well-being and environmental impact is propelling the household care industry toward greener, more sustainable solutions. Such greener, more sustainable solutions include the use of biodegradable or recyclable packaging and the replacement of traditional chemical ingredients with plant-based or naturally derived ones, reflecting a shift toward more environmentally friendly product compositions.

Competitive Landscape

Household care products are essentially daily necessities. The household care industry has several defining traits, including stable consumer demand, a large number of market participants, the ease of entry and exit, and product homogeneity. These elements incentivize innovation among market participants and keep prices in check to gain an edge. In 2024, the top five brands accounted for approximately 34.6% of the household care market in terms of retail sales. Leading brands typically maintain their competitive advantage through strong economies of scale, brand influence and channel coverage. In this context, the LYCOCELLE brand has achieved remarkable growth, driven by strong product innovation and effective channel operations, with its growth rate significantly exceeding the industry average. In terms of the CAGR of retail sales from 2022 to 2024, LYCOCELLE was the fastest-growing scaled brand, brands with annual retail sales exceeding

INDUSTRY OVERVIEW

RMB100 million in 2024, in China’s household care industry. In 2024, only approximately 60 household care brands in China met this scaled brand threshold. The following table sets forth the top five household care brands in China, in terms of retail sales in 2024:

Top Five Household Care Brands in China, in Terms of Retail Sales in 2024

Rank	Brand	Market Share*
1	Brand A	12.3%
2	Brand H	7.4%
3	Brand B	6.9%
4	Brand G	4.8%
5	Brand I	3.2%

Source: Frost & Sullivan

Notes:

- * Market share refers to the proportion of retail sales of the brand’s household care relative to the total retail sales of household care in China.
- Brand A was established in 1994, headquartered in China, and primarily engages in the production and sales of household care products, including liquid detergent, dishwashing detergent, and hand soap.
 - Brand B was established in 1992, headquartered in China, and primarily engages in the production and sales of household care products, including liquid detergent, hand soap, kitchen cleaner and bathroom cleaner.
 - Brand G was established in 1954, headquartered in the United Kingdom, and primarily engages in the research and development and sales of household care products, including liquid detergent, laundry pods, and powder detergent.
 - Brand H was established in 1992, headquartered in China, and primarily engages in the production and sales of household care products, including powder detergent, liquid detergent, and soap.
 - Brand I was established in 1986, headquartered in the United States, and primarily engages in the production and sales of household cleaning products, including kitchen cleaner and bathroom cleaner.

Fabric care becomes the largest segment in the household care industry, with approximately 2,000 brands in China’s fabric care market. Within this segment, LYCOCELLE ranked 16th in China’s fabric care industry, 11th in China’s laundry additives industry, and 7th in China’s fabric spray industry, in terms of retail sales in 2024. Liquid detergent is the dominant subcategory, and in terms of year-on-year growth rate of retail sales from 2023 to 2024, LYCOCELLE was the fastest-growing scaled brand in China’s liquid detergent market, with a CAGR of 114.1%.

Meanwhile, premium liquid detergents, defined as those priced at RMB50 or above per 1,000ml, represent a rapidly growing segment, as consumers increasingly seek emotional value and identity alignment alongside functional performance. LYCOCELLE ranked fifth in China’s premium liquid detergent segment, in terms of retail sales in 2024. The following table sets forth the top five premium liquid detergent brands in China, in terms of retail sales in 2024:

Top Five Premium Liquid Detergent Brands in China, in Terms of Retail Sales in 2024

Rank	Brand	Market Share*	Year-on-Year Growth, 2024
1	Brand A	25.0%	22.2%
2	Brand B	17.2%	17.3%
3	Brand C ⁽¹⁾	16.1%	13.1%
4	Brand D ⁽²⁾	7.8%	9.2%
5	LYCOCELLE	3.0%	114.1%

INDUSTRY OVERVIEW

Source: Frost & Sullivan

Notes:

- * Market share refers to the proportion of retail sales of the brand’s premium liquid detergents relative to the total retail sales of premium liquid detergents in China.
1. Brand C was established in 1967, headquartered in Germany (currently owned by a U.S. company), and primarily engages in the production and sales of household care products, including powder detergent, liquid detergent, and laundry pods.
 2. Brand D was established in 1946, headquartered in the United States, and primarily engages in the production and sales of household care products, including powder detergent, liquid detergent, and laundry pods.

As laundry care continues to evolve with more diverse product formats, laundry pods are gaining popularity for their convenience and efficiency. In China, LYCOCELLE ranked fourth in the laundry pod industry in terms of online retail sales in 2024. Meanwhile, as laundry care becomes more refined, lingerie detergents have gradually emerged as an important subcategory within the liquid detergent market. Lingerie detergents address delicate fabric care needs not met by general-purpose detergents. The following table sets forth the top five lingerie detergent brands in China, in terms of online retail sales, in 2024:

**Top Five Lingerie Detergent Brands in China,
in Terms of Online Retail Sales in 2024**

Rank	Brand	Market Share*	Year-on-Year Growth, 2024
1	Brand A	15.1%	17.1%
2	Brand E ⁽¹⁾	7.2%	6.9%
3	LYCOCELLE	6.6%	26.2%
4	Brand F ⁽²⁾	6.2%	13.5%
5	Brand B	5.9%	15.6%

Source: Frost & Sullivan

Notes:

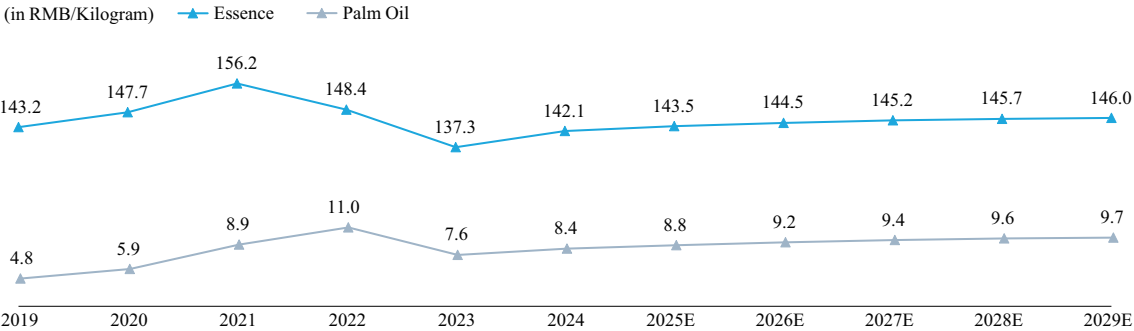
- * Market share refers to the proportion of the brand's online retail sales of lingerie detergent relative to the total online retail sales of lingerie detergent in China.
1. Brand E was established in 2000, headquartered in China, and primarily engages in the production and sales of household care products, including liquid detergent and hand soap.
 2. Brand F was established in 1996, headquartered in Thailand, and primarily engages in the R&D, production, and sales of household care products, including lingerie detergent and hand soap.

Historical Prices of Major Raw Materials

Household care products generally use chemicals that are derived from palm oil as their raw material. Due to a shortage in supply, the price of palm oil increased from 2019 to 2021 but turned to decrease in 2023, with the production and export expansion in Southeast Asia, especially in Malaysia. The price of palm oil remained relatively stable in 2024. One of the main raw materials used for premium fabric care products is essence. Between 2019 to 2021, driven by heightened awareness of hygiene and cleanliness at home, there were an upward adjustment in essence prices. Thereafter, as supply chains normalized and demand stabilized, essence prices is expected to gradually stabilize in the future.

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Price of Major Raw Materials in China, Essence and Palm Oil, 2019-2024



Source: Frost & Sullivan

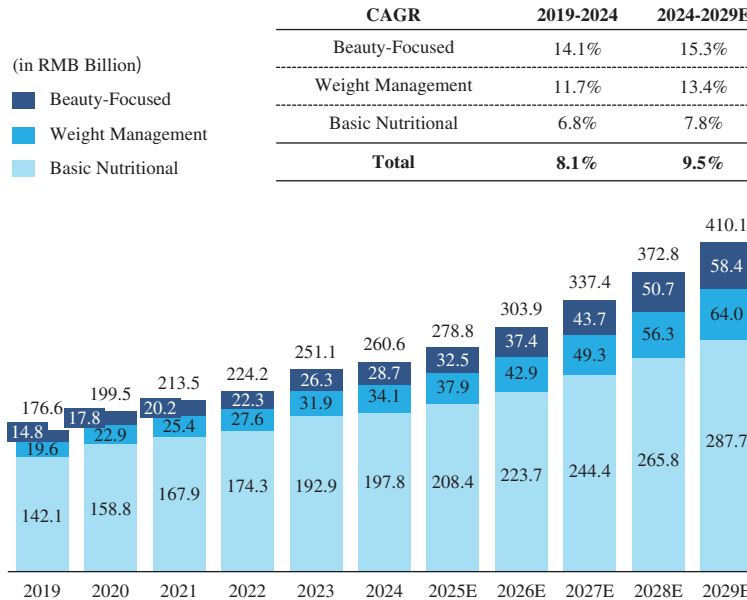
OVERVIEW OF CHINA’S NUTRITIONAL SUPPLEMENTS INDUSTRY

Nutritional supplements refer to food products designed to provide specific health benefits or supplement essential nutrition, such as vitamins and minerals. These products are generally used to support bodily functions and are not intended to diagnose, treat, cure or prevent any diseases. Nutritional supplements come in a variety of product categories, including those with official health food certifications and other products designed to provide specific health benefits or essential nutritional supplements. Based on their intended functions, nutritional supplements can be further categorized into three types: (i) beauty-focused nutritional supplements, primarily designed to enhance external appearance by promoting internal bodily functions through the intake of functional ingredients. These supplements aim to deliver cosmetic benefits such as whitening or anti-aging. Common active ingredients include fish oil, ergothioneine, collagen and hyaluronic acid; (ii) basic nutritional supplements, aimed to compensate for insufficient intake of essential nutrients, such as vitamins, minerals and proteins, in daily diets, supporting general health and maintaining normal bodily functions; and (iii) weight management nutritional supplements, designed to assist in weight control, reduce body fat, or suppress appetite.

As consumer demand for beauty-focused nutritional supplements continues to rise, emerging functional ingredients such as ergothioneine have attracted significant attention and awareness. From 2019 to 2024, the market size of beauty-focused nutritional supplements achieved a CAGR of 14.1% in China, becoming a key growth driver for overall market expansion. In China’s beauty-focused nutritional supplement market, collagen is a well established category due to its early market entry, reaching RMB11.6 billion in retail sales in 2024. Ergothioneine-based supplements, featuring a key ingredient that has rapidly gained popularity in recent years, recorded RMB860 million in retail sales in 2024. This segment is expected to grow at a CAGR of 44.1%, reaching RMB5.3 billion by 2029, highlighting its strong growth potential. Additionally, fish oil products, known for promoting skin health and providing anti-inflammatory benefits, have also gained traction. In 2024, China’s fish oil market reached approximately RMB6.5 billion in retail sales and is projected to grow at a CAGR of around 15.0% from 2024 to 2029.

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Market Size of China’s Nutritional Supplements Industry by Product Function, in Terms of Retail Sales, 2019-2029E

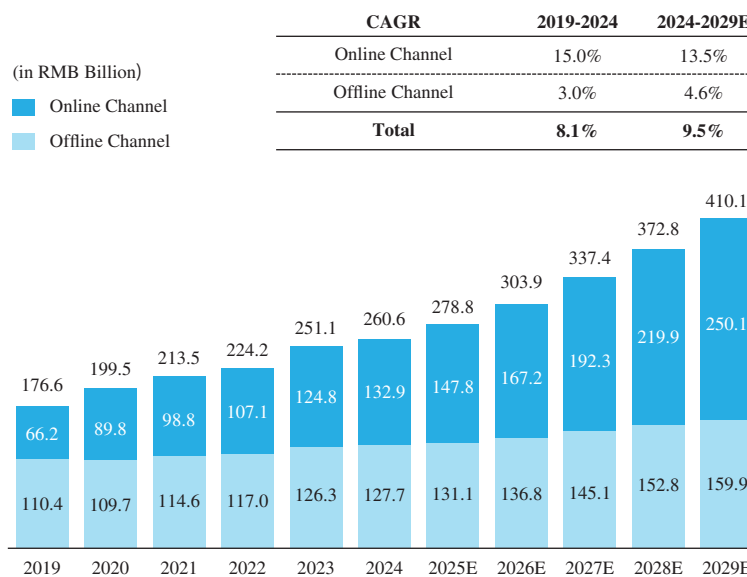


Source: Frost & Sullivan

Market Size of China’s Nutritional Supplements Industry

Traditionally, nutritional supplements in China have been sold through pharmacies, supermarkets, specialty stores and e-commerce platforms. In recent years, the online channels have risen steadily, driven in particular by emerging brands launched on content-driven e-commerce platforms. According to Frost & Sullivan, China’s nutritional supplements market size, in terms of retail sales, grew from RMB176.6 billion in 2019 to RMB260.6 billion in 2024, and is expected to grow at a CAGR of 9.5% to reach RMB410.1 billion in 2029. The share of nutritional supplementals sold through online channels is expected to rise from 51.0% in 2024 to 61.0% in 2029.

Market Size of China’s Nutritional Supplements Industry by Sales Channel, in Terms of Retail Sales, 2019-2029E



Source: Frost & Sullivan

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Within online channels, content-driven e-commerce platforms, enabled by livestreaming, content-driven marketing and personalized recommendation algorithms, have experienced rapid growth in recent years. From 2019 to 2024, the retail sales of nutritional supplements sold through content-driven e-commerce platform grew at a CAGR of approximately 23.0% and reached RMB63.1 billion in 2024, becoming the primary growth driver within the online channel. In 2024, content-driven e-commerce platforms contributed 47.5% of online retail sales of nutritional supplements, which is expected to further increase to 58.0% in 2029.

Key Drivers for Nutritional Supplement Market

- *Growing preference for beauty-focused supplements.* Nowadays, women are investing more resources on health and beauty. The fact that they recognize personal well-being as a long-term investment rather than a short-term need has contributed to a rising interest in beauty-focused nutritional supplements. Beauty-focused nutritional supplements serve demands to improve both appearance and wellness, reflecting a heightened emphasis on self-care and holistic health management, and have thus become one of the most dynamic categories in China’s nutritional supplement market.
- *Rising per capita spending fuels market expansion.* Despite rapid development, per capita spending in nutritional supplements in China remains relatively low compared with developed countries. In 2024, Chinese consumers spent approximately RMB185 per capita on nutritional supplements, compared to RMB1,332 in the United States. Given China’s large population and rising consumer spending power, the current low market penetration highlights significant untapped potential, making China one of the most attractive and fastest-growing markets in the global nutritional supplement industry.
- *Advances in research and development.* Breakthroughs in biotechnology, particularly synthetic biology, are transforming raw material supply. Synthetic biology enables large-scale production of emerging functional ingredients such as ergothioneine. Compared with traditional extraction methods of natural products, synthetic biology not only reduces reliance on natural resources but also offers advantages in cost efficiency, supply chain stability, and overall sustainability. These advantages prompt companies to innovate their products, help enhance corporate competitiveness, and lay a solid foundation for the sustainable development of the nutritional supplement industry.

Future Trends

- *Beauty-focused supplements shaping the future landscape.* Female consumers are increasingly adopting a lifecycle approach to health and appearance management. Beyond functionality, the emotional satisfaction and sense of identity derived from these products further drive sustained consumption.
- *Stronger regulatory oversight.* Ongoing regulatory refinement is driving greater industry standardization. For instance, the Implementation Rules for the Measures for the Supervision and Administration of Food Labeling (《食品標識監督管理辦法》) issued in 2025 has strengthened the regulation and supervision of the labeling of nutritional supplements and other foods. Such stricter rules are expected to improve product safety, efficacy, and quality control; enhance professionalism; and ensure compliance and strengthen consumer protection, supporting sustainable industry development.
- *Increasingly robust quality control.* With a rising focus on product safety and efficacy, quality control across the entire supply chain has become a central competitive differentiator, including moving quality control upstream, implementing stricter raw material audits and supplier management mechanisms, and adopting digital traceability systems in the manufacturing process. Comprehensive quality control systems are essential to maintaining consumer trust and market competitiveness.

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Competitive Landscape

China’s nutritional supplements market features a large number of participants and remains relatively fragmented. According to Frost & Sullivan, approximately 20,000 and 3,000 brands have involved in the overall nutritional supplement industry and the beauty-focused nutritional supplement industry, respectively, in China. In 2024, the top five brands jointly accounted for approximately 25.0% in the nutritional supplement industry in China, in terms of retail sales. Traditional leading brands remain focused on basic nutritional supplements, whereas the beauty-focused segment has expanded rapidly with intensifying competition. Among these emerging players is FineNutri, which was launched in September 2024 and is still in an early stage of development. It occupied a market share of far less than 1% in China’s beauty-focused nutritional supplement industry in 2024, in terms of retail sales, but has become the fastest-growing beauty-focused nutritional supplement brand to surpass RMB500 million in retail sales in China since its inception, as of the Latest Practicable Date. The following table sets forth the top five beauty-focused nutritional supplement brands in China, in terms of the time they spend to achieve cumulative retail sales of RMB500 million:

**Top Five Beauty-Focused Nutritional Supplement Brands in China,
in Terms of the Time Spent to Achieve Cumulative Retail Sales of RMB500 million**

Rank	Brand	Time to Achieve Cumulative Retail Sales of RMB500 Million ⁽¹⁾
1	FineNutri	12 months
2	Brand J ⁽²⁾	Approximately 2 years
3	Brand K ⁽³⁾	Approximately 3 years
4	Brand L ⁽⁴⁾	Approximately 4 years
5	Brand M ⁽⁵⁾	Approximately 4 years

Source: Frost & Sullivan

Notes:

1. Time measured from the brand’s inception to the point when its cumulative retail sales reached RMB500 million.
2. Brand J was established in 2019, headquartered in China, and primarily engages in the R&D of beauty-focused nutritional supplements, with products including collagen peptide drinks.
3. Brand K was established in 2021, headquartered in China, and specializes in synthetic biotechnology and the R&D of beauty-focused nutritional supplements, with key products including ergothioneine oral capsules.
4. Brand L was established in 2017, headquartered in China, and primarily engages in the R&D and production of beauty-focused nutritional supplements, with key products including whitening pills and anti-glycation pills.
5. Brand M was established in 2020, headquartered in China, and specializes in the production and R&D of beauty-focused nutritional supplements, with key products including whitening pills and collagen peptide drinks.

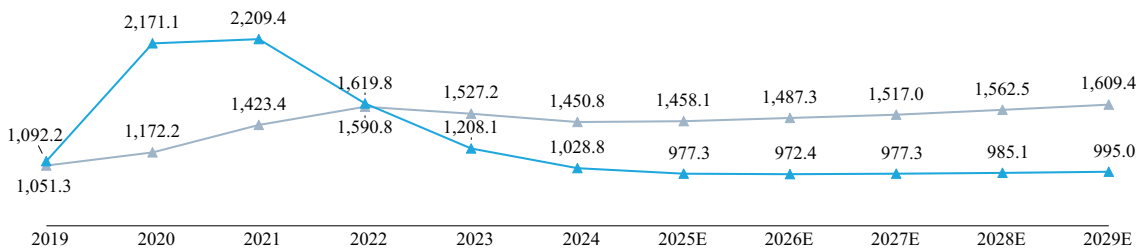
Historical Prices of Major Raw Materials

As an emerging ingredient in the nutritional supplement industry, Calanus oil is able to be extracted and sold by only a very few raw material suppliers currently. It is expected that as the application and popularity of Calanus oil in the nutritional supplement industry continue to rise, the market demand and price of Calanus oil may experience a steady increase in the future. Coenzyme Q10, one of the key raw materials used in nutritional supplements, experienced price fluctuations between 2019 and 2024. Prices rose from approximately RMB1,092 per kilogram in 2019 to RMB2,171 per kilogram in 2020 due to surging demand with rapidly increasing health awareness. Since 2022, the release of new capacity and improved fermentation technologies reduced production costs and increased supply. Prices fell to RMB1,620 per kilogram in 2022 and further to RMB1,029 per kilogram in 2024.

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Price of Major Raw Materials in China, Calanus Oil and Coenzyme Q10, 2019-2024

(in RMB/Kilogram) — Calanus Oil — Coenzyme Q10



Source: Frost & Sullivan

OVERVIEW OF CHINA’S E-COMMERCE SOLUTION INDUSTRY

E-commerce solution providers are specialized companies dedicated to offering comprehensive services to brand clients, covering online store operations, marketing, customer service, IT support, as well as warehousing and logistics to brand partners. The core value of this industry lies in leveraging professional operational expertise and extensive channel experience to help brands achieve online business growth and strengthen brand building across different stages of development.

Business Models of E-Commerce Solution Providers

Within the e-commerce solution industry, solution providers mainly operate under two models: brand management and e-commerce operation services. Under the brand management model, service providers are responsible for brand sales and marketing operations in specific regions. Their scope of work includes product procurement, inventory management, distribution and sales, as well as marketing planning and campaign execution aligned with the brand’s strategy to drive sales and expand market share. E-commerce operation services model emphasizes providing professional operational support. Service providers acts as a third-party partner operate online stores on designated platforms and deliver a full suite of services, including store operations, marketing, supply chain coordination and consumer services.

E-commerce solution providers typically generate revenue through two approaches: (i) distribution model, under which the solution providers purchase products from the brand and sells them to consumers through e-commerce platforms, earning profit from the price difference; and (ii) service fee model, under which solution providers charge brand clients commissions based on the sales generated on the platform or a fixed service fee. In practice, many solution providers adopt a hybrid model to diversify revenue streams, ensure stable growth, and mitigate business risks.

Market Size of China’s E-Commerce Solution Industry

In 2024, the market size of China’s e-commerce solution industry reached RMB1.3 trillion, in terms of GMV, and is expected to grow at a CAGR of 11.7% over the next five years, reaching RMB2.2 trillion in 2029. Growth is driven by rising online penetration and evolving e-commerce ecosystems, including content-driven and live-streaming channels, alongside increasing demand for localized and end-to-end brand management services.

The e-commerce solution industry serves multiple sectors, including health & wellness, beauty & personal care, fast-moving consumer goods (FMCG), home furnishing and appliances, and others. Among these, the health & wellness segment is one of the fastest-growing categories. Since professional knowledge in the health & wellness industry was crucial to the business operation of brands, brand owners are generally tended to control the product sales and marketing operations on

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their own in the early period. With the continuous accumulation of industry experience and channel resources, e-commerce solution providers have achieved cooperation with increasing numbers of brands, driving the rapid growth of the market size in the health & wellness segment in the e-commerce solution industry. In 2024, GMV of China’s e-commerce solution in this category reached RMB80.1 billion, and is expected to rise to RMB237.9 billion in 2029, representing a CAGR of 24.3%.

Competitive Landscape

The health & wellness segment is one of the fastest-growing sub-sectors within China’s e-commerce solution industry. The market is relatively fragmented, with the top five players accounting for approximately 15.7% of the total market share in 2024, in terms of GMV generated from the health & wellness category. Leveraging years of experience in e-commerce operation services, Ruoyuchen has developed differentiated strengths in brand partnerships, digital operations capabilities, channel expansion, and content marketing. With its deep expertise in the health & wellness sector, Ruoyuchen is able to anticipate shifts in consumer demand and provide customized solutions for brand clients. In 2024, Ruoyuchen ranked fourth in China’s e-commerce solution industry, in terms of GMV generated from the health & wellness category.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, a market research and consulting company and an independent third party, to conduct an analysis of, and to report on the household care, nutritional supplements and e-commerce solution markets in China. The report prepared by Frost & Sullivan for us is referred to in the document as the F&S Report. The F&S Report has been prepared by Frost & Sullivan independent of our influence. The fee payable to Frost & Sullivan for preparing the F&S Report is RMB600,000 which we believe reflects market rates for similar services. Founded in 1961, Frost & Sullivan has over 45 global offices with more than 3,000 industry consultants, market research analysts, technology analysts and economists. Our Directors confirm, to the best of their knowledge, and after making reasonable enquiries, that there have been no adverse changes in the industry since the date of the F&S report and up to the Latest Practicable Date which may qualify, contradict or have an impact on the information set out in this section.

During the preparation of the F&S Report, Frost & Sullivan collected, analyzed, assessed, and validated the information and statistics using its in-house analysis models and techniques. Primary research was conducted via discussions and interviews with industry participants and industry experts. Secondary research involved analysis of market statistics obtained from several publicly available data sources, such as releases from the governments of the research countries, company reports, independent research reports, and Frost & Sullivan’s own internal database. The methodology applied by Frost & Sullivan is based on information and statistics gathered from multiple levels and allows such information and statistics to be cross-referenced for accuracy.

The F&S Report contains a series of market projections which were produced based on the following assumptions, without limitations: (i) China’s and global economy is likely to maintain steady growth in the next decade; and (ii) China’s and global social, economic, and political environment is likely to remain stable from 2025 to 2029.

REGULATORY OVERVIEW

We are subject to a variety of laws, and regulations across a number of aspects of our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities around the world.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE PRC

Regulations on Corporation

On December 29, 1993, the Standing Committee of the National People’s Congress of the PRC (the “SCNPC”) issued the PRC Company Law (《中華人民共和國公司法》) (the “Company Law”), which was last amended on December 29, 2023 and implemented on July 1, 2024. All companies established in the PRC are subject to the Company Law. The Company Law regulates the establishment, operation, corporate structure, and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares.

The main amendments of the PRC Company Law (2023 Revision) involve improving the company’s establishment and exit system, optimizing the company’s organizational structure, perfecting the company’s capital system and strengthening the responsibilities of controlling shareholders and management personnel.

Regulations on Foreign Investment

In March 2019, the National People’s Congress promulgated the PRC Foreign Investment Law (《中華人民共和國外商投資法》) (the “2019 PRC Foreign Investment Law”). Upon taking effect on January 1, 2020, the 2019 PRC Foreign Investment Law replaced the Sino-Foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Owned Enterprises Law (《中華人民共和國外資企業法》) to become the legal foundation for foreign investment in the PRC.

Pursuant to the 2019 PRC Foreign Investment Law, “foreign investments” refer to investment activities conducted by foreign investors directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment of other methods as specified in laws, administrative regulations, or as stipulated by the State Council.

On December 26, 2019, the State Council issued the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect on January 1, 2020 and replaced the Regulations on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法實施條例》), Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業合營期限暫行規定》), the Regulations on Implementing the Wholly Foreign-Owned Enterprise Law (《中華人民共和國外資企業法實施細則》) and the Regulations on Implementing the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法實施細則》).

The NDRC and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 version) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the “2021 Negative List”) on December 27, 2021, to replace the previous encouraging catalog and negative list thereunder. The Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單)(2024

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年版)》) (the “2024 Negative List”) has been officially adopted on September 6, 2024, and has been implemented on November 1, 2024, after which the 2024 Negative List replaced the 2021 Negative List. Pursuant to the Foreign Investment Law, the Implementation Regulations and the 2024 Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed “permitted” for foreign investments.

Policies on Cross-Border E-Commerce

Since 2015, the PRC government has promulgated multiple regulations or policies to encourage and support the development of cross-border e-commerce in China. These include the Guiding Opinions of the General Office of the State Council on Promoting the Sound and Rapid Development of Cross-Border E-Commerce issued by the General Office of the State Council on June 16, 2015, the Several Opinions of the State Council on Promoting the Stabilization and Upswing of Foreign Trade issued by the State Council on May 5, 2016, and the Letter of 14 Departments including the Ministry of Commerce on Replicating and Popularizing Mature Experience and Practices from Cross-Border E-Commerce Comprehensive Pilot Zones jointly issued by the Ministry of Commerce, the NDRC and another twelve departments on October 26, 2017, the Notice on improving the work related to cross-border e-commerce retail import supervision issued by the Ministry of Commerce, the NDRC and another four departments on November 28, 2018. These regulations and policies support creation of independent brands, optimization of cross-border e-commerce management model and customs clearance formalities, and provisions of payment services and foreign exchange settlement services to cross-border e-commerce enterprises.

Laws and Regulations on Foreign Exchange

According to the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, last amended and implemented on August 5, 2008, RMB is freely convertible into other currencies for current accounts such as trade-related income and expenses and payments of interest and dividends. While for capital items such as direct equity investment, loan and divestment, the conversion of RMB into other currencies and the remittance of the converted foreign currencies outside China shall be subject to prior approval of the State Administration of Foreign Exchange (the “SAFE”) or its local branches.

Pursuant to the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE on February 13, 2015, implemented on June 1, 2015 and partially abolished on December 30, 2019, banks shall, on behalf of SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment, and SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks.

The Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of 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》) which was issued by the SAFE on October 23, 2019, last amended and implemented on December 4, 2023, cancelled restrictions on the domestic equity investment by non-investment foreign-invested enterprises with their capital funds. The non-investment foreign-invested enterprises shall be allowed to use capital funds for domestic equity investment in accordance with the laws under the premise of not violating the Negative List and the authenticity and compliance of their domestic invested projects.

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According to the Circular of the State Administration of Foreign Exchange 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, eligible enterprises are allowed to make domestic payments by using their income under capital accounts, such as capital funds, foreign debts and the proceeds from overseas listing, without submitting the evidentiary materials concerning authenticity of such capital for banks in advance; provided that their capital use is authentic and in line with provisions, and in compliance with the prevailing administrative regulations on the use of income under capital accounts. The bank in charge shall conduct spot checks in accordance with the relevant requirements.

Regulations on Importation of Goods

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 and last amended on April 29, 2021, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the Customs. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall file for record with the Customs in accordance with the laws.

Pursuant to the Administrative Provisions of the Customs of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the GAC on November 19, 2021 and taking effect from January 1, 2022, the consignees and consignors for imported or exported goods and the customs brokers engaged in customs declarations shall undergo recordation formalities at the relevant administration department of customs in accordance with the laws.

Laws and Regulations on E-commerce and Online Transaction

According to the E-Commerce Law of the PRC (《中華人民共和國電子商務法》), which was promulgated by the SCNPC on August 31, 2018 and came into effect on January 1, 2019, E-Commerce refers to business activities of sale of goods or provision of services through Internet and other information network while E-commerce business operators refer to natural persons, legal persons and other non-legal-person organisations that engage in business activities of sale of goods or provision of services through Internet and other information network. E-commerce operators shall complete the market entity registration (unless no such registration is required by laws and administrative regulations) and obtain the relevant administrative licenses for conducting those operational activities which are required by law to obtain administrative licenses.

Commodities sold or services offered by e-commerce operators shall meet the requirements to protect personal and property safety and the environmental protection requirements, and e-commerce operators shall not sell or provide any commodity or service prohibited by laws and administrative regulations. E-commerce platform operators who know or should have known that the goods sold or services provided by the operators within the platform do not meet the requirements for ensuring personal and property safety, or if there are other acts that infringe upon the legitimate rights and interests of consumers, and have not taken necessary measures, shall bear joint and several liabilities with those operators.

According to Circular on Improving the Oversight of Retail Imports in Cross-Border E-Commerce (Shang Cai Fa No. 486 [2018]) (《關於完善跨境電子商務零售進口監管有關工作的通知》(商財發[2018]486號)), which was promulgated by the MOFCOM, the NDRC, the MOF, the GAC, the SAT, and the SAMR on 28 November 2018 and came into effect on 1 January 2019, cross-border e-commerce retail imports are defined as the consumer behaviour of domestic consumers in the PRC who purchase products from offshore through a cross-border e-commerce third-party platform operator and deliver the products into the PRC by way of “online shopping tax free imports” or “direct purchase imports”. Cross-border e-commerce retail importers (hereinafter referred to as the “cross-border e-commerce enterprises”) refer to overseas registered enterprises

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who sell cross-border e-commerce retail imports from overseas to consumers in China should be deemed as the owner of the goods. Cross-border e-commerce retail imports shall be regulated as entry goods for personal use, and the requirements for initial import license, registration or filing of relevant commodities shall not be implemented.

The Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》), enacted by the SAMR on March 15, 2021, and amended on March 18, 2025 with the amendments effective from May 1, 2025, regulate all business activities involving sales of commodities or provision of services through the internet and other information networks as well as the supervision and administration thereof by market regulatory departments within the territory of mainland China. No online transaction business may engage in business operations without a license or permit in violation of any law, regulation or decision of the State Council. Except under the circumstances where registration is not required as prescribed in Article 10 of the E-Commerce Law of the PRC, an online transaction business shall undergo market entity registration in accordance with the law. In addition, an online transaction business shall disclose commodity or service information in a comprehensive, truthful, accurate and timely manner, and protect consumers’ right to know and right to choose.

On November 4, 2016, the CAC issued Administrative Provisions on Internet Live Streaming Services (《互聯網直播服務管理規定》), which became effective on December 1, 2016. Under the Administrative Provisions on Internet Live Streaming Services, “internet live streaming” refers to the activities of continuously releasing real-time information to the public based on the internet in forms such as video, audio, images and texts.

On November 5, 2020, the SAMR issued Guiding Opinions of the State Administration for Market Regulation on Strengthening the Supervision of Live Streaming Marketing Activities (《市場監管總局關於加強網絡直播營銷活動監管的指導意見》) (the “Guiding Opinions on the Supervision of Live Streaming Marketing Activities”), which came into effect on the same day. According to the Guiding Opinions on the Supervision of Live Streaming Marketing Activities, the legal responsibilities of relevant entities shall be specified, the conduct of live streaming marketing shall be strictly regulated, and the illegal acts in live streaming marketing shall be investigated and punished.

Food Operation Permit

China has adopted a licensing system for food supply operations under the Food Safety Law (《食品安全法》) and its implementation rules. Entities or individuals that intend to engage in food production, food distribution or food service businesses must obtain licenses or permits for such businesses.

Pursuant to the Measures for the Administration of Food Operation Licensing and Record-filing (《食品經營許可和備案管理辦法》) issued by the SAMR, which has taken effect on December 1, 2023, an enterprise engaged in food sales or catering services shall obtain a Food Operation Permit from the SAMR, and the permits already obtained by food business operators prior to the effective date of the Measures for the Administration of Food Operation Licensing and Record-filing will remain valid for their originally approved validity period. Our PRC subsidiaries, Shanghai Jingjingyeye Marketing Planning Consultant Co., Ltd (the “Shanghai Jingjingyeye”), engaging in food operation business have obtained Food Operation Permits, which is valid from May 21, 2021, to May 20, 2026. The permitted business items include “sales of pre-packaged food (including refrigerated/frozen food), sales of special foods (sales of health foods, sales of infant formula milk powder)”.

On November 29, 2021, the SAMR promulgated the Announcement on Matters Relating to the Filing for the Sale of Pre-packaged Food Only (《市場監管總局關於僅銷售預包裝食品備案有關事項的公告》), which stipulates that the food operation must be licensed in accordance with the law to engage in food selling and catering service within the territory of China. However, the food

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operation licensing is not required if it sales of pre-packaged food only. The sale of pre-packaged food only shall be filed for record with the local food safety regulatory department of the local people’s government at or above the county level. The food operation already in possession of a valid Food Business License are not required to undergo this filing before the expiration of their current license. Our Company, Guangzhou Haitongda, Guangzhou Moya Ark, Guangzhou Kubaoer Network Technology Co., Ltd.(the “Guangzhou Kubaoer”), Shanghai Jingjingyeye, Guangzhou Jingwang Network Technology Co., Ltd. and Dongtai Yunruize have completed the filing relating to the the sale of pre-packaged food only and remaining valid on a long-term basis.

The oral supplements sold by the Group are products under the brand FineNutri, which are not special foods and belong to ordinary pre-packaged foods that don’t require refrigeration or freezing, and are covered within the scope of the aforementioned filings.

Medical Device Operation Enterprise Permit

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), which was issued by the State Council in 2000 and was last amended in December 2024, medical devices are divided into three types and enterprise engaged in the distribution of type two medical devices shall complete record-filing formalities with the municipal level food and drug administration and provide supporting materials to satisfy the relevant conditions of engaging in the operation of medical devices. Measures for the Supervision and Administration of the Quality of Drug Operation and Use (《藥品經營和使用質量監督管理辦法》) came into effect on January 1, 2024, which stipulates that any entity engaged in drug wholesale or retail activities must obtain a Drug Distribution License upon approval from the drug regulatory department, and strictly comply with laws, regulations, rules, standards, and norms.

Regulations Relating to Product Quality, Advertising and Consumer Protection

The SCNPC promulgated the Product Quality Law (《產品質量法》) which was promulgated in 1993 and was last amended in December 2018, applies to all production and sale activities in China. Pursuant to this law, products offered for sale must satisfy relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any way, including forging brand labels or giving false information regarding a product’s manufacturer. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, suspension or shutdown of business, as well as confiscation of products illegally produced and sold and the proceeds from such sales. Severe violations may subject the responsible individual or enterprise to criminal liabilities. Where a defective product causes personal injury or damage to another person’s property, the victim may claim compensation from the manufacturer or from the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer. Similarly, if the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

The principal regulations governing promotion and advertising activities in China include the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》) which was last amended in June 2025 and took effect in October 2025, the PRC Pricing Law (《中華人民共和國價格法》) which took effect in May 1998, and the PRC Advertising Law (《中華人民共和國廣告法》) which took effect in April 2021. Under the PRC Advertising Law, advertising operators and advertising distributors will be subject to more stringent requirements and obligations. For example, entities or individuals shall not send advertisements to customers’ telephones, mobile or email accounts without the customers’ consents or requests, and any advertisement containing any kind of misleading, false or inaccurate information with respect to product quality, constituents, functionality, price, sales performance or other features will be deemed as deceptive advertising and will subject the advertising operators and distributors to penalties more severe than those under the original law. In addition, the PRC Anti-Unfair Competition Law further imposes stringent

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requirements on various promotional activities, such as prize-giving sales and bundling sales. Violation of these requirements may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements, and orders to publish a correction to the misleading information.

The Administrative Measures for Internet Advertising (互聯網廣告管理辦法), which were promulgated by the SAMR on February 25, 2023 and came into effect on May 1, 2023, provide that Internet advertisement shall be identifiable so that consumers will identify it as such. With regard to commodities or services ranked under competitive bidding, advertisement publishers shall indicate conspicuously the word “Advertisement” to distinguish them from the natural search results. No advertisement of any medical treatment, medicines, medical apparatuses, pesticides, veterinary medicines, dietary supplement, foods for special medical purpose or other special commodities or services which are subject to review by advertisement examination authorities as stipulated by laws and regulations shall be released unless it has passed such examination.

According to the Regulation on the Supervision and Administration of Cosmetics (《化妝品監督管理條例》) (Order No. 727 of the State Council of the People’s Republic of China), which became effective on January 1, 2021, and the Measures for the Supervision and Administration of Production and Operation of Cosmetics (《化妝品生產經營監督管理辦法》) (Order No. 46 of the State Administration for Market Regulation), which became effective on January 1, 2022, the cosmetic distributors on the e-commerce platform shall disclose the information on the cosmetics they distribute in a comprehensive, truthful, accurate and timely manner. The content of cosmetic advertisements shall be authentic and legal. No cosmetic advertisement may expressly or impliedly indicate that the product has any medical effect, contain any false or misleading information, or deceive or mislead consumers.

The Consumer Protection Law (《消費者權益保護法》) which was promulgated by the National People’s Congress Standing Committee in October 1993 and last amended in October 2013 sets out the obligations of business operators and the rights and interests of the consumers in China. Pursuant to this law, business operators must guarantee that the commodities they sell satisfy the requirements for personal or property safety, provide consumers with authentic information about the commodities, and guarantee the quality, function, usage and term of validity of the commodities. Failure to comply with the Consumer Protection Law may subject business operators to civil liabilities such as refunding purchase prices, replacement of commodities, repairing, ceasing damages, compensation, and restoring reputation, and even subject the business operators or the responsible individuals to criminal penalties when personal damages are involved or if the circumstances are severe. The Consumer Protection Law was further amended in October 2013 and became effective in March 2014. The amended Consumer Protection Law further strengthens the protection of consumers and imposes more stringent requirements and obligations on business operators, especially on the business operators through the internet.

Regulations on Cyber Security, Data Security and Personal Information Protection

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “Cybersecurity Law”) and become effective as of June 1, 2017, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

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On June 10, 2021, the SCNPC promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》) (the “Data Security Law”) which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system.

In August 2021, the Standing Committee of the National People’s Congress promulgated the Personal Information Protection Law (《個人信息保護法》) which took effect in November 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, using a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transfer, and security. Entities handling personal information shall bear responsibility for their personal information handling activities, and adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, personal information processors could be subject to liability for their processing activities, including rectification, or suspension or termination of their provision of their services as well as confiscation of illegal income, fines or other penalties.

As the Cybersecurity Law, the Data Security Law, the Personal Information Protection Law and relevant rules and regulations are constantly evolving and may be amended from time to time, we may be required to make further adjustments to our business practices to comply with these laws, rules and regulations.

In December 2021, the CAC, together with certain other PRC governmental authorities, promulgated the Revised Cybersecurity Review Measures (《網絡安全審查辦法》) which replaced the then-effective version and took effect in February 2022. According to the Revised Cybersecurity Review Measures, operators of critical information infrastructure who purchase network products and services and network platform operators who carry out data processing activities that affect or may affect national security shall be subject to cybersecurity review. In addition, network platform operators with personal information of over one million users must apply for a cybersecurity review before listing abroad. Relevant competent governmental authorities may also initiate cybersecurity review if they determine certain network products, services or data processing activities affect or may affect national security. As of the Latest Practicable Date, we had not been notified of being classified as a critical information infrastructure operator (“CIIO”), we had not received any inquiry, notice, warning from any PRC government authorities, and have not been subject to any investigation, sanctions or penalties made by any PRC government authorities regarding national security risks caused by our business operations or the [REDACTED]. In addition, CCRC confirmed to us during a telephonic consultation in August 2025 that the term of “listing abroad (國外上市)” under the Cybersecurity Review Measures does not apply to listing in Hong Kong, and thus we are not required to proactively submit an application for cybersecurity review for our [REDACTED] in Hong Kong.

Furthermore, on September 30, 2024, the State Council released the Network Data Regulation (《網絡數據安全管理條例》), which shall come into force on January 1, 2025. The Network Data Regulation is not only the first at the administrative regulation level specifically for network data security, but it also serves as a comprehensive implementing regulation for the compliance requirements set out by the Cybersecurity Law, Data Security Law, and Personal Information Protection Law. The Network Data Regulation introduces several key obligations, including requiring network data handlers to specify the purpose and method of personal information processing, as well as the types of personal information involved, before any personal information is handled. It also clarifies definitions for important data, outlines the obligations of those handling important data, establishes broader contractual requirements for data sharing between data handlers,

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and introduces a new exemption for regulatory obligations regarding cross-border data transfers. As of the date of this document, the Network Data Regulation has not yet come into force. It remains to be seen how this regulation will be interpreted and implemented, and to what extent it will affect our operations.

Regulations on Taxation

The PRC Enterprise Income Tax

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”), which was last amended on December 29, 2018, and the EIT Law 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》), which was last amended on December 6, 2024, enterprises are classified as resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25%. High and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%. 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.

Pursuant to the EIT Law, the expenses of an enterprise for the research and development of new technologies, new products and new process may be additionally calculated and deducted when calculating the taxable amount of incomes. The implementation rules of the EIT Law specifies that, the term “additional deduction of research and development expenses” means that, where the research and development expenses that are actually incurred for the purpose to develop new technologies, new products and new crafts and do not constitute intangible assets are recorded into the current profit or loss, such expenses shall be deducted from the taxable income for the current year at 50% of the actual amount incurred in the current year and on an actual basis as required.

Pursuant to the Notice on Increasing the Ratio of the Additional Deduction of Research and Development Expenses (《關於提高研究開發費用稅前加計扣除比例的通知》), which was promulgated by the Ministry of Finance of the PRC, the SAT and the Ministry of Science and Technology of the PRC on September 20, 2018 and became effective on the same day, with respect to the research and development expenses that are actually incurred in the research and development activities of the enterprise, an extra 75% of the actual amount of expenses is deductible before tax, in addition to other actual deductions, during the period from January 1, 2018 till December 31, 2020, provided that the said expenses are not converted into the intangible asset and balanced into the enterprise’s current gains and losses.

VAT

Pursuant to the Value-added Tax Law (《中華人民共和國增值稅法》), which was promulgated by the SCNPC on December 25, 2024 and became effective on January 1, 2026, entities and individuals (including individual businesses) engaged in the sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT. Taxpayers that sell goods are subject to a tax rate of 13% and taxpayers that sell services or intangible assets are subject to a tax rate of 6%. Unless otherwise specified in the Value-added Tax Law, taxpayers making taxable transactions shall calculate and pay VAT by offsetting input tax against output tax according to the general tax calculation method and calculate the VAT payable.

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Pursuant to provisions in the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs [2019] No. 39) (《關於深化增值稅改革有關政策的公告》) (財政部、稅務總局、海關總署公告2019年第39號) issued by Ministry of Finance, SAT and GAC on March 20, 2019 and took effect on April 1, 2019, with respect to VAT taxable sales or imported goods of VAT general taxpayers, the applicable tax rates shall be adjusted from 16% to 13% and from 10% to 9%, respectively.

Dividends Distribution

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was most recently amended on August 31, 2018, 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 most recently amended on December 18, 2018, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Regulations on Labor, Social Insurance and Housing Accumulation Funds

Labor

Pursuant to the PRC Labor Law (《中華人民共和國勞動法》) and the PRC Labor Contract Law (《中華人民共和國勞動合同法》) (the “Labor Contract Law”), employers must execute written labor contracts with full-time employees. All employers must comply with local minimum wage standards. In addition, the Labor Contract Law also imposes requirements on the use of employees of temp agencies, who are known in China as “dispatched workers”. The Interim Provisions on Labor Dispatching (《勞務派遣暫行規定》), issued by the Ministry of Human Resources and Social Security of the PRC in January 2014 and came into effect in March 2014, requires the number of dispatched workers to not exceed 10% of the total number of workers, which refers to the sum of the number of employees with a labor contract with the employer and the number of dispatched workers the employer employed.

Social Insurance and Housing Accumulation Funds

As required under the Regulation of Insurance for Labor Injury (《工傷保險條例》) first implemented on January 1, 2004 and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) came into effect on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998, the Unemployment Insurance Measures (《失業保險條例》) promulgated on January 22, 1999, the Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) amended by the State Council and coming into effect on March 24, 2019 and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was released by the SCNPC on October 28, 2010, came into force on July 1, 2011 and was then amended on December 29, 2018, enterprises are obliged to provide their employees in the PRC with welfare schemes covering basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

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Pursuant to the Interpretation II of the Supreme People’s Court on Several Issues Concerning the Application of Law 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”), which took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people’s court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38(3) of the Labor Contract Law, the people’s court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people’s court shall support such requests in accordance with the law.

Pursuant to the Regulation on the Administration of Housing Accumulation Funds (《住房公積金管理條例》) released by the State Council on April 3, 1999 and came into force on the same day, which latest amended by the State Council and coming into effect on March 24, 2019, an employer shall pay the housing accumulation funds for its employees in accordance with the relevant provisions of the state.

On September 18, 2018, the general meeting of State Council announced that the policies for social insurance shall remain unchanged until the reform has been completed for the transfer of the authority for social insurance from the Ministry of Human Resources and Social Security to the SAT on January 1, 2019. On September 21, 2018, the Ministry of Human Resources and Social Security released an Urgent Notice on Notice of Certain Measures on Further Supporting and Serving the Development of Private (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) (the “Urgent Notice”) and required that the policies for both the rate and basis of social insurance contributions shall remain unchanged until the reform on the transfer of the authority for social insurance has been completed. On November 16, 2018, the SAT released the Notice of Certain Measures on Further Supporting and Serving the Development of Private (《關於實施進一步支持和服務民營經濟發展若干措施的通知》), which provided that the policy for social insurance shall remain stable and the SAT will pursue to lower the social insurance contribution rates with the relevant authorities, and ensure the overall burden of social insurance contribution on enterprises will be lowered.

Regulations on Leasing

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

Regulations on Intellectual Property

The PRC has adopted comprehensive legislation governing intellectual property rights, including copyrights, patents, trademarks and domain names.

Copyright

Copyright in the PRC, including copyrighted computer software, is principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》) (the “Copyright Law”), which was most recently amended in November 2020 and became effective in June 2021, and its implementation rules. According to the Copyright Law, the term of protection for copyrighted

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computer software shall be 50 years. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, take remedial action, and offer an apology and pay damages.

Pursuant to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 and amended on June 18, 2004, and the Regulation on Computers Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in mainland China and recognizes the China Copyright Protection Centre as the software registration organization. The China Copyright Protection Centre shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the Standing Committee of the National People’s Congress in March 1984, which was most recently amended in October 2020 and became effective in June 2021, provides for three types of patents, “invention”, “utility” and “design”. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. The National Intellectual Property Administration is responsible for examining and approving patent applications.

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the Standing Committee of the National People’s Congress in August 1982 with the latest amendment being effective in November 2019, and its implementation rules promulgated by the State Council in August 2002 with the latest amendment being effective in May 2014, protect registered trademarks. The Trademark Office of National Intellectual Property Administration is responsible for the registration and administration of trademarks throughout the PRC. The Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. A registration application for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination may be rejected. Trademark registration is effective for a renewable ten-year period, unless otherwise revoked.

Domain Name

Domain names are protected under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT in August 2017 and became effective in November 2017. The MIIT is the major regulatory body responsible for the administration of the PRC internet domain names, under supervision of which the China Internet Network Information Center is responsible for the daily administration of .cn domain names and Chinese domain names. CNNIC adopts the “first to file” principle with respect to the registration of domain names. In November 2017, the MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which became effective in January 2018. Pursuant to the notice, the domain name used by an internet-based information service provider in providing internet-based information services must be registered and owned by such provider in accordance with the law. If the internet-based information service provider is an entity, the domain name registrant must be the entity (or any of the entity’s shareholders), or the entity’s principal or senior manager.

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Regulations on Securities and Overseas Listing

The Securities Law of the People’s Republic of China, which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating 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. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

The PRC government has enhanced its regulatory oversight of Chinese companies listing overseas. The Opinions on Intensifying Crack Down on Illegal Securities Activities (《關於依法嚴打擊證券違法活動的意見》) issued in July 2021 called for (i) tightening oversight of data security, cross-border data flow and administration of classified information, as well as amendments to relevant regulations to specify responsibilities of overseas listed Chinese companies with respect to data security and information security; (ii) enhanced oversight of overseas listed companies as well as overseas equity fundraising and listing by Chinese companies; and (iii) extraterritorial application of PRC securities laws.

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Overseas Listing Regulations. Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Regulations provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Overseas Listing Regulations stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of listing status or transfers of listing segment, and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity and data security, and duly fulfill their obligations to protect national security.

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On February 24, 2023, the CSRC and three other relevant government 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》), or the Provision on Confidentiality. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, 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, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Ruoyuchen is a consumer-centric emerging consumer brand company, committed to delivering high-quality, differentiated products that address consumer needs in functionality, emotional value, immersive experiences, and self-expression. Our proprietary brand LYCOCELLE (綻家) focused on premium household care products, offering consumers a refined sensory experience for everyday living. FineNutri (斐萃), our nutritional supplement brand, is designed for ingredient-conscious women, addressing their diverse needs for targeted and effective health solutions. In addition to developing our own brands, we partner with third-party brands through brand management and e-commerce operation services. Our product offerings span a wide range of categories, including household care, beauty & personal care, maternal & infant care, and health & wellness. We have cumulatively served over 100 domestic and international brands.

Our Company was established in 2011 in Guangzhou by Mr. Wang and Ms. Wang, with a vision to connect outstanding global brands and products with Chinese consumers. In our early years, we focused on providing e-commerce services to both domestic and international brands, managing brand operations and marketing across designated online channels. Building upon this foundation, we launched our brand management business in 2023, offering comprehensive lifecycle services to third-party brand partners — from industry analysis and brand strategy to sales execution and channel operations. Over time, we have developed strong multi-channel capabilities, gained deep insights into China’s new generation of consumers, and built specialized expertise across various consumer goods categories. For details of our business, please refer to the section headed “Business” in this document.

On September 25, 2020, our A Shares were listed on the main board of the Shenzhen Stock Exchange (stock code: 003010.SZ). See “— Corporate Development and Major Changes in Share Capital and Shareholdings — A Share Listing and Subsequent Share Capital Changes” for more details.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

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

Year	Event
2011	In May, our Company was established in Guangzhou, Guangdong Province, China.
2015	In December, our Company was listed on the NEEQ. In December, we were awarded the title of “E-commerce Demonstration Enterprise of Guangdong Province (廣東省電子商務示範企業).”
2016	In November, we were awarded the title of “High and New Technology Enterprise of Guangdong Province.”
2020	In September, our A Shares were listed on the Shenzhen Stock Exchange in September 2020 and we officially launched our proprietary home care brand LYCOCELLE.
2021	In October, we received the “Global New Economy Excellence Achievement Award” (全球新經濟卓越成就獎).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Event
2023	In July, we were awarded the title of “National E-commerce Demonstration Enterprise” (國家級電子商務示範企業) and re-awarded as a “National High and New Technology Enterprise” (國家高新技術企業).
2024	In October, we entered into a strategic partnership with Zooca, a Norway-based company and the world’s sole producer of Calanus oil (紅寶石油), becoming its exclusive distributor in Greater China. In December, we formed a strategic partnership with AI research company MetaNovas to establish a strong competitive edge in formulation design.
2025	In May, we advanced localized AI deployment and accelerated intelligent transformation via partnership with third-party cloud and big data solutions provider.

OUR MAJOR SUBSIDIARIES

Details of each of our subsidiaries playing important roles in making material contributions to our results of business operations and corporate strategy (“**Major Subsidiaries**”) are set out below.

Name of subsidiary	Place of establishment/ incorporation	Date of establishment and commencement of business	Equity interest attributable to our Group	Principal business activities
Shanghai Moya Ark . .	PRC	October 21, 2021	100%	Marketing of proprietary brands
Guangzhou Moya Ark .	PRC	June 20, 2019	100%	Marketing of proprietary brands
Moa’s Ark	New Zealand	May 7, 2019	100%	Marketing and international expansion of proprietary brands
Guangzhou Haitongda .	PRC	October 30, 2018	100%	Proprietary supply chain services
FINENUTRI International	Hong Kong	October 22, 2015	100%	Marketing of proprietary brands
Lily Buyer	Hong Kong	July 23, 2015	100%	Brand management services and e-commerce operation services
HENGMEIKANG (International)	Hong Kong	May 6, 2015	100%	Brand management services and e-commerce operation services
Dreamie International	Hong Kong	May 6, 2015	100%	Brand management services and e-commerce operation services

The Company held entire equity interests in the above Major Subsidiaries throughout the Track Record Period.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE DEVELOPMENT AND MAJOR CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS

Earlier History of the Company

Our Group was officially founded when our Company was established in the PRC on May 10, 2011 as a limited liability company under the name of Guangzhou Ruoyuchen Trading Co., Ltd. (廣州若羽臣貿易有限公司). At the time of establishment, our Company was owned by Mr. Wang Yu (王玉) (“**Mr. Wang**”) and his wife, Ms. Wang Wenhui (王文慧) (“**Ms. Wang**”) as to 50% and 50%, respectively. For details of the background of Mr. Wang and Ms. Wang, see “Directors and Senior Management” in this document.

Between May 2011 and May 2015, our Company underwent several rounds of increases in registered capital and equity transfer.

On July 8, 2015, 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, our Company’s name was changed to Guangzhou Ruoyuchen Technology Co., Ltd. (廣州若羽臣科技股份有限公司) and the then shareholding structure of our Company was as follows:

Name of Shareholder	Number of Shares Held	Approximate Percentage of Shareholding (%)
Mr. Wang ⁽¹⁾	36,588,000	48.78%
Lancy Co., Ltd. (朗姿股份有限公司) (“ Lancy ”) ⁽²⁾	15,000,000	20.00%
Tianjin Yayi ⁽³⁾	9,600,000	12.80%
Ms. Wang ⁽¹⁾	4,860,000	6.48%
Ningbo Chenhui Shengjing Equity Investment Partnership (Limited Partnership) (寧波晨暉盛景股 權投資合夥企業(有限合夥)) (“ Ningbo Chenhui ”) ⁽⁴⁾	3,750,000	5.00%
Jiang Litao (姜立濤) ⁽⁵⁾	3,402,000	4.54%
Xu Qing (徐晴)	1,800,000	2.40%
Total	75,000,000	100.00%

Notes:

- Mr. Wang and Ms. Wang are spouses. For details of the background of Mr. Wang and Ms. Wang, see “Directors and Senior Management.”
- Lancy is a limited liability company established in the PRC with its A shares listed on the Shenzhen Stock Exchange (stock code: 002612.SZ). Lancy is primarily engaged in business in relation to focuses women’s fashion, medical aesthetics, and infant products.
- Tianjin Yayi is a limited partnership established in the PRC, the general partner of which is Ms. Wang, holding 1% partnership interest in Tianjin Yayi. As of the Latest Practicable Date, there was one limited partner in Tianjin Yayi, being Mr. Wang, holding 99.0% partnership interest in Tianjin Yayi.
- Ningbo Chenhui, a limited partnership established in the PRC and primarily engaged in venture capital investment, invested in our Company in April 2015. As of the Latest Practicable Date, it ceased to be our A shareholder, having disposed of its equity interest in our Company in the public market pursuant to its internal commercial arrangements.
- Jiang Litao, an individual financial investor, invested in our Company in March 2014. As of the Latest Practicable Date, Jiang Litao hold approximately 1.41% equity interest in our Company.

Historical Listing on the NEEQ

On December 2, 2015, the shares of our Company were listed on the NEEQ (stock code: 834647) (the “**NEEQ Listing**”).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

On August 29, 2017, to facilitate our Company’s business development and align with our long-term strategic plan for listing on domestic capital markets, the then board of our Company, following prudent deliberation, resolved to voluntarily delist our shares from the NEEQ, which was duly approved by the then shareholders of our Company on September 14, 2017. The delisting from NEEQ was completed on October 13, 2017.

Our Directors are of the view that there are no material matters in relation to the listing on and delisting of NEEQ that need to be brought to the attention of the Stock Exchange and potential [REDACTED].

From 2017 to 2018, our Company underwent several rounds of changes on shareholding structure. Immediately prior to our A Share Listing (as defined below), our total issued shares amounted to 91,269,840 shares.

A Share Listing and Subsequent Major Share Capital Changes

On September 25, 2020, we completed the listing of our A Shares on the Shenzhen Stock Exchange (stock code: 003010.SZ) (the “A Share Listing”). Immediately following this offering, our share capital was increased to 121,699,840 A Shares with a nominal value of RMB1.00 each, and the shareholding structure of our Company was as follows:

Name of Shareholder	Number of Shares Held	Approximate Percentage of Shareholding
		(%)
Mr. Wang	34,207,048	28.11%
Lancy	15,000,000	12.33%
Tianjin Yayi	9,600,000	7.89%
Ningbo Chenhui	5,833,333	4.79%
Ms. Wang	4,860,000	3.99%
Jiangsu Chenhui Langzi Venture Capital Partnership Enterprise (Limited Partnership) (江蘇晨暉朗姿創業投資合夥企業(有限合夥)) (“Jiangsu Chenhui”) ⁽¹⁾	3,174,603	2.61%
Jiang Litao (姜立濤)	2,652,000	2.18%
Jin Yingshun (金英順) ⁽²⁾	2,604,166	2.14%
Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥)) (“Qianhai Equity”) ⁽³⁾	2,380,952	1.96%
Zhuhai Houyu Kaisheng Equity Investment Fund (Limited Partnership) (珠海厚鈺凱盛股權投資基金企業(有限合夥)) (“Houyu Kaisheng”) ⁽⁴⁾	2,083,333	1.71%
Other A Shareholders	39,304,405	32.39%
Total	121,699,840	100.00%

Notes:

1. Jiangsu Chenhui, a limited partnership established in the PRC and primarily engaged in investment management, investment consulting and asset management, invested in our Company in September 2018. As of the Latest Practicable Date, it ceased to be our A shareholder, having disposed of its equity interest in our Company in the public market pursuant to its internal commercial arrangements.
2. Jin Yingshun, an individual financial investor, invested in our Company in January 2017. As of the Latest Practicable Date, it ceased to be our A shareholder, having disposed of her equity interest in our Company in the public market in accordance with the shareholder’s individual investment strategy.
3. Qianhai Equity, a limited partnership established in the PRC and primarily engaged in venture capital investment and equity capital investment, invested in our Company in September 2018. As of the Latest Practicable Date, it ceased to be our A shareholder, having disposed of its equity interest in our Company in the public market pursuant to its internal commercial arrangements.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

4. Houyu Kaisheng, a limited partnership established in the PRC and primarily engaged in equity capital investment, invested in our Company in January 2017. As of the Latest Practicable Date, it ceased to be our A shareholder, having disposed of its equity interest in our Company in the public market pursuant to its internal commercial arrangements.

Share Issuance in 2023

In September 2023, our share capital was increased to 122,329,340 Shares pursuant to the exercise of options under the 2022 Equity Incentive Plan.

Shareholding Changes and Share Issuance in 2024

In June 2024, our Company issued a total number of 45,836,573 A Shares as bonus shares to all then shareholders on the basis of four new shares for every ten existing shares held, effected by way of capitalization of capital reserve following the publication of the Company’s annual results for the year ended December 31, 2023. Such share issuance was approved by the general meeting of our Company on May 28, 2024. Upon completion of the share issuance, our share capital was increased to 168,165,913 A Shares.

In September 2024, our share capital was increased to 170,043,313 A Shares pursuant to the issuance of A Shares upon exercise and vesting of options granted under the 2022 Equity Incentive Plan.

In November 2024, our Company cancelled 6,012,807 A Shares following the completion of the share repurchases from the market for an aggregate number of 6,012,807 A Shares. Upon completion of the aforementioned share cancellation, our share capital was decreased to 164,030,506 A Shares.

Shareholding Changes and Share Issuance in 2025

In June 2025, our Company issued a total number of 63,457,442 A Shares as bonus shares to all then shareholders on the basis of four new shares for every ten existing shares held, effected by way of capitalization of capital reserve following the publication of the Company’s annual results for the year ended December 31, 2024. Such share issuance was approved by the general meeting of our Company on May 22, 2025. Upon completion of the aforementioned share issuance, our share capital was increased to 227,487,948 A Shares.

In July 2025, our Company cancelled 8,817,672 A Shares following the completion of the share repurchases from the market for an aggregate number of 8,817,672 A Shares. Upon completion of the aforementioned share cancellation, our share capital was decreased to 218,670,276 A Shares.

In September 2025, our share capital was increased to 222,185,340 A Shares pursuant to the issuance of A Shares upon exercise and vesting of options granted under the 2022 Equity Incentive Plan.

In September 2025, our Company issued a total number of 88,874,136 A Shares as bonus shares to all then shareholders on the basis of four new shares for every ten existing shares held, effected by way of capitalization of capital reserve following the publication of the Company’s interim results for the six months ended June 30, 2025. Such share issuance was approved by the extraordinary general meeting of our Company on September 4, 2025. Upon completion of the aforementioned share issuance, our share capital was increased to 311,059,476 A Shares.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Upon completion of the above shareholding changes and as of the Latest Practicable Date, to our Director’s best knowledge, the shareholding structure of our Company was as follows:

Name of Shareholder	Number of Shares Held	Approximate Percentage of Shareholding (%)
Mr. Wang	93,864,140	30.18%
Tianjin Yayi	26,342,400	8.47%
Ms. Wang	13,335,840	4.29%
Other A Shareholders	177,517,096	57.06%
Total	311,059,476	100.00%

Our PRC Legal Advisor is of the view that the shareholding changes of the Company since its establishment were carried out in accordance with the applicable laws and regulations in the PRC.

MATERIAL ACQUISITIONS AND DISPOSALS

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

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 Shenzhen Stock Exchange (stock code: 003010.SZ) since September 2020. Our Directors have confirmed that our Company has no instance of 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 is no material matter that should be brought to [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 Company had complied with all applicable securities laws and regulations in the PRC in relation to its listing on the Shenzhen Stock Exchange in all material respects during the Track Record Period, and up to the date of submission of its [REDACTED] application to the Hong Kong Stock Exchange.

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 have reasonable doubt about our Directors’ confirmation with regard to the compliance record of the Company on the Shenzhen Stock Exchange in any material respect.

Our Company is seeking a [REDACTED] of its H Shares on the Hong Kong Stock Exchange in order to provide further capital for the development and expansion of our Company’s business, to strengthen our Company’s working capital and to further strengthen our business profile and global presence. For more details, see “Business” and “Future Plans and Use of [REDACTED].”

2022 EQUITY INCENTIVE PLAN

In recognition of the contributions of our employees and to incentivize them to further support our development, thereby maximizing the interests of the Company, its Shareholders and employees, we have adopted the 2022 Equity Incentive Plan. For details of the 2022 Equity Incentive Plan, see “Statutory and General Information — D. 2022 Equity Incentive Plan” in appendix IV to this document.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PUBLIC FLOAT AND FREE FLOAT

Satisfaction of the Public Float Requirement

Upon [REDACTED], and to the best knowledge of the Company, a total number of [REDACTED] A Shares, representing approximately [REDACTED]% of our Company’s total issued Shares will be held by Mr. Wang, Ms. Wang, Tianjin Yayi and certain directors of the Company and/or its subsidiaries. Such Shares will not be regarded as being in public hands, as these holders will be considered as our Company’s core connected persons (as defined under the Listing Rules).

Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer’s total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3,000,000,000.

Our A Shares are listed on the Shenzhen Stock Exchange. The total number of the H Shares to be issued pursuant to the [REDACTED] represents approximately [REDACTED]% of the total issued share capital of our Company (assuming that the [REDACTED] is not exercised and no new Shares are issued under the 2022 Equity Incentive Plan), and the total market value of the H Shares to be held by the public is expected to range between approximately HK\$[REDACTED] million and HK\$[REDACTED], which is calculated based on the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per H Share. Based on the above, the proportion of H Shares to be held by the public will meet the prescribed percentage requirement under Rule 19A.13A(2)(a) of the Listing Rules, which provides that the prescribed percentage of H Shares required to be held in public hands of our Company shall be at least 10% (i.e. representing at least 10% of the Company’s total number of issued shares in the class to which H Shares belong, excluding treasury shares). Accordingly, our Company will satisfy the public float requirements under Rule 8.08(1) (as amended and replaced by Rule 19A.13A(2)(a) of the Listing Rules).

Satisfaction of the Free Float Requirement

Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000; or (b) have an expected market value at the time of listing of not less than HK\$600,000,000. Based on the low-end of the indicative [REDACTED] of HK\$[REDACTED] per H Share, the Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

The following chart illustrates our corporate and shareholding structure immediately prior to the [REDACTED], assuming no new Shares are issued under the 2022 Equity Incentive Plan and no changes are made to the total share capital of our Company since the Latest Practicable Date and up to the [REDACTED]:



HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Note:

1. As of the Latest Practicable Date, Mr. Wang had pledged 7,010,000 A Shares, representing approximately 2.25% of the total issued share capital of our Company, to two PRC financial institutions for his personal financing needs. See also “Substantial Shareholders — Share Pledge by a Controlling Shareholder.”

The following chart illustrates our corporate and shareholding structure immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised, no new Shares are issued under the 2022 Equity Incentive Plan, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]:



BUSINESS

OVERVIEW

Who We Are

Ruoyuchen is a consumer-centric emerging consumer brand company, committed to delivering high-quality, differentiated products that address consumer needs in functionality, emotional value, immersive experiences, and self-expression.

Leveraging our omnichannel capabilities and deep industry insights, we build, scale, and partner with brands that are embedded in the lives of China’s new consumers, particularly established middle-class, young white collars and modern moms, addressing their unmet needs, resonating with their values, and engaging with them across their preferred touchpoints. Our business is structured around three segments:

- *Proprietary Brand Development.* We incubate and operate proprietary brands in China, focusing on consumer goods tailored to address evolving consumer preferences and demands. With extensive operational experience and market insights accumulated through our e-commerce operation and brand management businesses, we are able to efficiently build proprietary brands with strong product-market fit. Our proprietary brand portfolio mainly includes household care brand LYCOCELLE and nutritional supplement brands FineNutri and NuiBay, each addressing different aspects of our consumers’ demands. We manage the full brand development lifecycle, from setting brand strategy and developing products, to sourcing raw materials and working with third-party manufacturers, and finally to selling products to distributors and consumers. This approach allows us to deliver high-quality offerings that satisfy consumer demands.
- *Brand Management Business.* We empower brand partners to achieve sustainable growth. Acting as the exclusive operator for brand partners’ online business, we are responsible for brand operations, such as marketing, pricing decision, product sales and inventory management. In connection with these arrangements, we procure products from our brand partners and resell them to distributors and consumers. Beyond daily operations, we work closely with brand partners to develop tailored brand strategies, refine positioning and plan product portfolios that resonate with target consumers. By providing comprehensive operational capabilities and strategic guidance, we enable our brand partners to navigate the evolving complexities of the Chinese market and capture new growth opportunities.
- *E-commerce Operation Business.* We provide integrated digital operation solutions to third-party consumer good brands, enabling them to grow their online presence and perform better across sales channels. By managing online stores, supporting product sales, and carrying out brand marketing, we help our brand partners enhance sales conversion and boost brand visibility across major online platforms. Depending on the cooperation model, we either source products from our brand partners and resell them to distributors and consumers, or provide e-commerce operation services directly to our brand partners.

Leveraging core capabilities in identifying specific consumer segments and usage scenarios, optimizing content-driven sales strategies, and rapidly converting consumer insights into popular products, we have successfully launched three main proprietary brands, LYCOCELLE, FineNutri and NuiBay:

- **LYCOCELLE (綻家):** Focused on premium household care products, LYCOCELLE addresses self-care cleaning scenarios through concepts such as “dedicated care for specific garments” (專衣專護) and “fragrance-infused cleaning” (香氛清潔). In developing LYCOCELLE products, we use refined fragrance essences to elevate both the sensory appeal and functional quality of our offerings, reinforcing LYCOCELLE’s

BUSINESS

focus on long-lasting, premium fragrance. According to Frost & Sullivan, based on the CAGR of 72.6% of retail sales from 2022 to 2024, LYCOCELLE is the fastest-growing scaled brand in China’s household care industry. Additionally, for the year ended December 31, 2025, LYCOCELLE ranked 3 and 4 in terms of GMV among flagship stores in the fabric care category on Tmall and Douyin, respectively, according to the same source.

- ***FineNutri* (斐萃):** FineNutri is our premium nutricosmetics brand, created for ingredient-conscious consumers seeking visible anti-aging results. Its products feature compound, multi-ingredient formulations that calibrate and combine multiple active functional ingredients, such as ergothioneine and Calanus oil, to deliver complementary benefits across different skin-related and wellness needs. According to Frost & Sullivan, as of the Latest Practicable Date, FineNutri was the fastest beauty-focused nutritional supplement brand to surpass RMB500 million in retail sales in China since its inception. For the year ended December 31, 2025, FineNutri’s total GMV reached RMB1,159.1 million.
- ***NuiBay* (紐益倍):** NuiBay is designed for the mass market, addressing consumers who value simplicity, affordability and everyday effectiveness. Launched in June 2025, NuiBay focuses on single-ingredient formulations, which simplify consumer decision-making. Its signature ergothioneine product is priced at RMB99 per 30 capsules, delivering an accessible daily supplementation option. The brand gained market attention since its launch, with cumulative GMV exceeding RMB160.0 million as of the Latest Practicable Date.

How We Deliver

Under the leadership of our founder and CEO, Mr. WANG Yu (王玉), we have successfully evolved from a digital partner empowering global brands into a consumer-centric brand platform with full spectrum capabilities to create, incubate and scale proprietary brands. We have built a replicable brand building system, grounded in our deep insight into the evolving needs of Chinese consumers. As demographic shifts and evolving consumer values continue to reshape the market, we observe a growing emphasis among consumers not only on whether a product is effective, but also on whether it aligns with their personal preferences, aesthetic expectations, and lifestyle context. This structural shift has created significant market opportunities, propelling us from introducing global brands to China to building proprietary brands for China’s new consumers, addressing their needs.

Our ability to rapidly build widely recognized brands such as LYCOCELLE and FineNutri stems from a strong talent base and the continuous evolution of our core capabilities. These strengths are rooted in years of experience serving global consumer brands through our e-commerce operation services business. We have assembled a multi-disciplinary team with expertise across categories, such as household care, beauty & personal care, maternal & infant care and health & wellness, and more, allowing us to flexibly navigate across categories and quickly capture the preferences of our target consumers.

We have developed a systematic brand-building capability. Horizontally, we possess cross-category consumer insight, enabling us to precisely decode decision-making mechanisms and emotional drivers across different product types. For example, with FineNutri, we combined the visual appeal of beauty products with the credibility of nutritional supplements to precisely address consumers’ dual expectations for nutricosmetics. Vertically, we have built a full spectrum approach, from trend identification and product creation to content amplification and channel integration, allowing us to efficiently build high-potential brands tailored to diverse consumer needs.

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We are capitalizing on the rise of content-driven e-commerce and the restructuring of channel dynamics to build a new paradigm for brands, centered on omnichannel resonance and content-led engagement.

- ***Omnichannel Resonance:*** On the channel front, we have built an integrated ecosystem with Douyin at its core. With its massive traffic scale, high communication efficiency, and strong brand affinity, Douyin serves not only as a high-performance platform for product discovery and conversion, but also as a superhub for brand building and traffic distribution. Leveraging Douyin’s “product-finds-consumer” algorithm, we deliver scenario-rich, brand-aligned content directly to target audiences, generating strong resonance that extends across platforms such as Tmall, JD.com, Xiaohongshu, and offline retail. This resonance forms a powerful growth loop: we stimulate demand through short videos on Douyin, deploy precise marketing based on our profound understanding of China’s new consumers and algorithm, and drive sustained conversion across other platforms. Each channel plays a distinct yet synergistic role, enabling us to reach tens of millions of relevant consumers in record time and elevate brands to mainstream. Backed by years of digital service experience, we have developed a omnichannel DTC-driven growth model, where the rise of self-operated channels fuels healthy expansion across KOL/KOC channels, rapidly accumulating brand audience assets (人群資產)* and achieving true omnichannel resonance through refined traffic operations across the ecosystem.
- ***Content-Driven Engagement:*** Leveraging robust in-house content capabilities, we embed shareable visual and emotional elements at the product design stage, consistently produce high-quality images and short videos, and operate a matrix of livestream studios to generate a steady stream of high-conversion content assets. These assets fuel demand generation and rapid scaling on Douyin, while driving sustained conversion across other platforms. We also excel at integrating external resources — including IP cross-over collaborations, multi-tiered KOL partnerships aligned with brand image, and user-generated content — to amplify content impact. This integrated content system has enabled the successful establishment of recognizable product features that are widely shared and recalled by consumers across platforms. For example, FineNutri’s “Little Purple Bottle” gained traction on social platforms through its distinctive packaging and ingredient messaging, inspiring creation of product nicknames and derivative content that quickly established its positioning in anti-aging. LYCOCELLE’s fragrance laundry detergent leveraged IP-driven storytelling across lifestyle scenarios to drive long-term brand exposure and repeat purchases.

Our model of omnichannel resonance combined with content-driven engagement has delivered strong results. In 2025, GMV from our proprietary brands through Douyin channel reached RMB1.7 billion, representing approximately 66.0% of their total GMV generated from our proprietary brands. This momentum also accelerated KOL collaborations and improved operational efficiency. As of the Latest Practicable Date, LYCOCELLE and FineNutri had accumulated 214.9 million and 128.7 million brand audience assets on Douyin, continuously feeding high-intent traffic and conversion into other channels. Tmall, as our flagship brand platform, has been a core channel since our early development, with over a decade of accumulated capabilities and resources. It now supports a full spectrum system covering brand building, sales conversion, and lifecycle user management. With growth engines such as Douyin and synergy across multiple platforms, LYCOCELLE’s GMV doubled year-over-year in 2025. FineNutri’s cumulative GMV reached RMB1,159.1 million in 2025, and its GMV increased by 206.9% in the second half of 2025 compared with the first half of the year, demonstrating the rapid growth empowered by our omnichannel operations.

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Market Opportunities

We focus our proprietary brand development on two categories — household care and nutritional supplements. These categories are undergoing a structural transformation, driven by accelerated online penetration and increasingly refined segmentation of consumer groups and usage scenarios. Consumer shopping habits are rapidly shifting from offline to online, and content-driven e-commerce is gaining traction, particular in categories that require more consumer education. Platforms such as Douyin and Xiaohongshu have become key touchpoints for product discovery and conversion, enabling emerging brands to leverage their massive traffic to reach the mass market, target corresponding consumer segments more precisely and achieve rapid engagement, receive feedback from consumers and iterate quickly. This trend is not only reshaping channel dynamics but also redefining how brands connect with consumers and express product value.

Additionally, as consumer segmentation and lifestyle diversification deepen, traditional categories are evolving along dimensions such as usage scenarios, aesthetic preferences, and value propositions. The household care industry is moving beyond basic hygiene toward fragrance-driven self-care, visual appeal, and scenario-specific solutions. Nutritional supplements are shifting from general nutritional support to precise ingredient management focused on anti-aging and beauty, with nutricosmetics emerging as the fastest-growing subcategory. High-potential ingredients like ergothioneine are gaining popularity, supported by advances in synthetic biology that have significantly improved bioavailability and reduced raw material costs, enabling emerging concepts to scale into mainstream.

With deep insight into consumers and usage scenarios, along with strong capabilities in rapid brand creation, incubation and scale-up, we are well-positioned to expand our market share in these core categories and accelerate brand momentum.

Our Track Record

As a consumer-centric emerging consumer brand company, we have achieved rapid growth throughout the Track Record Period. Our total revenue increased from RMB1,366.1 million in 2023 to RMB1,765.8 million in 2024, and further to RMB3,431.8 million in 2025, representing a CAGR of 58.5% from 2023 to 2025. Additionally, our net profit has continued to improve, rising from RMB54.3 million in 2023 to RMB105.6 million in 2024, and further to RMB194.4 million in 2025, with a CAGR of 89.2% over the same period. Our significant growth in both revenue and net profit during the Track Record Period is testimony to our strong capabilities in brand creation, incubation and scale-up, and builds a solid foundation for our leadership in our industry.

STRENGTHS

Proven Capabilities in Building Widely Recognized Brands and Differentiated Products

We are a consumer-driven new brand company with proven capabilities in building and scaling brands. Across diverse categories and consumer segments, we consistently launch widely recognized brands, validated through both proprietary brand development and brand management partnerships. By integrating functionality, scenario-based experiences, and aesthetic appeal, we create product portfolios that meet core needs while offering differentiated value and premium potential, continuously driving the market trends. Our keen ability to identify needs across diverse usage scenarios allows us to capture opportunities early and build strong competitive moats. This enables a product strategy centered on high-performing SKUs and matrix expansion, driving profitable growth. Our proprietary brands, including LYCOCELLE, FineNutri, and NuiBay, have each achieved rapid traction and sustained penetration.

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- **LYCOCELLE:** In the household care category, LYCOCELLE targets a premium market by addressing needs in usage scenarios such as “dedicated care for specific garments” (專衣專護) and “fragrance-infused cleaning” (香氛清潔). The brand has cultivated a premium image through salon-grade fragrance design and a diverse scent matrix. In its core laundry care line, we leverage our fragrance expertise to develop a series of laundry detergents that combine dynamic headspace analysis and dual-layer microcapsule fragrance technology. This achieves both authentic scent reproduction and long-lasting fragrance, redefining consumer perceptions. To solidify its brand positioning, the product line has expanded from lingerie detergent to include fabric sprays, floor cleaners, laundry pods, and fragrance laundry detergents, forming a multi-SKU, high-value matrix that strengthens LYCOCELLE’s presence in the premium fragrance cleaning segment. LYCOCELLE has delivered measurable success, as outlined below:
 - Cumulative GMV reached RMB2.4 billion from 2023 to 2025, growing at a CAGR of 94.7% from 2023 to 2025.
 - According to Frost & Sullivan, LYCOCELLE fragrance laundry detergent ranked 4 in the standard laundry detergent category on Tmall, in terms of its GMV for the year ended December 31, 2025.
 - During the 2025 618 shopping festival, LYCOCELLE’s GMV grew over 170% year-over-year across all platforms, with Tmall, Douyin, Xiaohongshu, and JD all doubling. It ranked Top 1 in Tmall’s “618 Treasure New Brand” list for household care and Top 2 in the fast-moving consumer goods (FMCG) new brand list. During the 2025 Double 11 shopping festival, LYCOCELLE’s GMV grew by an average of over 80% year-over-year across all platforms, ranking No. 2 on Tmall’s apparel, footwear and bag care store leaderboard and No. 1 on Xiaohongshu’s home care store red list. Several high-performing SKUs continue to lead their respective specialized market segments.
 - Recognized as one of the “Top 100 High-Quality Consumer Brands of 2025 — Aesthetic Economy Category” (2025高品質消費品牌TOP100 — 顏值經濟類), “Emerging Trend Brand of the Year – 2024” (2024年度年度新趨勢品牌) and “2024 Leading Creative Brand under Shanghai’s First-Launch Economy Initiative” (2024年上海市首發經濟引領性創意品牌).
- **FineNutri:** In the nutritional supplement category, FineNutri focuses on science-backed anti-aging nutricosmetics, targeting ingredient-conscious women and consumers with precise needs for nutritional benefits. The brand has built a multi-SKU product matrix centered around key ingredients such as ergothioneine and Calanus oil. We have made strategic investments in raw material sourcing: leveraging synthetic biology to significantly improve the bioavailability and reduce the cost of ergothioneine and achieve early commercialization, while securing exclusive rights to procure and commercialize Calanus oil in Greater China, ensuring supply chain stability and control over the brand value chain. Building on ingredient advantages and brand positioning, FineNutri’s breakout product, the anti-aging “Little Purple Bottle,” has catalyzed strong growth across its broader portfolio, including the “Whitening Photon Bottle” and “Calanus Oil Capsules.” FineNutri has delivered measurable success, as outlined below:
 - In its first year since launch in September 2024, FineNutri has achieved a cumulative GMV of RMB517.0 million, making it the fastest beauty-focused nutritional supplement brand to surpass RMB500 million in retail sales in China since inception, according to Frost & Sullivan.

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- For the year ended December 31, 2025, FineNutri’s GMV reached RMB1,159.1 million. In the second quarter of 2025, GMV increased by 206.9% compared with the first half of the year.
- During the 2025 618 shopping festival, FineNutri’s GMV ranked No. 1 across Tmall’s nutritional supplement content, traffic, and transaction leaderboards, and No. 1 in Douyin’s overseas nutritional supplement category. During the 2025 Double 11 shopping festival, FineNutri ranked No. 1 in Douyin’s overseas nutritional supplement store leaderboard, within just over a year since launch.

In brand management, we have helped multiple partner brands achieve market breakthroughs. For Kangwang, we supported the launch of new product lines by refining positioning, upgrading visuals, and highlighting core functional ingredients to meet evolving consumer needs in scalp care. We developed targeted content across Xiaohongshu and Douyin to build brand awareness and trust, while aligning sales execution on Tmall and JD.com to enhance conversion. These efforts strengthened Kangwang’s leadership in professional scalp care and led to a 152.7% year-over-year increase in online GMV in 2025. To date, we have helped over 100 domestic and international brands across household care, beauty & personal care, maternal & infant care, and health & wellness achieve category breakthroughs and sustained growth.

In addition, we are a DTC-driven company, with revenue from DTC business accounting for approximately 72.2% of our total revenue in 2025. This model allows us to directly engage with consumers, capture evolving needs and emotional shifts in real time, and rapidly translate insights into product creation and content amplification, enabling fast and sustainable brand scale-up across multiple categories.

Omnichannel Resonance with Douyin at Core

We have built a Douyin-centered omnichannel ecosystem that fully leverages the value of both traditional and content-driven e-commerce platforms. By aligning product strategy, content design, and operation methodology with each platform’s characteristics, we unlock platform efficiency while maintaining brand image. Our content-driven, digitally empowered marketing strategy places Douyin platform at the heart of brand building, potential demand identification, and cross-channel scale-up. Douyin plays a pivotal role, enabling us to unlock brand potential, accelerate product launches, and break through the growth ceiling of traditional platforms. During the Track Record Period, the amount of GMV and sales made to consumers within the Douyin platform across our three business segments amounted to RMB299.6 million, RMB542.3 million and RMB2,314.3 million. Its “product-finds-consumer” algorithm allows us to deliver scenario-rich, brand-aligned content directly to target audiences, generating strong resonance that extends across Tmall, JD.com, Xiaohongshu, and offline retail, forming a powerful growth loop.

Since 2020, we have expanded our presence on Douyin, establishing a comprehensive operational system across self-operated livestreams, KOL collaborations, and short video distribution. Self-operated livestreaming holds exceptional strategic value, offering high margins, strong operational control, and direct consumer engagement. We’ve built a livestream base with over 30 studios and five themed sets, supported by over 200 signed hosts and a professional content team of over 300 members covering product planning, visual design, and scenario-based storytelling, ensuring high consistency between content and brand image. Leveraging our content team and consumer insights, we are able to achieve efficient conversion.

Leveraging Douyin’s massive traffic and powerful algorithm, we have been able to target consumers more precisely, build a loyal customer base, and achieve unprecedented brand scaling and product iteration. For example, FineNutri’s brand audience assets amounted to 33.8 million within just 12 months since its inception, reaching a broad and relevant audience that would take years to build via traditional channels. Douyin’s rapid content refresh cycle and real-time feedback loop empower us to test, launch, and scale new products within weeks. For example, a new supplement under the FineNutri brand can move from concept to full launch in less than a month, driven by short videos, livestreams, and KOL engagement.

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Beyond Douyin, we have established a strong presence on platforms such as Tmall, JD.com, and Xiaohongshu. Tmall supports our full spectrum brand building, conversion, and lifecycle management. JD.com, with its logistics and service advantages, enables efficient conversion and repeat purchases. Xiaohongshu, as a lifestyle inspiration community, fosters emotional connections through sharing and interaction, deepening consumer engagement, cultivating brand audience assets, and driving cross-platform conversion.

We have built a full-spectrum growth model centered on self-operated channels. In 2025, for LYCOCELLE and FineNutri, GMV from Douyin without considering KOL/KOC promotions accounted for approximately 69.4% and 84.4% of their respective GMV on this platform. The total GMV of LYCOCELLE and FineNutri reached RMB2.5 billion in 2025, up 269.2% as compared to 2024. Self-operated channels not only drive immediate sales but also accumulate brand momentum, boost KOL traffic, and ensure healthy profitability.

As of the Latest Practicable Date, LYCOCELLE had accumulated over 214.9 million brand audience assets on Douyin, while FineNutri had reached 128.7 million. The migration of such high-intent users from Douyin to other platforms and their repeat purchases fuel conversion on Tmall and beyond, leading to omnichannel resonance. In 2025, LYCOCELLE’s total GMV doubled year-over-year, with triple-digit GMV growth across Douyin and JD.com. FineNutri’s cumulative GMV reached RMB1,159.1 million in 2025, and its GMV increased by 206.9% in the second half of 2025 compared with the first half of the year, demonstrating the exponential growth empowered by our omnichannel operations.

Content-Driven Brand Building Capabilities

In China’s new consumer era, shopping habits are rapidly shifting from offline to online. Content-driven e-commerce is gaining traction, especially in categories that require consumer education. Platforms such as Douyin and Xiaohongshu are becoming key touchpoints for product discovery and conversion. The consumer journey is evolving from “search-compare” (“搜索-比價”) to “content-engagement-purchase” (“內容-互動-下單”), with livestreams, short videos, as well as visual and textual content forming a multi-touchpoint decision chain. This trend not only reshapes channel dynamics but also redefines how brands connect with consumers and express products, requiring content-led product development and visual storytelling. With keen insight into this transformation, we leverage content as a strategic asset to build an efficient and sustainable brand growth system.

Strong Internal Content Leverage

We integrate product development and content distribution under the philosophy of “*Product-as-Content*” (產品即內容), ensuring that products are inherently shareable, memorable, and aligned with brand image. For example, LYCOCELLE’s laundry pods combine natural antibacterial ingredients and long-lasting fragrance microcapsules to deliver both powerful cleaning and premium scent experiences. Their crystal-like appearance and streamlined packaging design have sparked user-generated content and discussions on platforms such as Xiaohongshu.

FineNutri uses a “color-coded” visual strategy to embed memory anchors into packaging: white bottles represent whitening, red bottles highlight antioxidant benefits centered on Calanus oil, and purple bottles focus on anti-aging with ergothioneine, earning the nickname “Little Purple Bottle” due to its high recognizability. This visual system ensures that product benefits are intuitively perceived across livestreams, short videos, shelf displays, and social posts, reinforcing brand recall and improving decision efficiency.

We deeply integrate brand positioning with platform characteristics, consistently publishing high-quality images, short videos, and livestream content through official accounts. These materials convey product benefits, usage scenarios, and brand stories in a unified manner, enabling precise targeting and deep engagement with core consumers while building brand assets and strengthening

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brand perception. For example, LYCOCELLE addresses premium household care needs with a refined and recognizable visual system, from fragrance ingredient sourcing to immersive usage scenarios, reinforcing its fragrance identity. FineNutri focuses on women’s oral anti-aging needs and their underlying psychologies, highlighting the scientific rationale behind its positioning and using multi-dimensional storytelling, encompassing ingredients, benefits, and needs, to create immersive marketing experiences that drive consistent content creation, achieve conversion and accelerate brand momentum.

In addition, we are committed to exploring optimal strategies balancing operational efficiency and brand building, supported by content amplification. On Douyin, we have adopted a matrix model combining “brand livestream rooms” and “segmented product livestream rooms” to efficiently attract and convert traffic. For example, LYCOCELLE has added IP cross-over livestream rooms on top of its brand livestream room. Similarly, FineNutri has built a livestream matrix around its core products, with dedicated rooms for its anti-aging Little Purple Bottle, Whitening Photon Bottle, and Calanus oil. This approach breaks the limitations of relying on a single livestream room, enabling efficient conversion through coordinated account management and differentiated content strategies.

IP Cross-over: Unique Storytelling

In March 2025, we partnered with “Intimate Audrey Hepburn” to launch our first IP cross-over series, integrating the timeless elegance of this cultural icon into our products. The collection features four exclusive fragrances, “*Classic Little Black Dress*,” “*Petal Dance Dress*,” “*Evening Gown*,” and “*Ballet*,” inspired by Hepburn’s iconic looks and life moments. The scents range from pure and graceful to rich and romantic floral-woody notes, transforming fragrance into a medium for emotional resonance across time. With its unique cultural storytelling and immersive fragrance experience, the series received an enthusiastic market response upon launch: the lingerie detergent achieved GMV exceeding RMB1 million within two weeks of launch. As of December 31, 2025, the cumulative GMV of Hepburn series products amounted to RMB80.1 million. We continue to strengthen our IP cross-over strategy, developing product lines with distinctive IP elements. By reconstructing product narratives through cultural symbols, we elevate everyday consumption into cultural experiences.

Diverse KOL/KOC Collaboration

We engage in deep collaboration with KOLs and KOCs whose values align with our brand image, focusing on precise audience targeting and brand building rather than mere traffic. Content partnerships span diverse formats, including interpretations of key benefits and ingredients, usage scenarios, endorsements from experts and institutions, and emotional storytelling around scent, texture, and ritualistic use, effectively enhancing engagement and brand loyalty among target consumers.

In terms of collaboration resources, we have built a diverse KOL network. By leveraging such network’s market penetration and audience base, we continuously maximize and amplify the value of our content. LYCOCELLE has established a diverse KOL matrix spanning fashion, home living, celebrities, food, and parenting, enabling deep brand penetration across various consumer segments. FineNutri, on the other hand, has developed a multi-faceted collaboration matrix that integrates media seeding (媒介种草), KOL/KOC partnerships, and celebrity endorsements. This approach not only drives efficient growth but also reinforces its scientific and professional image in the oral anti-aging sector. As of the Latest Practicable Date, we have partnered with thousands of KOLs and KOCs across the internet for our proprietary brands, with a well-distributed resource base.

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User-Generated Content Operations

We encourage UGC and content sharing by consumers and communities through review campaigns and interactive topics. By actively monitoring user feedback across major platforms and leading the discussions under high-quality content on e-commerce platforms, we amplify the impact of high-quality UGC. This creates a feedback loop rooted in consumer insights, driving continuous product and content optimization and iteration.

AI-Enabled Smart Mid-End Module and Supply Chain Quality Control System

We have built an AI-powered operational framework centered on a smart mid-end module, a digital infrastructure integrating proprietary BI, OMS, and SCM systems and externally sourced AI technologies. This module is supported by a flexible supply chain and anchored in end-to-end quality control, empowering multi-brand and multi-category expansion with operational excellence and seamless omnichannel delivery. BI, SCM, and OMS systems are deeply integrated with data assets across our supply chain, promotion, and sales activities, enabling seamless data flow from procurement and inventory management, to order capture and fulfillment, and finally to analytics and decision-making, creating a unified operational backbone that supports real-time insights and end-to-end process optimization. Combining these systems with locally deploying mainstream large models and deeply incorporating technologies such as AI-generated content (AIGC) and multimodal agents, we have created a real-time closed-loop system covering market insights, product management, and fulfillment coordination. Through these efforts, we significantly improve operational efficiency, responsiveness, and resource utilization.

In our pursuit of AI empowerment, we have built a smart system that supports critical phases of the brand lifecycle, from product development and operational execution to marketing conversion and back-end management. A multimodal AIGC hub has been built using mainstream large models, and a digital workforce system has been established using various AI agents to empower the entire business process, achieving breakthroughs in both efficiency and innovation. Key application scenarios include:

- ***R&D (AI-Driven Formulation Design):*** In collaboration with AI ingredient developer MetaNovas and our in-house R&D teams, we simulate synergistic and antagonistic interactions between ingredients based on molecular structures and mechanisms of action. Leveraging a large-scale biological knowledge graph, we efficiently develop synergistic formulations. Following screening, efficacy and safety are validated through a multi-tiered testing framework encompassing *in vitro* cell studies, *in vivo* animal trials, and human clinical evaluations.
- ***Operations & Marketing:*** Our AI analytics platform analyzes data generated from stores, products, logistics, and promotions to issue reports that support strategy making. Our intelligent ad delivery system monitors performance in real time and dynamically optimizes our strategies. The product recommendation and marketing prediction system aligns with campaign needs to suggest products and forecast outcomes, boosting conversion.
- ***Content Creation:*** The content generation system efficiently produces short videos, livestream scripts and Xiaohongshu notes. Our smart system is capable of identifying and distilling key value points from products, enabling us to create higher-quality marketing content at a faster pace.
- ***User & Compliance:*** Our smart system deeply analyzes audience feedback to reverse-engineer user profiles, laying the foundation to refine our operations. The contract review assistant uses intelligent risk control logic to quickly identify contract risks, ensuring compliance and improving the efficiency of our legal team.

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In supply chain management, we have established a flexible supply system for our proprietary brands in categories such as household care and nutritional supplements. This system supports demand-driven production arrangement, rapid response, and inventory optimization, with cross-border and domestic warehouse networks that reduce fulfillment time and inventory risk.

In quality control, we have built a comprehensive system covering raw material sourcing, manufacturing, finished product testing, and post-sale tracking. This system also includes protocols to strictly validate the function benefits of the ingredients in our products. In the nutritional supplement sector, we have established a digital platform capable of tracing our products through their life cycle, enhancing safety, efficacy and compliance.

We have adopted a flat, networked organizational structure that eliminates boundaries between business and functional teams, enhancing cross-team collaboration. Standardization and modularization of middle platform components provide scalable and executable capabilities for brand and category expansion, forming an efficient, replicable, and intelligent growth engine.

A Young, Driven Management Team with Strategic Vision and Deep Talent Reserves

We are led by a young, ambitious, and strategically minded management team that has played a pioneering role in shaping China’s new consumer brand landscape and setting industry benchmarks. With deep insight into the evolving psychology of modern consumers, from functional needs to self-care and value alignment, the team is adept at identifying high-potential segments and emerging trends. Drawing on years of experience in localizing international brands, the team has developed a unique methodology for brand building and scale-up, capable of systematically creating and scaling popular products. This enables rapid product validation and scalable replication, helping us maintain our leadership in our industry.

The management team combines youthful energy with extensive industry experience. As of the Latest Practicable Date, the senior management team had an average age of approximately 40 years and over 13 years of relevant industry experience. Under the leadership of founder and CEO Mr. Wang, the team demonstrates strong cohesion and execution efficiency, driving rapid growth while fostering a vibrant, people-centric corporate culture.

In parallel, we have cultivated a deep bench of talent through years of enabling international brand localization. These professionals possess strong expertise in brand architecture, market strategy, and consumer trends, and are highly aligned with our culture and operating model. They are capable of quickly forming high-performing teams to support new brand and category launches, leveraging our proven experience and resources to shorten incubation cycles, building a stable and sustainable talent base to empower multi-brand and multi-category expansion.

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Strengthen Brand Development to Build a Consumer-Centric Brand Matrix

Brand building has always been a core strategic priority for us. We are committed to shaping our brands into assets that embody cultural value, emotional resonance, and lifestyle identity, with the goal of establishing a consumer brand group that satisfies evolving consumers needs, leads the industry and embraces a global vision. To realize this ambition, we build on strong functional foundations and continuously refine each brand’s core personality and value proposition through deep consumer insight, making our brands powerful vehicles for identity and self-expression among target audiences.

Our brand portfolio is structured around the core themes of “self-care,” “health,” and “quality,” spanning categories such as household care, nutritional supplements, and other high-potential consumer segments. Under this strategic framework, we apply ongoing trend analysis and consumer profiling to shape differentiated positioning and value for each brand. For example,

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LYCOCELLE will build on its “fragrance” and “high-efficiency cleaning” functionality to further strengthen its emotional appeal around self-care and lifestyle aesthetics, creating a dual engine of function and feeling. FineNutri, focused on anti-aging through science, will deepen its professional edge by expanding its matrix of advanced ingredients and diversified efficacy scenarios. Through this “one brand, one strategy” (一品一策) approach and synergistic brand matrix, we are enhancing cross-brand complementarity, expanding consumer penetration and usage scenarios, and shifting from product selling to identity building, ultimately creating a clear and sustainable competitive advantage.

In terms of brand communication, we are fully embracing the wave of digitalization and content-driven engagement, building a consumer-centric omnichannel communication system. By anchoring on high-quality brand content and strategically integrating short videos, social media, and interest-based communities, we aim to transform brand awareness into deep user interaction and co-created value, making our brands a natural part of consumers’ everyday lives. To this end, we will establish a multi-tiered, multifunctional account group on social platforms to enhance consumer conversion, enable algorithmic integration, and strengthen risk management.

Continue to Explore and Utilize New Technologies and Ingredients

We are prioritizing the integration of innovative technologies and high-quality ingredients as a key direction for future growth. We aim to build a sustainable and scalable innovation system that delivers richer, more diverse consumer experiences while reinforcing long-term brand competitiveness.

In terms of technology, we have successfully applied synthetic biology in the nutritional supplement category and pioneered the use of advanced techniques such as dynamic headspace analysis and dual-layer microcapsule fragrance control in home fragrance and cleaning products. Looking forward, we will continue to invest in technologies to drive product innovation and elevate consumer experience.

On the ingredient front, we have already introduced Calanus oil, a high-potential core ingredient, and will continue to explore other promising materials to expand differentiated product efficacy and meet diverse consumer needs. Our exploration will focus on natural or synthetic ingredients with scientific or clinical validation, and aligned with health management and nutricosmetics trends.

Expand Global Growth Through the Internationalization of Proprietary Brands

As China’s new consumer brands continue to gain global influence — and as markets such as Southeast Asia, Japan, and South Korea show increasing receptiveness to Chinese brands — we will accelerate the international expansion of our proprietary brands. Building on existing market exploration and channel development, we will further establish localized strategies tailored to diverse cultural contexts and consumer behaviors. These include localized product planning, differentiated brand presentation, and cross-language content dissemination.

In parallel, we will actively uphold sustainable development principles across environmental, social, and governance (ESG) dimensions, advancing green supply chains, developing sustainable products, ensuring supply chain compliance and employee rights, and strengthening corporate governance and transparency.

For channel development, we will integrate mainstream e-commerce platforms, social media, and offline retail systems to build a diversified, omnichannel sales network. In brand promotion, we will deepen collaboration with overseas KOLs, content creators, and communities, leveraging formats such as short videos and livestreaming to enhance engagement and trust. These efforts aim to accelerate brand penetration and awareness in international markets, ultimately establishing strong and lasting brand recognition in our target regions.

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Pursue Strategic M&A and Empower High-Quality Overseas Brands to Drive Local Growth

The global new consumer industry is undergoing a period of accelerated consolidation. Many brands with strong influence in their home markets are still in the early stages of development in China. We will proactively pursue the acquisition of high-quality overseas brands with differentiated positioning, brand equity, and long-term growth potential, either through full acquisition of their global brand entities or by acquiring their China-based brand and business operations, to enable flexible and efficient brand onboarding and local expansion.

Leveraging our years of experience in localizing international brands, we will develop tailored market entry and growth strategies for acquired or partnered brands. These strategies will include localized product adaptation and repositioning, customized content marketing, channel development, and cross-border supply chain optimization.

By integrating the legacy of overseas brands with our deep consumer insights, operational expertise, and digital capabilities in the Chinese market, we have established a dual-engine growth model, combining global brand strength with local scale-up. This approach empowers overseas brands to scale rapidly in China, serving as a key growth engine for our company while further enriching our brand portfolio.

Enhance Our AI-Driven Mid-End Module to Support Scalable Operations

We place strong emphasis on enhancing and upgrading our mid-end module based on existing foundation. Our goal is to establish an AI-driven platform that enables efficient collaboration and scalable operations across multiple brands and categories in increasingly complex market environments.

AI-Driven Efficiency and Cost Reduction: Building on our current AI applications, we will further expand their depth and breadth across key functions such as product planning, formula optimization, trend analysis, supply chain coordination, and inventory management. By broadening the use of AI tools, we aim to enhance forecasting accuracy, improve decision-making efficiency, accelerate product launch cycles, and reduce operating costs. For example, AI can be used to support routine functions such as influencer engagement, store configuration, promotional coupon distribution, message delivery, and customer service operations. These initiatives are designed to improve execution efficiency, optimize resource utilization, and strengthen our market responsiveness and scalability.

Empowering with AI Agents: We will continue to enhance the coverage and autonomous decision-making capabilities of multimodal AI agents, evolving them from execution assistants into core operational drivers. In the future, these agents will play a greater role in managing multi-brand, multi-category, and omnichannel operations. By leveraging real-time market data and business priorities, they will automatically optimize resource allocation and operational strategies, enabling rapid and precise execution across diverse market environments. Through continuous learning and iterative upgrades, these agents will improve their adaptability and decision-making efficiency in complex business scenarios, becoming a central pillar for scaled expansion and cross-market operations.

System Integration: Building on our existing self-developed BI, SCM, and OMS systems, we will further strengthen data integration and visualized management. This will form an integrated operational mechanism connecting forecasting, decision-making, and execution, while enabling real-time data support for efficient decision-making and strategic implementation by management.

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Strengthen Talent Pool to Enhance Global Management Capabilities

Talent is at the core of executing our strategy and sustaining growth. Centered around brand expansion and internationalization, we will continue to attract high-caliber industry talents to strengthen our expertise in key functional areas, such as R&D, cross-border regulatory affairs, intellectual property, registration and certification, and supply chain quality management.

Leveraging the talent pool accumulated through years of enabling international brand localization, we will further optimize cross-category and cross-market talent deployment mechanisms on the foundation of our existing team collaboration. This will ensure the rapid formation of efficient operational teams when launching new brands or business initiatives, shortening incubation cycles. Through a well-structured talent pipeline and incentive mechanisms, we aim to continuously enhance organizational cohesion, execution efficiency, and market responsiveness, providing a stable talent pool for our development.

PROPRIETARY BRAND DEVELOPMENT

As of the Latest Practicable Date, we mainly operated three brands, LYCOCELLE, positioned in the household care category, FineNutri, in the premium nutritional supplements category, and NuiBay, a brand-targeted mass nutritional supplemental market. All of these brands and the products under them are self-developed by us. During the Track Record Period, we mainly generated revenue from LYCOCELLE and FineNutri, both of which are widely recognized brands with differentiated products.

LYCOCELLE

LYCOCELLE is our proprietary premium household care brand anchored in fragrance innovation. In 2019, we acquired the trademark “ **LYCOCELLE** ” and, in the subsequent year, registered “ 绽家 ” in China. Under these trademarks, we launched the LYCOCELLE brand in 2020 to meet rising consumer expectations for high-efficacy and sensorially pleasing cleaning solutions, with a particular focus on under-served scenarios such as fragrance-infused cleaning and intimate apparel care. The brand’s product philosophy centers on high-quality fragrance-based formulations, supported by a commitment to scent aesthetics, product function benefits and safety standards. Under LYCOCELLE, we have established a diverse product portfolio covering four categories: fabric care, home cleaning, home fragrance and personal hygiene.



Classic Fabric Care



Specialized Fabric Care



Body Care



Home Cleaning



Home Fragrance



Cross-over Collaborations

Since its launch, LYCOCELLE has sustained strong growth momentum. Most notably, LYCOCELLE ranked 3 and 4 among flagship stores in Tmall and Douyin’s fabric care category, respectively, in terms of GMV for the year ended December 31, 2025. Its GMV increased from RMB359.9 million in 2023 to RMB662.5 million in 2024 and further to RMB1,365.3 million in 2025, representing a CAGR of 94.7%.

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LYCOCELLE’s Key Differentiators

LYCOCELLE distinguishes itself through the following brand attributes:

- *Targeted solutions for differentiated consumer needs.* LYCOCELLE offers finely segmented products tailored for distinct fabric types, such as linen, silk and Tencel denim, and for specific usage scenarios, including odor control and anti-static needs in winter. For example, to address the unique hygiene and fragrance demands of intimate apparel care, LYCOCELLE launched its Intimate Apparel Laundry Liquid in 2020, which quickly gained traction.
- *Fragrance-led brand image.* LYCOCELLE’s products are formulated with multiple essential oil components to deliver a refined and natural olfactory experience. Its signature scents, co-developed with leading perfumers, span nearly 20 fragrance variants and convey a sense of understated luxury and emotional warmth. Leveraging technologies such as Aromascope headspace replication technology and PopScent technology, the brand delivers long-lasting yet gentle fragrances, elevating everyday cleaning into a sensorial lifestyle experience.
- *Natural and skin-friendly formulations.* LYCOCELLE prioritizes safety without compromising function benefits. Its formulas incorporate natural and biodegradable ingredients, including saponified extracts of eucalyptus, coconut oil, palm oil and flaxseed oil, as well as multi-enzyme complexes that enhance cleaning power. Our formulations offer antibacterial, sterilizing and mite-removal functions, while remaining free from fluorescent agents and common irritants.

LYCOCELLE Series Product Offerings

Fabric Care

As the core product line under LYCOCELLE, its fabric care offerings primarily encompass laundry products with differentiated functions and laundry aids such as fabric freshener sprays and fabric softener. Guided by our product development philosophy of “dedicated care for specific garments” (專衣專護), LYCOCELLE’s fabric care product portfolio is designed to address the diverse material compositions and usage scenarios associated with modern lifestyles.

We believe that LYCOCELLE has contributed meaningfully to the evolution of the fabric care market in China by introducing scenario-specific solutions that address emerging consumer needs. Rather than adopting a one-size-fits-all approach, we focus on scenario-based innovation and formulation differentiation to enhance user experience and product efficacy. In 2020, identifying the demand for intimate apparel cleaning, we launched a dedicated detergent for undergarments, formulated to be gentle yet effectively removing bloodstains. As consumers increasingly pursue elevated aesthetic and sensory experience in daily household care, we developed our signature fragrance laundry detergent line in 2024, crafted with fine fragrance- style scent layering and upscale packaging. As of the Latest Practicable Date, LYCOCELLE has expanded its product portfolio to include laundry capsules, fabric softeners, and fragrance delicate spray. Notably, LYCOCELLE’s fragrance delicate spray ranked first in the fabric freshener spray category on the Tmall, in terms of the GMV during the 2025 618 shopping festival, according to Frost & Sullivan.

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Below sets forth some key fabric products of LYCOCELLE:



LYCOCELLE Four-Season
Bloom Enzyme Fragrance
Laundry Detergent
(綻家四季繁花酵素香氛洗衣液)



LYCOCELLE Perfume
Oil Fragrance
Laundry Capsules
(綻家香水油香氛洗衣凝珠)



LYCOCELLE Intimate Apparel
Laundry Liquid
(綻家內衣洗衣液)



LYCOCELLE Dual Fragrance-
Release Essential Oil 6-in-1
Laundry Capsules
(綻家雙重爆香精油、六合一洗
衣凝珠)



LYCOCELLE Fabric Softener
(綻家衣物柔順劑)



LYCOCELLE Fragrance
Delicate Spray
(綻家香氛護理噴霧)

Products	Year of Launch	Key Features	Recommended Retail Price
LYCOCELLE Perfume Oil Fragrance Laundry Capsules (綻家香水油香氛洗 衣凝珠)	December 2025	- First-of-its-kind perfume oil concentration - Enriched with six types of plant essential oils	RMB99.9/40 pcs
LYCOCELLE Fabric Softener (綻家衣物 柔順劑)	May 2024	- Color-protecting ingredients to maintain fabric vibrancy and prevent fading - Fabric-softening formulation combining silk protein and amino acids, offering anti-static benefits - Four types of hydrolyzed proteins for enhanced fabric care and protection	RMB79.9/1,000 ml
LYCOCELLE Four- Season Bloom Enzyme Fragrance Laundry Detergent (綻家四季繁花酵素 香氛洗衣液)	February 2024	- Color-protecting ingredients to maintain fabric vibrancy and prevent fading - Fragrance formulation composed of four essential oils - Delivers triple-layered cleaning performance	RMB99.9/1,700 ml

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Products	Year of Launch	Key Features	Recommended Retail Price
LYCOCELLE Dual Fragrance-Release Essential Oil 6-in-1 Laundry Capsules (綻家雙重爆香精 油、六合一洗衣凝 珠)	June 2022	- Formulated with dual bio-enzymes for targeted removal of stubborn stains - Triple odor-removal technology designed for effective elimination of unpleasant odor	RMB119.9/60 pcs
LYCOCELLE Fragrance Delicate Spray (綻家香氛護理 噴霧)	January 2022	- Fabric-softening formulation combining silk protein and amino acids - Plant-based deodorizing agents addressing six major odor sources - Formulated with a curated blend of botanical essential oils for a distinctive scent experience	RMB79/200 ml
LYCOCELLE Intimate Apparel Laundry Liquid (綻家內衣洗 衣液)	September 2020	- Plant-based surfactant - Protease enzyme addition - Pine leaf oil	RMB69/330 ml

Home Cleaning

We developed a diversified home cleaning product portfolio designed to elevate daily cleaning experiences with sensory enjoyment and enhanced functionality. Our current offerings span three main categories: dish detergents, floor cleaners and cleaning solutions for electric appliances. In 2023, identifying demands for floor cleaners compatible with the robot vacuum cleaner, we launched a dedicated floor cleaner tailored for such scenarios. This product offered consumers a specialized and high-performance alternative and ranked first in the floor cleaner category on Tmall, in terms of GMV during the 2025 618 shopping festival, according to Frost & Sullivan. Building on this success, we have since expanded our home cleaning range to address additional household needs, with product design that reflects modern lifestyle preferences.

Below sets forth some key home cleaning products of LYCOCELLE:



LYCOCELLE
Eucalyptus Oil Floor Cleaner
(綻家藍桉葉精油地板清潔劑)



LYCOCELLE
Marseille Soap Dishwashing Liquid
(綻家液體馬賽皂洗潔精)

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Products	Year of Launch	Key Features	Recommended Retail Price
LYCOCELLE Eucalyptus Oil Floor Cleaner (綻家藍桉葉精油地板清潔劑)	September 2023	- Effectively breaks down kitchen and bathroom grease to reduce surface slipperiness - Dust-attracting ions designed to effortlessly capture dust and hair - Provides intensive care for flooring with a moisturized yet non-slippery surface - Five-element botanical essential oil fragrance blend - Formulated with components that promote surface gloss while delivering quick-drying effects - Dual odor-neutralizing technology designed to effectively reduce unpleasant odors	RMB79.9/750 ml
LYCOCELLE Marseille Soap Dishwashing Liquid (綻家液體馬賽皂洗潔精)	January 2024	- Infused with Marseille soap for effective grease removal - Complies with Category A standards for food-safe detergents - Gentle hand-care formulation	RMB59/550 ml

Home Fragrance

We have developed a distinctive home fragrance product line under the LYCOCELLE brand, designed to enhance household ambiance with sensory enrichment and lifestyle appeal. In response to the growing consumer demand for products that combine functionality with emotional resonance, we introduced essential oil-based home fragrance offerings that elevate everyday living spaces. These products are designed not only to neutralize odors and refresh indoor environments, but also to serve as lifestyle accessories that align with consumers’ pursuit of quality, personalization and sensorial satisfaction in their daily lives.

Below sets forth some key home fragrance products of LYCOCELLE:



LYCOCELLE
Essential Oil Deodorizing Pods
(精油香氛除臭蛋)



LYCOCELLE
Fragrance Diffuser
(綻家藤條精油香薰)

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Key Products	Year of Launch	Key Features	Recommended Retail Price
LYCOCELLE Essential Oil Deodorizing Pods (精油香氛除臭蛋)	March 2025	- Odor-neutralizing agents suitable for multiple environments - Effectively removes mold	RMB49.9/7 ml
LYCOCELLE Fragrance Diffuser (綻家藤條精油香薰)	October 2024	- Aromascope headspace replication technology replicating the authentic fragrance of fresh flowers - Three fragrance technologies reduce odors in bedrooms, living rooms, kitchens, bathrooms, and from pets - Emotitech for stress relief and physical and mental relaxation	RMB99/240 ml

Personal Hygiene and Other Products

In addition to fabric care, home cleaning and home fragrance products, LYCOCELLE extends its premium fragrance philosophy and high-quality standards into daily hygiene routines. Current offerings include air freshener, body wash, hand wash and moist toilet tissue, all designed to be gentle on sensitive skin, free from harsh ingredients and suitable for a broad range of users. Product development is anchored in LYCOCELLE’s core fragrance design capabilities, delivering long-lasting and refined scents that align with the brand’s identity. For example, the LYCOCELLE Eucalyptus Fragrance Hand Washing Mousse (綻家藍桉葉香氛洗手慕斯), launched in June 2023, offers a skin-friendly formulation that combines a pleasant, refined aroma with antibacterial properties, which has been well-received by consumers. We plan to further enrich the LYCOCELLE product portfolio and better address consumer needs across diverse usage scenarios beyond fabric care and home cleaning and home fragrance.

FineNutri

FineNutri is our self-developed anti-aging nutricosmetics brand committed to advancing women’s wellness. Launched in 2024, the brand caters to the anti-aging needs of ingredient-conscious female consumers. Its formulations are built around active ingredients such as ergothioneine and Calanus oil, which support skin health, collagen production and oxidative stress defense. Balancing functional performance with an elevated consumer experience, FineNutri resonates with its core consumer base that values both visible results and ease of long-term daily use. According to Frost and Sullivan, FineNutri is the fastest-growing beauty-focused nutritional supplement brand to surpass RMB500 million in retail sales in China since inception.

Backed by strong consumer resonance, FineNutri has demonstrated robust sales growth and high consumer stickiness, with growing brand engagement. In the first 12 months since we launched FineNutri, its GMV amounted to RMB517.0 million. For the year ended December 31, 2025, FineNutri’s total GMV reached RMB1,159.1 million. FineNutri’s strong market performance has been accompanied by broad recognition. Internationally, it has won awards in 2025 such as the HKCT “Most Outstanding Anti-Aging Health Brand of the Year” (HKCT年度最傑出抗衰保健品牌) and “iSEE Global Award — Innovative Brand TOP100” (iSEE全球獎 — 創新品牌TOP100), building a strong reputation overseas. Within the industry, it has been recognized with the “Health Insight Award — 2025 Health Cross-border Brand” (健觀獎2025年度健康跨境品牌) and “CGO Emerging Brand of the Year 2024” (CGO2024年度新銳品牌).

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FineNutri’s Key Differentiators

FineNutri stands out with its evidence-backed formulation and a deep understanding of women’s wellness needs. The brand appeals to health-conscious women, many of whom are experienced supplement users. FineNutri’s brand strength lies in the following core attributes:

- *Purpose-built solutions for core aging concerns.* FineNutri is designed to provide reliable solutions to address functional aging concerns that affect women across different life stages, including energy depletion, hormonal imbalance, oxidative stress, collagen loss, and skin tone unevenness. The brand adopts a development principle emphasizing targeted functionality, simplified formulations and sufficient potent ingredients, avoiding unnecessary complexity in formulation design, instead aiming to ensure ingredient efficiency, safety and clarity of function. Each product is designed with a clearly defined usage scenario, supported by the selected high-purity active ingredients. Its existing product portfolio covers a range of aging-related scenarios, including support for metabolic regulation, hormonal stability, skin health and stress relief. Meanwhile, we are continuously expanding and diversifying the FineNutri product portfolio to respond to broader and evolving aging-related needs, with the aim of delivering comprehensive solutions across multiple aging-related dimensions.
- *Advanced ingredients with enhanced bioavailability.* According to Frost & Sullivan, FineNutri is among the first in China to incorporate marine-sourced Calanus oil and ergothioneine, both recognized for their superior antioxidant and anti-aging properties. To further solidify its advantage in the upstream supply chain, FineNutri has secured an exclusive distribution agreement with Zooca, the Norwegian producer of Calanus oil, covering the Greater China region. These ingredients are supported by FineNutri’s in-house formulation technologies that enhance stability, absorption and bioavailability. The brand collaborates with interdisciplinary academic partners to develop streamlined and high-performance formulas. Notably, FineNutri entered into a strategic partnership with MetaNovas, an AI-driven ingredient research platform, to enhance formulation capabilities and maintain product differentiation. This integration of science rigor and exclusive raw material access enables FineNutri to obtain trust from its growing consumer base.

FineNutri Series Product Offerings



FineNutri PQQ
Anti-aging Purple
Bottle (斐萃PQQ抗衰
小紫瓶)



FineNutri
L-Ergothioneine Blue
Bottle (斐萃麥角硫因
小藍瓶)



FineNutri Glow
Whitening Bottle (斐
萃美白光子瓶)



FineNutri Arctic
Calanus Oil (斐萃紅
寶石油)

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Below sets forth some key products of FineNutri:

Key Products	Year of Launch	Positioning	Recommended Retail Price
FineNutri PQQ Anti-aging Purple Bottle (斐萃PQQ抗衰小紫瓶) . . .	September 2024	• Support skin health • Support ovarian wellness • Support cell renewal	RMB698/60 capsules
FineNutri L-Ergothioneine Blue Bottle (斐萃麥角硫因小藍瓶)	August 2024	• Cell protection from ROS • Brightening • Anti-oxidant	RMB714/60 capsules
FineNutri Glow Whitening Bottle (斐萃美白光子瓶) . . .	March 2025	• Support skin recovery after UV exposure • Support brightening • Support skin clarity	RMB617/60 capsules
FineNutri Arctic Calanus Oil (斐萃紅寶石油) . . .	May 2025	• Support metabolism • Support brightening • Support anti-oxidant	RMB698/60 capsules

Brand Incubation Capabilities

We have established a scalable brand incubation model that integrates consumer-centric product development, content-driven brand storytelling and platform-specific sales strategies. At the product development stage, we adopt a “product-as-content” approach, actively incorporating consumer feedback to ensure our products reflect real-life usage scenarios and evolving consumer preferences. To engage consumers across major social platforms, we blend ingredient education, lifestyle demonstration and real-user feedback to convey product value in a credible and emotionally resonant way. Centering around Douyin and synergizing with Tmall, Xiaohongshu, and other digital and offline channels, we are able to maximize sales performance and brand reach through a full-funnel, omnichannel strategy.

Under this model, we have successfully launched LYCOCELLE and FineNutri, our flagship proprietary brands built on premium positioning, as well as NuiBay, a self-developed brand targeting the accessible and value-for-money segment within the nutritional supplement market. NuiBay’s products are designed to provide a simplified, everyday supplementation option at an accessible price. For example, NuiBay L-Ergothioneine is priced at RMB99 per 30 capsules. Since its launch in June 2025, NuiBay achieved significant GMV growth. As of the Latest Practicable Date, NuiBay’s accumulated GMV amounted to RMB160.0 million. We do not expect NuiBay to result in material cannibalization of FineNutri because the two brands are differentiated across core dimensions, including target consumers, product positioning, formulation strategy, and pricing. Accordingly, NuiBay is intended to expand our addressable consumer base and complement FinNutri within our broader nutricosmetics portfolio.

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Pricing Policy

We determine the pricing of our proprietary brands, based on several key factors, including cost structure, brand positioning, competitive landscape, and channel-specific characteristics. In setting product prices, we take into account various cost components, including third-party manufacturing service fees, marketing and logistics expenses and sales commissions charged by platforms. To reduce the risk of pricing arbitrage or consumer disputes, we offer products in multiple size formats. Larger-size SKUs are typically priced with lower per-unit costs to deliver greater value to consumers, while maintaining stable pricing across product lines. Our pricing strategy also reflects each brand’s strategic position.

BRAND MANAGEMENT BUSINESS

We offer full spectrum brand management solutions to third-party brand partners, covering the entire product lifecycle, from industry analysis, brand strategies to sales execution and channel operations. At the heart of our services lies our robust sales and distribution capacity, which is center to driving commercial performance. In these partnerships, brand partners act as our product suppliers, while we take charge of marketing, channel operations and sales execution by purchasing goods and reselling them to distributors or directly to consumers. Based on our strong platform capabilities and deep consumer insights, we empower brand partners to grow efficiently and build long-term consumer loyalty in China’s fast-evolving consumer goods market.

Market and Consumer Analysis

We provide comprehensive market and consumer analysis services to support the strategic planning and operational execution of our brand partners. Drawing from our extensive experience across diverse categories and platforms, we combine structured data analytics with real-time consumer insights to help brands define their positioning, identify growth opportunities, and adapt to evolving market conditions. Our analysis covers macro trends, category dynamics, and competitive benchmarking to provide a clear view of the broader landscape. At the same time, we conduct in-depth consumer profiling based on behavioral tags such as demographics, location, income levels, and purchase preferences, enabling brands to refine their targeting and optimize product strategies. By leveraging proprietary data models and analytics tools, we help brand partners capture emerging demand, detect industry opportunities, and make informed decisions regarding product mix, pricing and sales channel rollout. This integrated approach allows brands to enter the market with confidence, respond quickly to consumer shifts, and sustain competitive edge in a highly competitive consumer goods market.

Brand Strategy and Product Planning

Leveraging our deep understanding of consumer preferences, platform dynamics and category evolution, we work closely with our brand partners to define differentiated brand positioning and advise on their new product development and launch. In parallel, we customize business development and expansion strategies based on the brand’s lifecycle stage, product attributes and market conditions, providing actionable roadmaps to assist the brand partners’ scalable and sustainable growth.

Marketing and Traffic Operations

We provide marketing solutions that combine brand storytelling with platform-specific traffic tools and user engagement strategies to drive sustained visibility and performance. Our services range from campaign planning and creative production to traffic operations, creating seamless synergy across content, channels, and consumer touchpoints. Our in-house teams use real-time analytics and performance tracking to continuously optimize traffic allocation. In addition, we work with KOLs, community influencers, and expert reviewers to build consumer trust and strengthen emotional connections with consumers. By integrating digital and physical marketing strategies, we help our brand partners scale their growth with efficiency.

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Product Sales and Distribution

Sales execution is our defining strength and a critical pillar of our brand management services, under which we undertake distributor functions. As brand partners increasingly focus on measurable commercial outcomes, our ability to drive consistent and scalable sell-through performance across channels has become a core differentiator.

Our sales infrastructure spans a wide range of online channels, including self-operated stores, sales to e-commerce platforms and retailers, as well as offline channels. This multi-pronged approach allows us to optimize pricing, traffic allocation and consumer targeting while maintaining operational agility. Backed by our digital systems, we conduct real-time inventory monitoring, performance analysis and channel coordination.

The following table sets for the breakdown of our revenue from brand management services by end-product categories for the years indicated:

For the Year Ended December 31,						
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Maternity & infants	116,587	72.6	345,209	68.9	417,877	46.7
Personal care	43,899	27.4	145,063	28.9	348,095	38.9
Health & wellness	—	—	10,835	2.2	129,144	14.4
Total	160,486	100.0	501,107	100.0	895,116	100.0

Pricing Policy

Our revenue generated from brand management business derives from the resale of brand partners’ products. We have the discretion to set retail prices for the products sold under our brand management business, subject to a minimum price floor set by brand partners. In determining final pricing, we consider a combination of factors, including (i) the cost structure of the product, such as procurement, logistics, warehousing, and relevant platform-related service fees and commissions; (ii) the investment ratio required for marketing and traffic acquisition across specific channels and product categories; and (iii) a reasonable level of profit that ensures sustainable operations. This pricing approach allows us to maintain flexibility in execution while ensuring alignment with the brand partner’s overall pricing strategy.

E-COMMERCE OPERATION BUSINESS

In addition to our comprehensive brand management solutions, we also provide specialized e-commerce operation services that focus exclusively on the back end of the consumer value chain, primarily store operations and product sales. Unlike brand management, which spans the entire value chain encompassing brand strategy and product development, the e-commerce operation is designed to help brand partners strengthen their digital retail presence across major platforms in China, such as Douyin, Tmall, and JD.com.

We operate online stores either in the capacity of a merchant — purchasing and reselling products — or as a service provider — offering operational support on a fee basis. Our engagement model is tailored to each brand’s commercial objectives, product characteristics and market development stage:

- *Distribution Model.* Under the distribution model, we select and purchase goods from our brand partners and/or their authorized distributors and sell goods directly to consumers through online stores operated by us or to distributors, such as e-commerce platforms. Therefore, our brand partners and/or their authorized distributors are deemed

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as our suppliers and we act as their distributors under the distribution model. Brand partners engage us to centralize and enhance the efficiency of their product sales by leveraging our integrated capabilities across e-commerce operations. Through this arrangement, we assist brand partners in managing both their product distribution and sales to end consumers. We primarily generate revenue from sales of products under this model. To manage inventory risk, we maintain reasonable inventory turnover levels based on sales forecasts and historical performance. In the event of cooperation termination, we are generally entitled to request brand partners to repurchase unsold inventory, designate a third-party buyer, or extend our sales authorization to facilitate sell-through and mitigate the risk of inventory obsolescence.

- *Service Fee Model.* Under the service fee model, we charge service fees for store operation services, where we operate stores across e-commerce platforms for brand partners. Our brand partners are deemed as our customers under the service fee model. We primarily generate revenue from the provision of services under this model.

Through our dual-model structure, we offer flexible and scalable e-commerce operation services that allow brand partners to efficiently penetrate digital channels, expand consumer reach, and drive sustained sales performance. As we continue to strengthen our proprietary brand and brand management segments, we intend to proactively streamline and optimize our e-commerce operation services. Accordingly, we expect revenue contribution from the e-commerce operation business to remain stable or gradually decline over time.

Pricing Policy

Our revenue under the e-commerce operation business is derived from the resale of products sourced from brand partners under the distribution model, and services fees charged for our provision of store operation and product sales services under the service fee model. We adopt different pricing strategies depending on the nature of our services and the underlying cooperation model with brand partners.

- Under the distribution model, we shall follow the pricing structure agreed with our brand partners, specifically, a baseline or suggested price range.
- Under the service fee model, we charge service fees for assisting brand partners in managing their stores and executing sales strategies. Our service fees under the service fee model are structured by either fixed service fee, commission-based service fee or a combination of the two. In determining the applicable fee structure and pricing level, we consider various factors, including the scope and intensity of service, required headcount and resource input, target GMV or absolute operating profit, as well as the brand’s current market positioning and scale, the expected workload and the targeted absolute operating profit of the marketing campaign. Our fees vary depending on the complexity, duration, and expected outcome of each campaign, and are aligned with industry benchmarks.

The following table sets forth the key differences between our brand management business and e-commerce operation business:

	Brand Management	E-commerce Operation
Authorization scope	Brand partners’ online business (exclusive)	Brand partners’ online sales channels (non-exclusive)
Services provided	Full spectrum of services, including market analysis, brand strategy, product planning and pricing discretion	Store operations and product sales and distribution

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	Brand Management	E-commerce Operation
Revenue source	Resale of products	Resale of products under the distribution model; service fees under the service fee model

REVENUE MODEL

During the Track Record Period, we mainly generated revenue from proprietary brands, the brand management business and the e-commerce operation business. For proprietary brands, we procure raw materials and manufacturing services from suppliers and generate revenue from sales of products developed under our proprietary brands to distributors and consumers. Under the management business, we maintain inventory of brand partners’ products and generate revenue from the resale of products procured from our brand partners to distributors and consumers. We are authorized to use our brand partners’ trademarks free of charge in delivering brand management solutions and have no revenue-sharing arrangements with them. For the e-commerce operation business, depending on the cooperation model and services provided, our revenue is generated either from the resale of products sourced from brand partners to distributors and consumers under the distribution model, or from service fees charged to brand partners for our e-commerce operation services under the service fee model. We only maintain inventory of brand partners’ products under the distribution model.

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Proprietary brands	263,278	19.3	500,958	28.4	1,813,163	52.8
LYCOCELLE	254,733	18.7	484,218	27.4	1,069,177	31.2
FineNutri	–	–	12,122	0.7	696,483	20.3
Others	8,545	0.6	4,618	0.3	47,503	1.3
Brand management	160,486	11.7	501,107	28.4	895,116	26.1
E-commerce operation	942,327	69.0	763,711	43.2	723,497	21.1
Distribution model	750,325	54.9	581,948	32.9	558,721	16.3
Service fee model	192,002	14.1	181,763	10.3	164,776	4.8
Total	1,366,091	100.0	1,765,776	100.0	3,431,776	100.0

BRAND PARTNERS

We primarily provide brand management and e-commerce operation solutions to global consumer goods brands, including Kangwang, Aveeno, Amorepacific and DHC. The products we sell are primarily procured from the brand partners that are mainly based in Europe, North America and Australia. As of December 31, 2023, 2024 and 2025, we collaborated with three, six and eight brand partners under our brand management segment, respectively.

As of December 31, 2023, 2024 and December 31, 2025, we collaborated with 71, 45 and 28 brand partners under our e-commerce operation segment, respectively. Throughout the Track Record Period, the number of our brand partners under the e-commerce operation segment decreased, primarily as part of our continuous efforts to optimize our brand partner portfolio and improve the overall quality of service, generally following mutual agreement not to renew upon the expiry of existing contracts.

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Some of our contracts with existing brand partners under our e-commerce operation segment were based on standard forms proposed by such brand partners that prohibit us from providing similar services to listed competitors of such brand partners, whereas no such restrictions exist within the brand management segment. As our business further expands, we may engage in business with multiple brand partners that may be in competition with each other. We have been transparent with our brand partners as to the other brand partners that we are cooperating with. As of the Latest Practicable Date, we were not aware of any notice or claim by any brand partner that we have breached any non-compete restriction in its agreement with us.

The following tables set forth the details of our top two brand partners under the brand management business for each year of the Track Record Period:

Brand Partners	Revenue from Brand Management Business	Year of Commencement of Brand Management Business Relationship
	(RMB'000)	
<i>For the year ended December 31, 2023</i>		
Brand Partner A	116,586	2023
Brand Partner B	43,899	2023
<i>For the year ended December 31, 2024</i>		
Brand Partner A	345,694	2023
Brand Partner B	152,196	2023
<i>For the year ended December 31, 2025</i>		
Brand Partner B	392,908	2023
Brand Partner A	358,115	2023

We are actively diversifying our customer base under the brand management segment. We have and will continue to invest in the optimization of our brand management solutions to improve onboarding efficiency and shorten time-to-value for brand partners. As a result, revenue contribution from other brand partners increased during the Track Record Period.

The following tables set forth the details of our top five brand partners under the e-commerce operation business for each year of the Track Record Period:

Brand Partners	Revenue	Year of Commencement of E-commerce Operation Business Relationship
	(RMB'000)	
<i>For the year ended December 31, 2023</i>		
Brand Partner C	171,481	2020
Brand Partner D	163,186	2018
Brand Partner E	78,198	2021
Brand Partner F	60,024	2023
Brand Partner G	58,613	2015
<i>For the year ended December 31, 2024</i>		
Brand Partner C	149,721	2020
Brand Partner E	84,300	2021
Brand Partner F	78,142	2023
Brand Partner G	69,720	2015
Brand Partner D	66,656	2018
<i>For the year ended December 31, 2025</i>		
Brand Partner D	157,946	2018
Brand Partner C	149,591	2020
Brand Partner F	119,567	2023
Brand Partner E	58,640	2021
Brand Partner H	26,936	2023

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Key terms of the agreement with brand partners are summarized as follows:

- *Duration.* We generally enter into long-term agreements, ranging from one year to three years, with brand partners.
- *Quality assurance.* The brand partners are responsible for the quality of the products.
- *Delivery.* The brand partners shall deliver the products in accordance with the agreed delivery schedule and designated delivery location.
- *Payment.* Under brand management, and the distribution model of the e-commerce operations, we generally make prepayments to brand partners, except for certain brand partners who offer us credit terms. In some cases, payment is contingent on acceptance of the delivered goods following our quality inspection. We will make payment within a specified number of working days after issuance of the invoice. For certain brand partners, we make prepayments for the procurement of media resources, while the associated expenses are ultimately borne by such brand partners. Under the service fee model of the e-commerce operations, brand partners pay service fees to us on a periodic basis.
- *Product returns and exchanges.* Under brand management and the distribution model of the e-commerce operations, brand partners generally only approve product returns and exchanges due to product defects or packaging defects. Under the service fee model, we do not maintain inventories of brand partners’ products.
- *Target and rebates.* Under brand management and the distribution model of the e-commerce operations, brand partners may establish non-binding targets for the purpose of incentivizing performance. Subject to achieving the applicable targets, we may be eligible to receive rebates in the form of cash payments or purchase price deductions. Targets are not compulsory and do not constitute minimum obligations. Failure to meet any target shall not give rise to penalties or liabilities. However, the parties may, in good faith, review the cooperation relationship if such targets are not achieved. Under the service fee model, brand partners do not set targets or provide rebates.
- *Termination.* Both parties may terminate the contract unilaterally under certain circumstances, including upon 30 days prior written notice and breach of material terms.

During the Track Record Period, two of our brand partners engaged us for both our brand management and our e-commerce operation businesses. However, they did so for different brands under separate agreements, engaging us for brand management services in respect of certain brands, and for e-commerce operation services in respect of others. Each brand was served under a single business model only, and no individual brand received both brand management and e-commerce operation solutions from us.

Currently, there is no overlap in product categories between our proprietary products and the branded products under our brand management and e-commerce operation segments. Our brand management and e-commerce operations do not cover the household care category. Within the health & wellness segment, the branded products primarily consist of basic dietary supplements, such as vitamins and mineral supplements, whereas FineNutri and NuiBay, our proprietary brands, focus on nutricosmetics. Accordingly, the cannibalization risks between our proprietary products and third-party products are remote.

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Brand Partner Acquisition

When exploring potential partnerships, we seek to establish long-term, mutually beneficial relationships that align with both our capabilities and our partners’ strategic goals. In assessing whether a collaboration would be successful, we consider a range of factors to ensure that our partnership can generate sustainable value for both sides. These considerations include:

- *Brand positioning.* We look at the brand’s core positioning and whether it has clear differentiation and long-term growth potential. Factors such as product quality, innovation, and a reliable supply chain are important to ensure smooth operations and consumer trust. We also consider the brand’s current stage of development and future growth prospects, including how it aligns with our business scale, consumer base and operational model.
- *Category relevance.* We give priority to brands that operate in categories where we have strong operational experience or that fit well into our overall business development strategy, such as personal care, nutritional supplements, maternity & infant products, and beauty-related consumer goods.
- *Commitment to collaboration.* Effective cooperation requires mutual investment. We value partners who are willing to contribute marketing resources and dedicated internal teams, and who are open to leveraging our operational experience and insights. The appropriate business model, whether under our brand management or e-commerce operation, is also determined based on each partner’s preferences and decision-making arrangements.
- *Economic viability.* To support healthy and sustainable operations, we also estimate the potential commercial return of each partnership, taking into account expected revenue, profitability and resource inputs from both parties.

We approach each potential partnership with a view toward long-term success, seeking a strong foundation of mutual respect, strategic alignment, and shared growth vision. To expand our brand management and e-commerce operation businesses, we actively seek opportunities to engage with potential brand partners through multiple channels, including participating in industry exhibitions, trade association connections and word-of-mouth recommendations. For large-scale brand owners, we also begin by participating in category-specific bids, and over time, we have deepened our collaboration with corporate groups, growing from single-brand partnerships to multi-brand relationships, and from supporting individual channels to managing integrated omnichannel strategies. We aim to attract new brand partners by offering tailored solutions that empower them to scale their businesses more efficiently, leveraging the operational capabilities and experience we have accumulated across our existing partner base.

Brand Partner Services

We maintain a structured internal coordination system to support smooth and efficient collaboration with our brand partners. At the early stage of cooperation, our client service department takes the lead in engaging with brand partners to align goals, collect requirements, and coordinate internal resources. In parallel, our business operation teams work with the sales and marketing teams of brand partners to develop detailed operating and promotional strategies. During day-to-day execution, business operation and client service teams collaborate closely to ensure responsive communication, timely plan adjustments and seamless implementation. To ensure accountability, each brand partner is assigned a dedicated business manager who serves as a key contact point and helps maintain the quality and continuity of our services. This cross-functional coordination model enables us to respond effectively to brand partners’ needs, while supporting ongoing optimization and growth of each partnership.

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OMNICHANNEL SALES AND DISTRIBUTION NETWORK

We sell both our proprietary and brand partners’ products through an omnichannel sales network that integrates (i) direct-to-consumer (“DTC”) sales through self-operated stores on major e-commerce platforms to end consumers, and (ii) distributor-based sales, which refer to sales through third-party intermediaries that do not involve direct transactions with end consumers. These distributors fall into three categories: (i) e-commerce platforms, (ii) retailers, and (iii) key accounts. E-commerce platforms sell our products solely through online channels, while retailers mainly operate online channels and key accounts enable us to maintain a strategic presence in offline grocery retail channels. The following table sets forth the breakdown of our revenue generated from sales of products by sales channels for the years indicated:

For the Year Ended December 31,						
2023		2024		2025		
Amount	%	Amount	%	Amount	%	
<i>(RMB in thousands, except for percentages)</i>						
Direct-to-consumers						
Self-operated stores	619,580	52.8	1,007,500	63.6	2,479,386	75.9
Distributors						
E-commerce platforms	299,872	25.5	325,900	20.6	373,134	11.4
Retailers	238,181	20.3	192,383	12.1	332,308	10.2
Key accounts	16,456	1.4	58,230	3.7	82,172	2.5
Subtotal	554,509	47.2	576,513	36.4	787,614	24.1
Total	1,174,089	100.0	1,584,013	100.0	3,267,000	100.0

The consistent increase in revenue contribution from self-operated stores during the Track Record Period was primarily due to the continued growth of our proprietary brands, which relied more on DTC sales.

Revenue generated from e-commerce platforms increased during the Track Record Period primarily due to the addition of new brand partners and the strong sales performance of certain existing brand partners and our proprietary brands.

Revenue generated from retailers decreased from 2023 to 2024 mainly due to adjustments to the sales strategy of a certain brand partner, which allocated more resources to DTC channels. Revenue generated from retailers increased from 2024 to 2025, primarily due to sales growth of our proprietary brands and brands cooperated under brand management segment, as a result of our brand building and successful sales strategies.

The increase in revenue generated from key accounts during the Track Record Period was primarily due to the sales growth of our proprietary brands, the progressive rollout of new brands into offline channels and the addition of major key accounts.

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The following table sets forth our revenue generated from sales of goods by major e-commerce platforms for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Douyin	176,029	15.0	382,704	24.2	1,527,751	46.8
Tmall	292,253	24.9	467,619	29.5	603,247	18.5
Tmall Global	245,169	20.9	222,580	14.1	330,371	10.1
JD.com	47,672	4.1	132,076	8.3	192,318	5.9
VIP.com	90,761	7.7	83,793	5.3	75,934	2.3
Kaola	32,996	2.8	—	—	—	—
Others	289,209	24.6	295,241	18.6	537,379	16.4
Total	1,174,089	100.00	1,584,013	100.00	3,267,000	100.00

The following table sets forth our revenue generated from sales of goods by online and offline channels for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Online channels	1,157,633	98.6	1,525,783	96.3	3,184,828	97.5
Offline channels ⁽¹⁾	16,456	1.4	58,230	3.7	82,172	2.5
Total	1,174,089	100.0	1,584,013	100.0	3,267,000	100.0

Note:

(1) Refer to sales to key accounts.

Direct-to-Consumer Sales

We sell our proprietary and brand partners’ products through self-operated stores on e-commerce platforms, including Douyin, Tmall, JD.com and VIP.com, selling products directly to end consumers. Under the DTC model, proprietary brands and third-party brands under brand management or e-commerce operations are sold through dedicated self-operated stores on major e-commerce platforms, except for six multi-brand stores as of December 31, 2025, through which we sold products of brand partners within the same product category under our e-commerce operation business. We directly operate and own the relevant self-operated stores, responsible for inventory management and fulfillment. Products of each brand are sold in online stores under their respective brand names. By maintaining direct sales channels, we can gather valuable feedback from consumers, providing timely insights to refine products and adjust sales strategies. As of December 31, 2023, 2024 and 2025, we have 208, 197 and 120 self-operated stores. The decrease in the number of self-operated stores from December 31, 2023 to December 31, 2025, was primarily due to the optimization of our brand partner portfolio. Throughout the Track Record Period and up to the Latest Practicable Date, we have not been subject to risks of cannibalization among the self-operated stores.

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Certain e-commerce platforms impose restrictions on the number of stores that a single entity or individual may operate. For example, some platforms permit a single entity to operate no more than three stores, while certain platforms restrict merchants to operate only one store for a particular product category. We operated these self-operated stores primarily through different subsidiaries. Throughout the Track Record Period and up to the Latest Practicable Date, we have remained in full compliance with these policies.

We operate cross-border flagship stores through our Hong Kong subsidiaries on select cross-border e-commerce platforms, such as Tmall Global, which are used to sell products imported from overseas brand partners to consumers in mainland China. Accordingly, revenue generated from such cross-border flagship stores were counted as our revenue generated in China. As of December 31, 2023, 2024 and 2025, we operated 47, 66 and 65 such stores, respectively. As advised by our PRC legal advisor, there is no specific licenses or permits required for relevant cross-border sales, marketing and data collection, and during the Track Record Period and up to the Latest Practicable Date, we have been compliant with all relevant regulations governing cross-border sales of products. We intend to explore outbound opportunities for our proprietary brands, particularly in Southeast Asia, by cooperating with established local distributors to facilitate localized operations. Drawing on our experience in localizing foreign brands for the Chinese market, we are well-positioned to apply similar capabilities to support future outbound expansion. For details, see “Future Plans and Use of [REDACTED] — Use of [REDACTED].”

The following table sets forth our GMV generated through self-operated stores by brands:

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Proprietary brands			
LYCOCELLE	301,043	563,315	1,201,643
FineNutri	—	22,200	1,159,055
Others ⁽¹⁾	10,256	2,781	87,925
Subtotal	311,299	588,296	2,448,623
Third-party brands	551,242	857,801	2,184,325
Total	862,541	1,446,097	4,632,948

Note:

(1) Mainly include Aromoona, Cleamore, VitaOcean and Oasis.

The following table sets forth our revenue generated from self-operated stores by brands:

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Proprietary brands			
LYCOCELLE	195,827	385,357	908,863
FineNutri	—	12,122	695,214
Others	6,524	1,813	46,332
Subtotal	202,351	399,292	1,650,409
Third-party brands	417,229	608,208	828,977
Total	619,580	1,007,500	2,479,386

The difference between GMV and revenue primarily reflects (i) refunds relating to uncompleted orders, (ii) amounts attributable to confirmed orders for which payment had not yet been received, and (iii) value-added tax.

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We generally enter into standardized agreements with e-commerce platforms, including Douyin, for our self-operated stores under proprietary brands, brand management and e-commerce operation businesses, key terms of which are summarized as follows:

- *Duration.* No fixed term is specified. The agreement remains valid unless terminated due to breach, mutual agreement, or specific platform circumstances.
- *Scope of services.* The platform provides comprehensive technical and operational support for store operations, including account setup, system use, product listing, order processing, logistics coordination, after-sales service, platform marketing tools, and dispute handling.
- *Service fees.* The platform charges a combination of fixed service fees (if applicable) and variable commission-based fees calculated as a percentage of transaction value. Specific rates depend on product category and platform services used. Fees are refundable upon full cancellation or refund of the order.
- *Roles and responsibilities.* The platform offers the system infrastructure and technical support for store operations. We independently operate stores, act as the seller of record, and bear full responsibility for compliance, product quality, logistics, and consumer services.
- *Payment terms.* Fixed service fees are typically paid annually, while variable commission fees are settled in real time via automatic deduction from our account according to platform billing terms.
- *Sales proceeds settlement.* The platform generally remits sales proceeds to us on a real-time basis, after deducting applicable service fees, upon the consumers’ confirmation of receipt of products.
- *Termination.* The agreement may be terminated upon mutual consent, store closure, refusal to accept updated platform rules, material breach, or platform-imposed deactivation of our account.

Distributors

We cooperate with distributors, including e-commerce platforms, retailers and key accounts, to broaden our consumer base and promote sales. For the sales under the distribution model, distributors operate and own their relevant storefronts or sales channels. Our distributors may distribute both our proprietary and brand partners’ products to both sub-distributors and end consumers. We take into various factors, including our overall channel strategy, the distributors’ ability to effectively manage and supervise sub-distributors and the sub-distributors’ execution capabilities, when assessing whether to engage sub-distributors. We generally do not grant exclusive distribution rights in certain channels to the distributors. We sell the products through distributors primarily because:

- Selling products through distributors is a common practice in the industries where we operate, as advised by Frost & Sullivan. The cooperation with distributors maximizes our market penetration and exposures to expand the scale of our operations. They can also provide sales support and after-sales services to consumers in various local markets.
- Selling products through distributors limits our exposures to the risks of developing some markets by ourselves directly. It improves our efficiency in resource allocation to selling and distribution, thereby improving our operational and financial performance.

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To maintain high standards in sales and service, we follow a rigorous selection process and ongoing evaluation of our distributors. Our key criteria include the strength of their sales networks, industry background, resources, financial stability, creditworthiness, and alignment with long-term partnerships.

E-Commerce Platforms

We sell a portion of our products and our brand partners’ to e-commerce platforms, such as Tmall, JD.com and VIP.com, for distribution of our and our brand partners’ products to end consumers. This enables us to leverage their extensive infrastructure, traffic resources, and consumer trust to expand our market reach and strengthen brand visibility.

The following table sets forth the movement of our cooperated e-commerce platforms during the Track Record Period:

	As of/For the year ended December 31,		
	2023	2024	2025
Number as the beginning of the period	21	11	10
Addition	–	1	1
Termination	(10)	(2)	–
Number as of the end of the period	11	10	11

We terminated cooperation with ten and two e-commerce platforms in 2023 and 2024, primarily due to our strategic adjustment to discontinue partnerships with group-buying platforms.

The sales approach to e-commerce platforms is categorized into two models. The first model involves buyer-seller relationships, with e-commerce platforms making purchase orders, and our delivering products in line with such purchase orders. We recognize revenue upon the receipt of the settlement statements from e-commerce platforms. The second model operates on a consignment basis. We deliver goods according to the terms of the consignment contracts. E-commerce platforms regularly provide sales records of consigned goods to us. We recognize revenue after the goods are sold to end consumers by e-commerce platforms. The following table sets forth the breakdown of revenue generated through e-commerce platforms by these two sales models:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)						
Buyer-seller model	191,854	64.0	211,416	64.9	266,638	71.5
Consignment model	108,018	36.0	114,484	35.1	106,496	28.5
Total	299,872	100.0	325,900	100.0	373,134	100.0

Our cooperation is typically governed by standardized procurement agreements (including for consignor-consignee relationships), key terms of which are summarized as follows:

- *Duration.* The term of our agreement is typically one year and renews annually.

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- *Scope of service.* The e-commerce platform places purchase orders through their designated system, and we are responsible for supplying the goods as agreed. The e-commerce platform provides access to relevant backend systems for order and after-sales processing, and we must ensure product quality and timely delivery.
- *Sales target.* We do not impose mandatory sales targets on e-commerce platforms.
- *Logistics and delivery.* We are responsible for delivering goods to the warehouse designated by the e-commerce platform, and must do so in accordance with agreed time frames and delivery standards. Logistics costs and arrangements are typically borne by us unless otherwise agreed.
- *Transfer of ownership.* Under buyer-seller relationships, title transfers to the e-commerce platforms upon receipt and inspection of goods. For consignment arrangements, title transfers to end consumers upon their receipt and acceptance of goods.
- *Payment.* E-commerce platforms generally make payments following the receipt of the invoice.
- *Termination.* The agreement may be terminated upon expiration, or earlier by mutual agreement or in cases of breach. The e-commerce platform may also unilaterally terminate under certain conditions, such as violation of laws, breach of major obligations, or failure to meet quality standards.
- *Return policy.* We typically do not allow product returns except for limited reasons, including product quality issues, unmarketable goods, or the termination of such agreement. During the Track Record Period, we allowed unconditional product returns for certain reputable e-commerce platforms with a leading industry position, extensive consumer reach and high brand awareness, primarily due to their strong bargaining power. According to Frost & Sullivan, it is an industry norm for reputable e-commerce platforms to have an unconditional product return clause in their agreements with consumer goods companies like us.
- *Liability for failure of delivery.* We are responsible for any losses or penalties arising from late delivery, defective products, non-compliance, or failure to deliver according to the agreed terms. The e-commerce platform may deduct corresponding compensation directly from our receivables.

During the Track Record Period, returns from e-commerce platforms amounted to RMB1.9 million, RMB4.9 million and RMB6.4 million, representing less than 2.0% of our total revenue generated from e-commerce platforms for the respective years.

Retailers

We engage retailers, such as trading companies, to expand our online presence. The following table sets forth the movement of our retailers during the Track Record Period:

	As of/For the year ended December 31,		
	2023	2024	2025
Retailers who had revenue contribution in the immediately preceding year/period	100	146	194
Addition ⁽¹⁾	107	116	147
Termination ⁽²⁾	(61)	(68)	(105)
Retailers who had revenue contribution in the current year/period	146	194	236

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Notes:

- (1) Refers to retailers who had revenue contribution in the current year/period, but no revenue contribution in the immediately preceding year.
- (2) Refers to retailers who had revenue contribution in the immediately preceding year/period but had no revenue contribution in the current year.

We terminated cooperation with 61, 68 and 105 retailers in 2023, 2024 and 2025, primarily attributable to the following categories of reasons: (i) the termination of cooperation with certain brand partners, which resulted in the corresponding termination of relationships with their retailers, and (ii) adjustments in the sales strategies of certain brand partners, under which we discontinued cooperation with the relevant retailers. There is no exclusivity arrangement in respect of the products carried by our retailers.

As of December 31, 2023, 2024, and 2025, among the retailers that contributed revenue in the relevant year 51, 82 and 103, respectively, cooperated with us in respect of our proprietary brands, while 131, 165 and 174, respectively, cooperated with us in respect of third-party brands. During the Track Record Period, certain distributors distributed both our proprietary products and those of our brand partners.

We maintain buyer-seller relationships with our retailers. Except for the selling price and rebate clauses, the distribution agreements we enter into under our proprietary brand development segment is substantially the same as those under our brand management and e-commerce operation businesses. Key terms of distribution agreements are summarized as follows:

- *Duration.* The term of the agreement is typically one year and renews annually.
- *Payment and credit term.* We generally require retailers to make prepayments for their procurement. We may grant credit terms on a case-by-case basis to distributors with longer-standing or proven cooperative relationships.
- *Selling prices and rebates.* For our proprietary brands, retail prices are guided by us, and the distributor shall not engage in unauthorized discounting or below-cost promotions. For retailers under brand management and e-commerce operation segments, the retailers shall follow the pricing structure of our brand partners. Rebates may be offered based on actual sales performance, determined on a case-by-case basis. Where applicable, such rebates are granted in the form of purchase price deduction.
- *Sales target.* We generally do not impose mandatory sales targets on our distributors. In limited circumstances, we may impose minimum sales targets and we reserve the right to terminate the distribution agreement if a distributor fails to meet such targets.
- *Logistics, delivery and other responsibilities.* We are generally responsible for delivery to the address designated by the distributor. The distributor is responsible for storage, display, and sales operations.
- *Transfer of ownership.* Title and risk transfer to the distributor upon receipt and inspection of goods, unless otherwise agreed.
- *Return policy.* Returns are generally not accepted unless due to quality issues confirmed in writing. Products damaged due to distributor handling are not eligible for return.
- *Termination.* The agreement may be terminated upon expiration, by mutual agreement, or in the event of breach. Either party may terminate unilaterally upon notice if the other party materially breaches the agreement.

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During the Track Record Period, returns from retailers amounted to RMB1.7 million, RMB0.2 million and RMB0.2 million, representing less than 1.0% of our total revenue generated from retailers for the respective year. We had no material dispute with our retailers during the Track Record Period and up to the Latest Practicable Date.

Key Accounts

We have built a strong presence in offline retail channels by partnering with prominent grocery retail channels in China. Collaborating with these leading retailers allows us to reach a wide base of consumers by leveraging their extensive geographical and market coverage. Displaying our products in these well-established offline stores helps showcase our offerings and strengthens our brand visibility among consumers.

The following table sets forth the movement of our key accounts during the Track Record Period:

	As of/For the year ended December 31,		
	2023	2024	2025
Number as the beginning of the period	1	5	5
Addition	4	–	4
Termination	–	–	–
Number as of the end of the period	5	5	9

We evaluate our cooperation with key accounts based on a combination of strategic and commercial considerations, including their contribution to our brand positioning, associated channel costs and actual sales performance. During the Track Record Period, we did not terminate partnerships with any key accounts.

We maintain buyer-seller relationships with key accounts. Key terms of the sales agreement with key accounts are summarized as follows:

- *Duration.* The term of the agreement is typically one year and renews annually.
- *Payment and credit term.* Payments are generally made after delivery, with a credit period ranging from 30 to 90 days depending on the product category.
- *Sales target and rebates.* We do not impose mandatory sales targets on our key accounts. Sales rebates or discounts may be granted based on agreed performance thresholds or promotional support.
- *Roles and responsibilities.* We are responsible for product fulfillment, delivery, and after-sales support, including free display samples when requested. The key accounts handle consumer interface and marketing.
- *Logistics.* We must deliver products to warehouses, stores, or consumer addresses designated by the key accounts, and ensure timely fulfillment.
- *Transfer of ownership.* Title and risk of loss transfer to the key accounts after delivery and acceptance.
- *Return arrangement.* Returns are not generally accepted, except in cases of quality defects or products with unsatisfactory sales record, in which we bear all associated costs, including logistics and penalties.

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- *Termination.* The agreement may be terminated upon expiration, by mutual consent, or if either party materially breaches the terms. The key accounts may also reserve the right to terminate early for operational or compliance reasons.

During the Track Record Period, returns from key accounts for each year of the Track Record Period were less than RMB0.7 million, representing less than 1.0% of our total revenue generated from key accounts for the respective years.

Distributor Management

Management of sub-distributors

We generally do not prohibit our distributors from engaging any sub-distributors. During the Track Record Period and up to the Latest Practicable Date, certain of our distributors engaged sub-distributors to sell our proprietary and brand partners’ products and we did not enter into agreements or establish a direct relationship with them. As a result, we do not have direct control over sub-distributors. According to our current policies regarding sub-distributors, our distributors are fully responsible for their respective sub-distributors within authorized distribution channels, which includes overseeing their activities, ensuring compliance with our distribution agreements, and taking necessary actions in case of violations. In addition, distributors shall notify us of the engagement of sub-distributors.

Management of channel stuffing risks

We believe the risk of channel stuffing is minimal. We generally do not impose mandatory sales targets on our distributors, allowing purchases to reflect actual market demand rather than sales pressure. We typically require distributors to make prepayments. Additionally, we engage in regular communication with distributors to further reduce the risk of channel stuffing. Product returns after delivery and acceptance are generally not permitted. We did not experience any material return from our distributors during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, the value of returned products from our distributors accounted for less than 1.0% of our total revenue generated from distributors.

Management of cannibalization risks

There could be overlapping consumer coverage between our self-operated stores and distributors, as well as among distributors; however, the cannibalization risks among these channels are remote because our direct-to-consumer channel and distributor channel are differentiated in positioning and functional roles. Our self-operated stores primarily serve as brand showcases and flagship outlets, focusing on brand building, new product launches, customer engagement and the provision of a premium service experience. In contrast, our distributor network, including e-commerce platforms, retailers and key accounts, is oriented toward broader market coverage and sales conversion, specific markets with strong distribution and fulfillment capabilities. These two channels cater to different consumption scenarios and purchasing motivations, expanding the exposure of the brands to a larger group of consumers. To mitigate the risks of cannibalization, we are committed to maintaining consistent pricing for our products, including products sold under brand management and e-commerce operation businesses, across all sales channels. We provide suggested retail prices to all the e-commerce platforms, retailers and key accounts. However, we have no direct control as to the price at which the e-commerce platforms, retailers and key accounts sell our products, as the actual retail prices are set by our distributors themselves in their sales systems. While we expect these distributors to follow our suggested retail prices, we cannot pre-emptively prevent them from deviating should they decide not to adhere to such guidance. To mitigate such risks, we actively monitor retail prices through various measures, including regular online and offline price checks. The purpose of these checks is to ensure that our pricing remains largely consistent, minimizing major discrepancies that could undermine our market strategy. If we detect any significant price deviations, we actively engage and communicate with the relevant party

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to identify the causes of such actions, and reach mutually acceptable solutions such as adherence to our suggested retail price. We then continue to monitor the implementations thereof. Should the deviation persist, we may decide to terminate our cooperation with the relevant party, including the distributors. During the Track Record Period and up to the Latest Practicable Date, no cooperation with e-commerce platforms, retailers and key accounts was terminated due to the deviation of the suggested retail prices.

To the best of our knowledge, all our distributors were independent third parties during the Track Record Period; our distributors, or their respective associates, do not have any past or present family, business, employment, or financial relationships with us or our subsidiaries, our Shareholders, Directors or senior management, or any of their respective associates.

Transfer Pricing Arrangement

During the Track Record Period, we conducted our operations primarily through our PRC subsidiaries, while establishing overseas subsidiaries to facilitate operational management and financial accounting. Certain intra-group transactions were carried out during the same period, which primarily include (i) purchase and sales of raw materials and finished goods, (ii) intra-group services, (iii) loan transactions and (iv) labor cost sharing (collectively referred to as the “**Covered Transactions**”).

The Organisation for Economic Co-operation and Development (“**OECD**”), as an international organization for international cooperation, has promulgated the “OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations” (the “**OECD Transfer Pricing Guidelines**”), which are generally followed by relevant tax jurisdictions involved in international intra-group transactions. According to the OECD Transfer Pricing Guidelines, intra-group transactions should adhere to the arm’s length principle to prevent the distortion of taxable income in different tax jurisdictions.

To ensure effective internal control and tax compliance, we have established a transfer pricing policy that adheres to the arm’s length principle. For inter-company sales or purchases of goods and provision of services, we generally adopt a cost-plus pricing method based on types of products or services, the procurement cost from upstream suppliers and labor costs. The specific markup is determined by management with reference to market prices, logistics and marketing expenses. The pricing mechanisms reflected the commercial rationale of the transactions and took into account the actual functions and risks borne by the respective parties, ensuring reasonable profit allocation across the value chain. There was no artificial adjustment of profits for tax purposes. Throughout the Track Record Period, our intra-group pricing was consistently applied using the above methods.

In addition, we have engaged the Transfer Pricing Advisor to conduct a transfer pricing review and benchmarking study for intra-group transactions during the Track Record Period to assess whether our transfer pricing arrangements comply with the arm’s length principle of the OECD Transfer Pricing Guidelines. The Transfer Pricing Advisor performed an independent analysis and concluded that, during the Track Record Period, the transfer pricing arrangements for intra-group transactions, in all material respects, were in compliance with the arm’s length principle of the OECD Transfer Pricing Guidelines on the basis of, (i) the selection of appropriate transfer pricing methods based on the functional and risk profiles of each party; (ii) comparability analyses demonstrating that the profit margins fall within the arm’s length range; and (iii) value contribution analyses confirming that profit allocations reflect the functions performed and risks assumed by each party. Based on the above, we believe that our transfer pricing policies are commercially reasonable and compliant with applicable tax laws in all relevant jurisdictions. We have not identified any material transfer pricing risks that would have a significant adverse impact on our operations and financial position.

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Our Major Customers

In 2023, 2024 and 2025, our aggregate revenue from the five largest customers in each year during the Track Record Period was RMB396.2 million, RMB432.3 million and RMB523.2 million, respectively, accounting for 29.1%, 24.4% and 15.2% of our total revenue, respectively. In the same periods, our revenue from the single largest customer in each year during the Track Record Period was RMB176.9 million, RMB156.1 million and RMB162.1 million, accounting for 13.0%, 8.8% and 4.7% of our total revenue, respectively.

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

Customers	Year of commencement of business relationship	Credit period	Revenue (RMB'000)	Percentage of total revenue
For the year ended December 31, 2023				
Customer A ⁽³⁾	2011	Seven business days following the invoice date	176,910	13.0%
Customer B ⁽⁴⁾	2011	Five business days following the invoice date	90,761	6.6%
Customer C ⁽⁵⁾	2022	Payment before delivery	52,641	3.9%
Customer D ⁽⁶⁾	2011	Seven business days following the invoice date	45,822	3.4%
Customer E ⁽⁷⁾	2022	Payment before delivery	30,109	2.2%
			396,243	29.1%

Customers	Year of commencement of business relationship	Credit period	Revenue (RMB'000)	Percentage of total revenue
For the year ended December 31, 2024				
Customer A ⁽³⁾	2011	Seven business days following the invoice date	156,126	8.8%
Customer D ⁽⁶⁾	2011	Seven business days following the invoice date	107,071	6.1%
Customer B ⁽⁴⁾	2011	Five business days following the invoice date	83,793	4.7%
Customer F ⁽⁸⁾	2023	60 days following the date of receipt	52,726	3.0%
Customer E ⁽⁷⁾	2022	Payment primarily before delivery	32,610	1.8%
			432,326	24.4%

Customers	Year of commencement of business relationship	Credit period	Revenue (RMB'000)	Percentage of total revenue
For the year ended December 31, 2025				
Customer D ⁽⁶⁾	2011	Seven business days following the invoice date	162,053	4.7%
Customer A ⁽³⁾	2011	Seven business days following the invoice date	153,438	4.5%
Customer B ⁽⁴⁾	2011	Five business days following the invoice date	75,934	2.2%

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Customers	Year of commencement of business relationship	Credit period	Revenue (RMB'000)	Percentage of total revenue
Customer F ⁽⁸⁾	2023	60 days following the date of receipt	70,000	2.0%
Customer G ⁽⁹⁾	2019	Payment before delivery	61,809	1.8%
			523,233	15.2%

Notes:

1. All of our five largest customers in each year during the Track Record Period purchased products under our proprietary and brand partners’ brands.
2. All of our five largest customers in each year during the Track Record Period used bank transfer as the settlement method.
3. Customer A is a world-leading internet and technology company headquartered in China, operating e-commerce services, listed on the Stock Exchange and New York Stock Exchange.
4. Customer B is a leading online flash-sale focused retailer headquartered in China, listed on Nasdaq.
5. Customer C is a leading cosmetics, health and nutritional supplements and household products e-commerce platform headquartered in China, listed on Nasdaq.
6. Customer D is a major technology-driven e-commerce platform in China, listed on the Stock Exchange and Nasdaq.
7. Customer E is a private cosmetics wholesale company headquartered in Guangzhou, Guangdong province.
8. Customer F is a multinational retail operator, listed on New York Stock Exchange.
9. Customer G is a private cosmetics wholesale company headquartered in Shenzhen, Guangdong province.

To the best of our knowledge, all of our five largest customers in each year during the Track Record Period were independent third parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which, to the knowledge of the Directors, owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period during the Track Record Period.

RESEARCH AND DEVELOPMENT

We are committed to developing high-efficiency digital solutions and differentiated products through our proprietary digital backbone with robust consumer product design capabilities. Our R&D efforts focus on enhancing consumer experience, operational efficiency and brand competitiveness through continuous innovation in both software infrastructure and physical product development.

Our R&D Organization

As of December 31, 2025, our R&D department comprised 79 employees, including staff focused on software development, household care and nutritional supplement products innovation. Our R&D function is organized into two main pillars: (i) software and digital system development, and (ii) consumer product design and development.

Software Development

We have established a proprietary AI-powered digital operation infrastructure that forms the foundation of our business growth. This infrastructure integrates internally developed systems, including business intelligence (“BI”), supply chain management system (“SCM”) and order management system (“OMS”), and embeds mainstream AI technologies to optimize operations across our platform. Key elements of our digital infrastructure include:

- *BI.* Our BI system stabilizes our daily business functions, minimizing disruptions and maintaining smooth, secure workflows throughout the organization.
- *SCM.* Our specialized SCM system streamlines procurement workflows and enhances inventory visibility, enabling efficient and responsive supply chain operations.

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- *OMS.* Our OMS automates key processes such as order placing, order tracing, and product return, across the full lifecycle of order fulfilment.
- *AI Empowerment.* We locally deploy mainstream large models combined to enhance decision-making across functions, including smart product recommendation, sales performance prediction, automated live-streaming scripts and social content generation, real-time insights for product development and personalized advertising.

Product Development

We are committed to investing in our R&D capabilities to enhance differentiation, improve consumer experience and accelerate the commercialization of high-potential product concepts. Key stages of our product development process include:

- *Opportunity Identification and Concept Formulation.* We identify market opportunities based on consumer feedback, platform search data, competitive benchmarking and macro category dynamics. Once opportunities are identified, our R&D team shortlists feasible product concepts.
- *Formulation Development.* We coordinate with third-party OEMs and raw material suppliers to develop product prototypes based on advanced technologies. For instance, we use fragrance essences sourced from third-party suppliers that incorporate advanced technologies such as Aromascope headspace replication, which maximizes the extraction and restoration of natural floral scents, and PopScent, which enables essential oil particles to be gradually released through fabric friction, allowing long-lasting fragrance retention. These technologies elevate both the sensory appeal and functional quality of our offerings under LYCOCELLE.
- *Testing and Validation.* All product prototypes are subject to a series of technical validations, including stability and stress testing. In parallel, targeted consumer testing, either through internal panels or external trials, is conducted to assess user experience, repurchase intent and perceived efficacy.
- *Commercialization.* Upon validation, we coordinate trial production runs with our OEMs, finalize packaging artwork and structure, and prepare compliance files for product launch.
- *Post-Launch Optimization.* After launch, we monitor product performance through real-time platform feedback, sales trends and consumer reviews to iterate our products.

With support from our strategic partner MetaNovas, we utilized AI-powered systems to efficiently develop synergistic formulations, which combine two or more functional ingredients in scientifically-determined combinations to achieve enhanced efficacy beyond the additive effect of individual components. The following projects exemplify our application of this approach:

- *FineNutri PQQ Anti-aging Purple Bottle:* We conducted a formula upgrade by adding hydroxytyrosol and vitamin E to the original combination of ergothioneine, PQQ, and coenzyme Q10. This adjustment effectively enhanced cell membrane protection, improved ingredient stability, and facilitated absorption. The revised formulation underwent validation, including hepatocyte and ovarian cell testing and acute toxicity tests in rodents.

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- **FineNutri Glow Whitening Bottle:** We designed a synergistic antioxidant formulation comprising glutathione, ergothioneine, hydroxytyrosol and SOD to address signs of photoaging. We performed studies to evaluate pigment regulation, barrier repair and oxidative stress. A study on Asian females further validated improvements across multiple skin parameters, demonstrating measurable efficacy without rebound effects post-discontinuation.
- **FineNutri Arctic Calanus Oil:** We conducted ingredient validation and proprietary formulation development using Calanus[®] Oil, a marine-sourced oil rich in bioactive lipids. In collaboration with a renowned hospital and certified laboratories, we performed a study to verify benefits in energy metabolism, anti-inflammation, skin barrier function, pigmentation reduction and hair loss.

All formulations developed in these projects are owned by us.

We also collaborate with external academic and research institutions to strengthen our innovation ecosystem. For example, in April 2025, we entered into a framework agreement with Jinan University to jointly establish an anti-aging research center, creating an integrated innovation model that synergizes industry, academia and research, driving our product iteration. Benefiting from the collaboration, we successfully launched our FineNutri NAD+ Cellular Energy (斐萃NAD+鎏金瓶) and are conducting research and development on our next-generation anti-ovarian aging product. Key terms of the framework agreement with Jinan University are summarized as follows:

- *Duration:* The collaboration term with Jinan University is three years.
- *Collaboration method:* The parties have established a collaborative framework to promote joint scientific research and technology development through resource sharing and academic exchange. Under this framework, Jinan University conducts efficacy verification of our products and provides technical and formulation-related advice.
- *Fees:* Fee arrangements are established pursuant to specific agreements entered into for individual projects. For example, under the collaboration relating to the next-generation anti-ovarian aging product project, we are responsible for all fees and expenses incurred.
- *Profit sharing:* Profit sharing arrangements are established pursuant to specific agreements entered into for individual projects. For example, under the collaboration relating to the next-generation anti-ovarian aging product project, we are entitled to exclusively commercialize the results generated under the collaboration.
- *Intellectual properties rights:* The ownership of intellectual properties is determined pursuant to specific agreements entered into for individual projects. For example, under the collaboration relating to the next-generation anti-ovarian aging product project, we own the patented technologies developed pursuant to the collaboration agreement.
- *Termination:* The agreement will terminate upon its expiry, with mutual consents or due to force majeure.

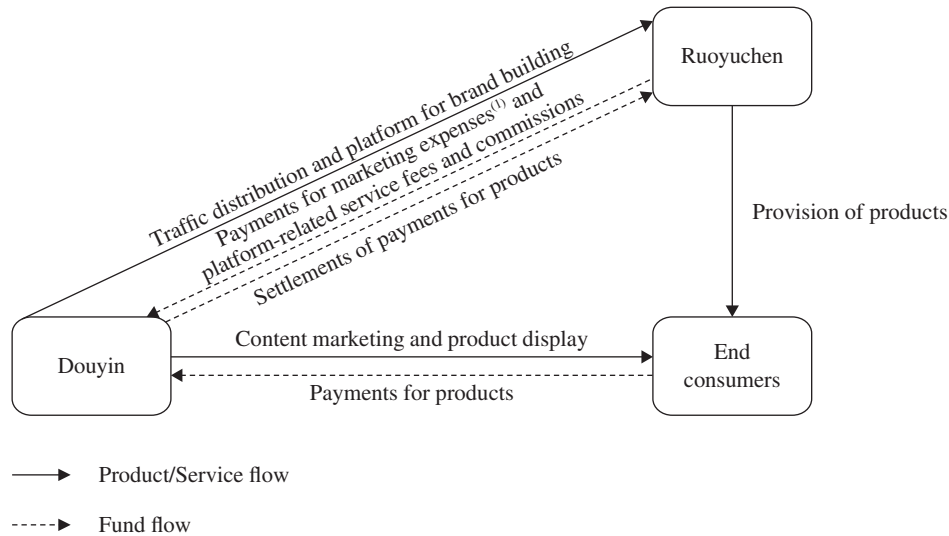
MARKETING AND PROMOTION

We view marketing as a holistic process that integrates brand communication, consumer engagement and long-term value creation. We build brands through content-rich storytelling, multi-channel presence and strategic innovation such as cross-over campaigns. Our marketing strategy is designed to foster trust, create emotional resonance and amplify brand impact across digital and offline channels.

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Content Strategies

We adopt a scenario-based marketing approach anchored in our philosophy of “product as content, content as marketing.” On Douyin, our primary brand-building platform, we deploy a multi-dimensional content model combining livestreams, short videos and KOL partnerships. Livestreams are driven by lifestyle-themed backdrops and videos that focus on usage scenarios to enhance resonance and conversion. The following graphic demonstrating the service and fund flows between Douyin and us:



Note:

- (1) We can directly purchase traffic and marketing promotion services from Douyin, or through authorized marketing service promoters.

We track high-intent users who migrate from Douyin to third-party platforms using Douyin’s internal system. When a user clicks on our advertisement on Douyin and is redirected to an external platform to make a purchase, the transaction data is automatically transmitted back to Douyin, enabling us to accurately assess the effectiveness of our Douyin campaigns, and refine our content and advertising strategies accordingly. In 2025, GMV generated through Douyin across our three segments amounted to RMB2,313.8 million, representing 50.0% of our total GMV through self-operated stores, respectively, underscoring Douyin’s central role in our content-driven marketing strategy. According to Frost & Sullivan, it is an industry norm that new consumer brands establish deep collaborations with major platforms as part of their brand development strategy. As one of the leading brands on Douyin, we have established a close working relationship with the platform since 2020. Douyin has assigned dedicated personnel to coordinate with us and regularly invites us to its brand conferences to communicate the latest policies and platform mechanisms. These structured communications enable us to promptly adapt to platform changes, align with strategic priorities and maintain competitive performance. Accordingly, we do not anticipate any material adverse change to our partnership with Douyin. Meanwhile, we have also built a strong and complementary presence on other content platforms. On Xiaohongshu, a lifestyle community platform, we leverage authentic user sharing and interactive discussions to foster consumer recognition and brand affinity, enabling us to accumulate long-term brand equity. We believe such diversified platform portfolio allows us to mitigate concentration risks associated with any single platform and achieve more targeted and resilient marketing marketing outcomes.

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KOL and Community Engagement

We collaborate with a network of influencers, ranging from influential KOLs to lifestyle-oriented KOCs, to generate diverse, high-trust content. Such collaborations are on a campaign-by-campaign basis and non-exclusive, settled based on sales-based commissions.

During the Track Record Period, we collaborated with 1,810, 3,962, and 5,702 KOLs and KOCs for our LYCOCELLE brand, with GMV attributable to sales through them contributing 15.9%, 15.2%, and 25.1% of LYCOCELLE’s total GMV, respectively. Of this, the top five KOLs or KOCs for each year of the Track Record Period accounted for 14.5%, 12.1%, and 11.4%, while the largest single KOL or KOC for each year of the Track Record Period contributed 6.8%, 7.6%, and 6.3%, respectively.

In 2024 and 2025, we collaborated with 426 and 2,548 KOLs and KOCs for our FineNutri brand, with GMV attributable to sales through them contributing 19.6% and 15.0% of FineNutri’s total GMV, respectively. Of this, the top five KOLs or KOCs for 2024 and 2025 accounted for 18.9% and 7.1%, while the largest single KOL or KOC contributed to 7.0% and 3.0%, respectively.

To effectively manage the large number of KOLs/KOCs engaged, we leverage an integrated influencer management platform, which enables end-to-end management of KOL/KOC collaborations. Through this system, we maintain a centralized influencer resource pool, apply tiered tagging and categorization to distinguish different influencer profiles, track collaboration progress, and conduct post-campaign data analysis to evaluate performance and optimize future collaboration strategies. This digitalized and standardized workflow allows us to efficiently scale KOL/KOC collaborations while maintaining oversight, execution discipline and cost efficiency.

During the Track Record Period and up to the Latest Practicable Date, to our best knowledge, none of our collaborated KOLs/KOCs were involved in materials misconduct and we did not initiated any material legal proceedings against them. We also manage a matrix of livestreaming rooms customized by product lines and themes; each stream is tailored to optimize conversion.

Cross-over Campaign

We actively launch culturally resonant cross-over campaigns to deepen emotional appeal and enhance brand story telling. For example, LYCOCELLE’s partnership with “Intimate Audrey Hepburn” combined classic imagery with custom fragrance design, producing exclusive SKUs that transformed laundry into a sensory experience and drove significant consumer traction. In addition, we launched a co-branded limited-edition fragrance collection with “Hello Kitty,” featuring four exclusive scents inspired by natural elements from around the world and further enriching our professional fragrance-based fabric care experience. During the Track Record Period, we incurred royalties of nil, RMB1.6 million and RMB2.4 million for IP cross-over collaborations, all of which related to the “Intimate Audrey Hepburn” and “Hello Kitty” collaborations. Key terms of our IP cross-over collaboration agreements are summarized as follows:

- *Licensed Rights:* We are granted exclusive rights within a specific product category to display or otherwise use the figure, image, or identity of the licensed IP for designated purposes, such as developing and selling specified cross-over products.
- *Duration:* The initial term of each collaboration agreement is typically one to two years. Production of IP cross-over products occurs within this term, and sales continue until all produced collaborative products are sold.
- *Fee Arrangement:* We generally pay either a fixed royalty fee or a sales-based percentage with a minimum royalty floor, negotiated on a case-by-case basis.

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- *Intellectual property rights:* The IP owner retains all rights to its IP, while we own the intellectual property for any products developed and sold under the collaboration.
- *Termination:* Both parties may terminate the agreement upon the occurrence of certain specified events, such as force majeure or mutual consent.

Digital Management

We leverage CRM tools across platforms to conduct precision-based, full-lifecycle consumer management and optimize conversion at every stage of the customer journey. Through mechanisms such as personalized promotions, we foster retention and repeat purchases. Data analytics inform both real-time personalization and long-term product planning.

CONSUMER SERVICES

Our primary consumer base consists of quality-driven users, particularly established middle class, young white collars and modern moms, who demonstrate strong purchasing power and brand loyalty. We view consumer service not merely as a support function but as a strategic touchpoint that reinforces such consumers’ trust in our brands and enhances customer lifetime value. To that end, we have established a full-stack service system that covers pre-sale consultation, post-sale care and product return and exchange, powered by dedicated brand-specific teams and multi-platform integration. Our goal is to provide professional, timely and emotionally resonant support across every stage of the consumer journey.

Consumer Service Team

We have established dedicated consumer service teams for each brand to ensure that our communications and support are consistent with each brand’s voice, positioning and product characteristics. These teams are trained to address inquiries regarding product selection, usage methods, ingredient explanations and wellness outcomes.

Our teams operate across key touchpoints such as Douyin, Tmall and JD.com, where they provide real-time responses and proactive engagement. In addition to handling direct inquiries, our service representatives monitor consumer sentiment trends, flagging recurring pain points or feedback to relevant departments for product, content, or supply chain optimization. This high degree of vertical integration allows us to close the loop between consumer feedback and internal execution.

Pre-sales Consumer Services

Our pre-sales support system is centered around consumer empowerment and guided decision-making. We recognize that purchasing decisions often involve personalized considerations, including scent preference, age and even lifestyle habits. Accordingly, our teams provide targeted, scenario-based consultations through live chat, private messaging, and interactive comment engagement during livestreams and short video promotions.

To further enrich the pre-sales experience, we actively curate educational content that explains product ingredients, usage scenarios, expected outcomes and scientific rationales. These efforts are designed to reduce consumer hesitation and increase product confidence, which in turn drives higher conversion rates and basket sizes across platforms.

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Post-sales Consumer Services

Our post-sales consumer services focus on timely and transparent issue resolution, reinforcing our commitment to consumer satisfaction and brand accountability. We handle a broad range of post-purchase interactions, including order status inquiries, logistics delays, usage support, adverse reaction reporting, and packaging or delivery issues. These are addressed via platform chat functions, post-comment responses, and brand-specific after-sale channels embedded in e-commerce apps.

We have established a structured five-step internal control process, receipt, assessment, resolution, feedback, and review, for handling consumer complaints. Upon receiving a complaint, our service team communicates with the consumer to identify the issue and assess its severity and nature. The complaint is then assigned to the responsible department based on pre-defined classification criteria, with clear response deadlines to ensure timely resolution and consumer satisfaction. Our teams coordinate internally across logistics, warehousing, and production functions as needed to resolve escalated issues, and maintain proactive communication with consumers throughout the process. All service records are logged and tracked through our CRM systems to support quality monitoring, team performance evaluation, and long-term relationship building. During the Track Record Period and up to the Latest Practicable Date, we have not received any material consumer complaints.

Where appropriate, our service teams coordinate with logistics, warehouse or upstream production teams to resolve escalated issues, and ensure proactive communication with consumers throughout the process. All service interactions are logged and tracked through CRM systems to support quality monitoring and long-term relationship building. Our internal feedback loop ensures that persistent or systemic issues are routed to relevant departments for root-cause analysis and process improvement.

Sales Return and Exchange

We manage our sales return and exchange processes in strict compliance with the policies of each e-commerce and retail platform where our products are sold, including Douyin, Tmall, JD.com and others, each of which stipulates specific timelines and conditions for returns and exchanges. In general, consumers may request returns or exchanges within the permitted window, provided that the product remains unopened and in its original condition. For products with verified defects, including quality issues, packaging damage during transit, or other functional concerns, we offer full replacement or refund services in accordance with the applicable platform policy.

Returns and exchanges by end consumers are only applicable to sales through our self-operated stores. In distributor-based sales, the relevant distributors independently manage their own after-sale service processes with end consumers, and we are not involved in such post-sales interactions. As a general policy, we do not accept product returns from distributors in connection with returns made by end consumers to such distributors, except in cases involving quality issues or where certain e-commerce platforms were contractually permitted to offer unconditional return policies.

In cases where the product defect is attributable to an upstream manufacturer or supplier, we reserve the right to pursue contractual remedies including indemnification or product replacement. This mechanism reinforces our quality assurance framework and helps contain reputational risk. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material consumer complaints, product returns or post-sale disputes that have adversely affected our brand or operations.

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SUPPLY CHAIN MANAGEMENT

Suppliers across our supply chain primarily consist of (i) providers of raw materials for the development and production of our products, (ii) OEMs to produce our products, (iii) brand partners selling their products to us, and (iv) logistics and warehousing service providers. We select leading suppliers in the relevant sectors in order to promote the availability and quality of such components and services. Our procurement process is under constant review for higher efficiency and cost-control purposes without jeopardizing the quality of deliverables.

Raw Materials

Currently, we procure all raw materials for FineNutri and core raw materials including surfactants and fragrances for LYCOCELLE, with some materials, including packing materials, sourced through our cooperated OEMs. Some of our raw materials are sourced overseas; for example, our Calanus oil is imported from Norway. During the Track Record Period and up to the Latest Practicable Date, we did not import any raw materials from the United States. Our overseas procurement may subject us to foreign currency exposures. For details, see “Financial Information — Factors Affecting Our Results of Operations and Financial Conditions — Currency Fluctuation.”

To secure a stable supply of key raw materials and enhance our competitive edge in the household care and nutritional supplement markets, we have strategically acquired upstream partnerships. For example, in October 2024, we entered into a strategic partnership with Zooca, a Norway-based company and the world’s sole producer of Calanus oil, becoming its exclusive distributor in Greater China. Key terms of the cooperation agreement with Zooca are summarized as follows:

- *Term:* The strategic cooperation is for a fixed term of 10 years, with automatic renewal for 12 months unless terminated by either party or we failed to meet stipulated purchase targets.
- *Distribution Rights:* We are granted exclusive rights to distribute Calanus oil in China, including sales to sub-distributors.
- *Cooperation Phase:* The agreement includes a three-phase cooperation structure, with purchase targets progressively increasing as the phases advance, and are subject to review upon completion of the preceding phase. In the first phase, we conducted a one-time purchase of Calanus oil to develop relevant nutritional supplements and acted solely as a customer of Zooca. In the second phase, we serve as the exclusive distributor of Calanus oil within the designated territory and sales channels. In the third phase, we act as Zooca’s exclusive partner for sales of Calanus oil in China. As of the Latest Practicable Date, we had achieved all purchase targets set forth under the cooperation agreement and were at the third phase of cooperation.
- *Intellectual Property:* We are authorized to use the trademarks “Zooca Calanus Oil” and “Zooca Lipid” in China during the term for the sale of Calanus oil products.
- *Termination:* Either party may terminate at the end of a phase by written notice within the specified period if purchase targets are not met. The agreement may also be terminated with three months’ written notice prior to expiration or in the event of material breach.

During the Track Record Period, we did not sell Calanus oil as a standalone product. It was only used as an ingredient in our FineNutri products.

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The prices of our raw materials may fluctuate with market conditions attributed to various factors, such as supply and demand and our bargaining power. We do not engage in hedging activities related to the risk in connection with the price of our raw materials and may face price fluctuations. We collaborate with multiple suppliers to reduce the risks of raw material shortage. See “Risk Factors — Risks Relating to Our Industry and Business — We are susceptible to supply shortages and interruptions, long lead times and price fluctuations for raw materials and ingredients, any of which could disrupt our supply chain and have a material adverse impact on our business, financial condition and results of operations.”

To ensure the quality, reliability and efficiency of our raw material supply, we adopt a rigorous supplier selection and evaluation process. We assess each supplier’s technical capabilities, including their ability to meet our product specifications. We also evaluate their quality management systems, delivery reliability, service responsiveness, pricing competitiveness and financial health. Only those suppliers who can demonstrate consistent performance across all these dimensions are selected. This stringent process enables us to build a resilient and high-performing supply chain that underpins the quality and delivery standards of our products.

We place purchase orders with suppliers on a case-by-case basis. Key terms of the procurement agreement with raw material suppliers are summarized as follows:

- *Quality Control.* The supplier must ensure that all products meet the quality standard confirmed by both parties and applicable industry standards. We have the right to inspect and reject goods that do not conform to the agreed specifications upon delivery.
- *Delivery.* The supplier shall deliver the products in accordance with the agreed delivery schedule and designated delivery location. Any delay in delivery without justified reasons may result in penalties.
- *Payment.* We generally make payment after acceptance and inspection. In some cases, we may be required to make prepayments.
- *After-Sales Service:* The supplier is responsible for after-sales services, including providing necessary documentation and addressing any issues related to defective products.
- *Liability:* The supplier shall be liable for any damages or losses caused by product defects, delayed delivery, or other breaches of the contract. We reserve the right to claim compensation accordingly.
- *Confidentiality:* Both parties are obliged to keep all technical, commercial, and contractual information confidential during the term of the agreement and for a specified period (typically two years) thereafter.
- *Termination:* We may terminate the contract unilaterally under certain circumstances, including failure to deliver on time, breach of material terms, or serious product quality issues. Upon termination, the supplier shall be liable for all our losses.

Third-Party Manufacturing Services

We outsource the entire production processes of our products to OEMs. In 2023, 2024 and 2025, we had maintained collaborations with 13, 26 and 30 OEMs to support our production needs, respectively, all of which are independent third parties. During the Track Record Period, certain OEMs were engaged to provide third-party manufacturing services for both our proprietary brands and the products of our brand partners. Production was arranged in accordance with the production schedules and delivery timelines agreed under the relevant manufacturing agreements.

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When selecting OEMs, we evaluate a range of factors such as certifications, proven experience, production capabilities, technological expertise, R&D capacity, product quality, service scope, pricing, and willingness to establish long-term partnerships. Prior to engagement, prospective OEMs are subject to qualification reviews, and are required to meet our internal quality standards and applicable regulatory requirements. Following engagement, we conduct ongoing quality control and performance monitoring, which includes setting stringent quality standards, inspection of key raw materials and packaging, in-process checks and finished goods testing. Where an OEM fails to meet our quality, compliance or performance standards, we may require rectification within a specified time frame, or even terminate the cooperation in accordance with the relevant agreements. Our solid reputation and long-standing relationships with OEMs enable us to establish reliable and cost-efficient collaborations with OEMs. During the Track Record Period, we did not encounter any losses or product liabilities associated with the manufacturing process of our OEMs. See “Risk Factors — Risks Relating to Our Business and Industry — We rely on OEMs to produce our proprietary products, which could expose us to additional risks” for details.

We generally enter into framework agreements with third-party manufacturers. Key terms of the agreement with OEMs are summarized as follows:

- *Quality assurance.* The OEMs are responsible for the quality of the products.
- *Payment.* Prepayments are generally required.
- *Delivery.* Third-party manufacturers are responsible for delivering the finished goods to our designated addresses and bear related expenses.
- *Duration.* The duration of the agreement is typically for one year.
- *Priority in production.* We do not maintain priority production arrangements.
- *Intellectual Property.* All intellectual property, including designs and technical documentation, remains our sole property. OEMs are not permitted to use or share any related intellectual properties without our written consent.
- *Termination.* The agreement will terminate upon expiration or by mutual agreement, or other means as set forth in the agreement. We generally have the right to terminate the agreement with OEMs that breach the agreement.

To safeguard our intellectual property rights, we enter into written agreements with each OEM that contain explicit provisions stating that all intellectual property rights, including but not limited to trademarks, packaging designs, proprietary formulas, and product specifications, used or generated in connection with the production process shall be owned solely by us. These agreements further prohibit the OEMs from using or disclosing any such intellectual property without our prior written consent. In practice, we encrypt our key formulas during the collaboration with OEMs. We also retain the right to conduct quality inspections and compliance checks during the production process to monitor adherence to these contractual obligations.

Finished Products

Under our brand management business and distribution model under our e-commerce operation business, we procure finished products from our brand partners. For details, see “— Brand Partners.”

We adopt different strategies to manage our inventory in order to deal with non-seasonal and seasonal demands. We make forecasts of the necessary inventory level based on historical sales data and carefully formulate our procurement plans. For promotional events, we pre-order sufficient inventory to meet surging demand. We track our inventory from the point we receive the inventory

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to the point when an order is fulfilled through our OMS and SCM. In order to maintain accurate inventory records, we conduct weekly inventory counts for high-value inventories and address any problems immediately. We also conduct full inventory counts at the end of each quarter and year and assess the effectiveness of our historical inventory levels on a regular basis.

Warehousing and Logistics

We are responsible for delivering products to consumers and relevant logistics expenses. During the Track Record Period, we primarily engaged third-party providers for warehousing and logistics services. We select these service providers based on criteria such as reputation, operational scale, track record, and pricing. We typically enter into agreements with duration of one year with our warehousing and logistics service providers. These service providers bear the risks associated with the delivery of our products, the liability for product damages occurring during the transportation process and the risks associated with the storage of our consigned materials for processing and finished goods, and are required to maintain appropriate insurance coverage. As of December 31, 2025, we engaged 30 logistics and warehouse service providers. During the Track Record Period and up to the Latest Practicable Date, we did not encounter significant losses related to warehousing operations or delayed or mishandled shipments, and there were no major disruptions in product delivery.

Our Major Suppliers

Our major suppliers are brand partners, warehousing and logistics service providers, raw material providers, OEMs and e-commerce platforms providing promotional services. In 2023, 2024 and 2025, our procurement from the five largest suppliers in each year during the Track Record Period was RMB519.0 million, RMB598.8 million and RMB1,472.6 million, respectively, accounting for 44.4%, 47.7% and 50.8% of our total purchase, respectively. In the same periods, our procurement from the single largest supplier in each year during the Track Record Period was RMB141.9 million, RMB227.9 million and RMB674.3 million, accounting for 12.1%, 18.2% and 23.2% of our total purchase, respectively.

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

Suppliers	Products/services provided	Year of commencement of business relationship	Credit period	Purchase (RMB'000)	Percentage of total purchase
For the year ended December 31, 2023					
Supplier A ⁽²⁾	Storefront operation and promotion services	2011	Prepayment/payment upon service delivery	141,932	12.1%
Supplier B ⁽³⁾	Finished products of our collaborated brands	2018	Prepayment	130,605	11.2%
Supplier C ⁽⁴⁾	Finished products of our collaborated brands	2020	Payment shall be made within 30 days from the end of the month of the invoice	102,657	8.8%
Supplier D ⁽⁵⁾	Finished products of our collaborated brands	2016	Prepayment	74,017	6.3%
Supplier E ⁽⁶⁾	Finished products of our collaborated brands	2023	Prepayment	69,754	6.0%
				<u>518,965</u>	<u>44.4%</u>

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Suppliers	Products/services provided	Year of commencement of business relationship	Credit period	Purchase (RMB'000)	Percentage of total purchase
For the year ended December 31, 2024					
Supplier D ⁽⁵⁾	Finished products of our collaborated brands	2016	Prepayment	227,915	18.2%
Supplier A ⁽²⁾	Storefront operation and promotion services	2011	Prepayment/payment upon service delivery	148,530	11.8%
Supplier F ⁽⁷⁾	Promotion services	2019	Prepayment	104,626	8.3%
Supplier G ⁽⁸⁾	Finished products of our collaborated brands	2021	Prepayment	67,153	5.4%
Supplier H ⁽⁹⁾	Finished products of our collaborated brands	2015	Prepayment	50,548	4.0%
				598,772	47.7%

Suppliers	Products/services provided	Year of commencement of business relationship	Credit period	Purchase (RMB'000)	Percentage of total purchase
For the year ended December 31, 2025					
Supplier F ⁽⁷⁾	Promotion services	2019	Prepayment	674,270	23.2%
Supplier A ⁽²⁾	Storefront operation and promotion services	2011	Prepayment/payment upon service delivery	302,337	10.4%
Supplier D ⁽⁵⁾	Finished products of our collaborated brands	2016	Prepayment	208,782	7.2%
Supplier B ⁽³⁾	Finished products of our collaborated brands	2018	Prepayment	152,324	5.3%
Supplier I ⁽¹⁰⁾	Storefront operation and promotion services	2021	Prepayment	134,908	4.7%
				1,472,621	50.8%

Notes:

- All of our five largest suppliers in each year during the Track Record Period used bank transfer as the settlement method.
- Supplier A is a world-leading internet and technology company operating e-commerce services, listed on the Stock Exchange and New York Stock Exchange.
- Supplier B is a Chinese subsidiary of a Japanese multinational company specializing in consumer goods.
- Supplier C is a Singapore subsidiary of a renowned French multinational pharmaceutical and healthcare company.
- Supplier D is a healthcare company engaged in pharmaceutical and consumer health sectors, listed on the New York Stock Exchange.
- Supplier E is a beauty brand management and investment group headquartered in Shanghai, China.
- Supplier F is a private e-commerce and brand operation company headquartered in Guangzhou, Guangdong province.
- Supplier G is a private trading company in Japan engaged in the wholesale and distribution of consumer goods.
- Supplier H is a private hygiene product manufacturer headquartered in Foshan, Guangdong Province.
- Supplier I is a world-leading technology and internet company with its core businesses cover short-video social platform, live e-commerce and other fields.

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Our Directors confirm that we had not experienced any significant material fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers or delay in delivery of our orders from our suppliers during the Track Record Period. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our top five suppliers in each year/period during the Track Record Period.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, we purchased storefront operation and promotional services from certain e-commerce platforms while also providing them with our proprietary and brand partners’ products. According to Frost & Sullivan, it is an industry norm for consumer goods companies to engage in such dual relationships, purchasing marketing-related services and simultaneously selling products to the same counterparties. During the Track Record Period, among the five largest customers in each year, Customer A, Customer B and Customer D were also our suppliers. Particularly, Customer A is among our five largest suppliers during the Track Record Period, being Supplier A. In 2023, 2024 and 2025, our purchase from Customer B amounted to RMB4.6 million, RMB1.8 million and RMB2.0 million, accounting for 0.4%, 0.1% and 0.1% of our total purchases during the same years, respectively. During the same years, our purchase from Customer D amounted to RMB12.6 million, RMB17.9 million and RMB38.2 million, accounting for 1.1%, 1.4% and 1.3% of our total purchase during the same years, respectively. For details about our purchase amounts from Customer A and the percentage of our total purchase amounts during the Track Record Period, see “— Supply Chain Management — Our Major Suppliers.” For details about our revenue generated from these customers and the respective percentage of our total revenue during the Track Record Period, see “— Omnichannel Sales and Distribution Network — Our Major Customers.”

During the Track Record Period, among the five largest suppliers in each year, Supplier C, Supplier D, Supplier G, Supplier H and Supplier I were also our customers. During the Track Record Period, we primarily purchased finished products of our collaborated brands from them, and provided them with e-commerce operation services. In 2023, 2024 and 2025, our revenue generated from any of these suppliers accounted for less than 1% of our total revenue during the same years, respectively. For details about our purchase amount from these suppliers and the respective percentage of our total purchase amounts during the Track Record Period, see “— Supply Chain Management — Our Major Suppliers.”

QUALITY CONTROL

We place great emphasis on the quality of our products and have implemented a comprehensive quality control system across the entire product lifecycle, from development to manufacturing and post-production inspection. During the product development stage, our R&D and quality control teams work closely to evaluate formulation integrity, packaging compatibility, efficacy, and safety, particularly for proprietary brands such as LYCOCELLE and FineNutri. We conduct stability testing, packaging performance reviews, and ingredient validation to ensure consistent product performance across usage scenarios. We also proactively monitor and incorporate evolving regulatory and safety requirements into our development process. For third-party brand partner products, we maintain strict onboarding protocols and require the submission of product test reports, certifications, and samples to ensure conformance with our quality expectations.

To secure product quality at the source, we work only with qualified suppliers of raw materials who pass our internal screening procedures. Incoming materials undergo batch sampling and inspection, covering physical, chemical, and microbiological attributes where applicable. For proprietary brands, we further maintain stringent oversight of our OEMs by setting detailed manufacturing specifications and conducting regular evaluations of product attributes and compliance. Defective products that fail to meet our standards are returned to the supplier for

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reinspection and segregation before reacceptance. Our control measures, combined with internal know-how and post-production inspection protocols, have enabled us to maintain a high standard of product safety and consistency. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material product recalls, liability claims or reputational incidents arising from product quality.

CYBERSECURITY, DATA SECURITY AND PERSONAL INFORMATION PROTECTION

Data Processing Full Lifecycle

Cybersecurity, data security and consumer information protection are among the key focuses of our operations. In accordance with the PRC Cybersecurity Law, Data Security Law and Personal Information Protection Law, and other applicable laws and regulations, in our day-to-day business, we conduct the following personal information processing activities throughout its entire lifecycle:

Data collection and utilization: We only collect and use personal information in the following scenarios:

- *Consumer Data Collection.* (i) To conclude and perform contracts with consumers, we collect from e-commerce platforms the consumer’s encrypted order number, nickname, purchased-product details, recipient name, delivery address, recipient phone number, order time and transaction amount for order fulfillment. We use such information solely to complete the sale and delivery of our products. (ii) With the consumer’s prior consent, we collect from e-commerce platforms the consumer’s name, gender, date of birth, email address, mobile number, username, membership points, membership level and cumulative spend during the membership period. We use this data solely to provide membership services and marketing without involving automated decision-making behaviors. The above-mentioned information constitutes personal information.
- *Partner Contact Person Data Collection.* To fulfill contracts with our suppliers, distributors and brand partners, and with the contact person’s consent, we collect their contacts’ names, telephone numbers, email addresses and fax numbers. We use this information solely for contract execution. The above-mentioned information constitutes personal information.

Data storage and deletion: We have proactively defined situations mandating its deletion — ensuring it is retained only for the minimum necessary period, and we will carry out deletion procedures proactively once the period lapses.

Entrusted data processing: We only entrust warehouse service providers and Alibaba Cloud with the storage and use of the aforesaid data.

Cross-border data transfer: We operate overseas flagship stores on certain cross-border e-commerce platforms and we only act as overseas data recipients to receive consumer data transmitted cross-border by those platforms. We do not conduct any cross-border transfers of personal information.

Data types: We do not process any important data that could endanger national security or the public interest if tampered with, destroyed, leaked, or illegally obtained or used, nor do we process any core data related to national security, the national economy, or the public interest.

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Data Security Management

To ensure full compliance with aforementioned applicable laws and regulations, we have devoted substantial resources to implement internal data security management. Key measures include:

- Implementing internal data protection policies and procedures, which include personal information protection governance, data classification and grading, personal information protection impact assessments, personal information protection compliance audits, and data security education and training. Our goals and aims are to refine legal obligations through internal policies, clarify data security responsibilities for key positions, and reduce non-compliance risks throughout the full lifecycle of personal information processing.
- Establishing a data security management committee, appointing a data security officer and a personal information protection officer, and completing the filing of the personal information protection officer with the Cyberspace Administration of China as required.
- Employing advanced protection, encryption and disaster backup techniques for data storage and transmission, conducting regular audits to identify and mitigate potential security vulnerabilities and providing comprehensive training to our employees on data privacy and security. Our network and computers are equipped with enterprise-grade hardware and anti-virus software to ensure data integrity.
- Establishing stringent access controls and monitoring mechanisms, supported by robust policies for information security management, account and authorization management, and data security oversight. These systems are designed to prevent unauthorized access and ensure compliance with domestic data protection standards.
- Conducting regular audits and risk assessments to further enhance our data protection systems, allowing us to address the evolving complexities of information security.

In conclusion, as advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we did not experience any cybersecurity or data security incidents, nor have we received any inquiries, notifications, or warnings from the CAC, nor been subject to cybersecurity reviews by the CAC, nor were we subject to any administrative penalties or involved in any litigation for violations of the PRC Cybersecurity Law, Data Security Law or Personal Information Protection Law and, as of the Latest Practicable Date, we are in compliance with the applicable PRC cybersecurity, data security and personal information protection regulations.

INTELLECTUAL PROPERTY RIGHTS

Our Proprietary Intellectual Property Rights

Our intellectual property rights are key to our success and competitiveness, primarily consisting of trademarks, patents, software copyrights, works copyrights and domain names. Our intellectual property right portfolio as of the Latest Practicable Date mainly included (i) 464 trademarks registered in mainland China, 52 trademarks registered in Hong Kong and 139 trademarks registered in New Zealand, (ii) 27 patents registered in mainland China, (iii) 90 software copyright registered in mainland China, (iv) 112 works copyrights registered in mainland China, and (v) 11 domain names registered in mainland China. We own all formulas used in our proprietary brand products.

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We rely, in some circumstances, on trade secrets and/or confidential information to protect certain aspects of the technologies we utilize. We seek to protect our proprietary technologies and processes, in part, by entering into confidentiality arrangements with senior management and key staff. Despite the measures we have taken to protect our intellectual property, our proprietary information may be obtained by unauthorized parties.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material infringement of our intellectual properties or any material disputes or claims against us in relation to the infringement of intellectual properties of third parties arising from our business. See “Risk Factors — We may infringe upon, misappropriate or otherwise violate the intellectual property rights of third parties.”

Intellectual Property Rights Licensed by Brand Partners

We are generally licensed by the brand partners to use the brand names or trademarks of such brand partners, or in respect of the relevant products in connection with some of our sales and marketing activities.

COMPETITION

The household care industry in China is highly competitive with numerous market participants and relatively fragmented. According to Frost & Sullivan, the market size of China’s household care industry, in terms of retail sales, grew from RMB117.2 billion in 2019 to RMB150.1 billion in 2024, and is expected to reach RMB217.3 billion in 2029, at a CAGR of 7.7% from 2024. In 2024, the top five brands accounted for approximately 34.6% of the household care market in terms of retail sales. In terms of retail sales, the market size of China’s premium liquid detergent industry reached RMB8.3 billion in 2024, and is expected to grow at a CAGR of 13.7% from 2024 to 2029 and reach RMB15.7 billion by 2029. Our LYCOCELLE brand ranked fifth in China’s premium liquid detergent segment, in terms of retail sales in 2024.

China’s nutritional supplements market features a large number of participants and remains relatively fragmented, with the top five brands, in terms of retail sales, accounting for approximately 25.0% of the market in 2024. Among these emerging players, our FineNutri brand is the fastest-growing beauty-focused nutritional supplement brand to surpass RMB500 million in retail sales in China since its inception, as of the Latest Practicable Date.

The health & wellness segment is one of the fastest-growing sub-sectors within China’s e-commerce solution industry. In 2024, GMV of China’s e-commerce solution in this category reached RMB80.1 billion, and is expected to rise to RMB237.9 billion in 2029, representing a CAGR of 24.3%. In 2024, we ranked fourth in China’s e-commerce solution industry in terms of GMV generated from the health & wellness category.

Leveraging our robust product development capabilities, expansive sales network, and advanced digitalization tools that boost operational efficiency, we believe we are well-prepared to excel in industry competition and maintain a leading presence across the industries in which we operate. See “Industry Overview.”

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EMPLOYEES

As of December 31, 2025, we had 964 full-time employees, all of whom were based in mainland China. The following table sets forth the number of our employees by function:

Employee Function	Number of Employees	% of Total
Sales and Marketing	809	83.9
Research and Development	79	8.2
Financial Management	26	2.7
Administration	50	5.2
Total	964	100.0

Our success deeply rests with our ability to attract, retain and motivate qualified talents, and we believe that our high-quality talent pool is one of our core strengths and competitive advantages. We recruit high standards and rigorous procedures and through various methods, including campus recruitment, online recruitment, internal referral programs and third-party recruiters, to select the best-fit personnel for the corresponding positions in response to our various talent demands.

We invest in continuing education and training programs, including regular and tailor-made internal and external training, for our employees to improve their professional knowledge, and management skills, upgrade their skill sets and keep abreast of the industry standards in their respective positions. We also organize activities to provide our employees with a deeper understanding of our culture.

In line with PRC laws, we participate in government-mandated employee benefit plans, including social insurance for pensions, medical care, unemployment, work-related injury, maternity and housing funds. We are required by PRC law to contribute to employee benefit plans at specific rates based on employee salaries, bonuses, and certain allowances, up to limits set by local regulations. During the Track Record Period, we met these requirements in all material respects without incurring any significant administrative fines or penalties.

We believe we have a positive working relationship with our employees. We have not established a labor union. Throughout the Track Record Period and up to the Latest Practicable Date, we experienced no strikes, work stoppages, or labor disputes that materially affected our business operations.

Social Insurance and Housing Provident Funds

During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations, primarily because (i) certain employees were unwilling to pay the social insurance and housing provident funds in full as it requires additional contributions from our employees, and (ii) certain employees prefer to participate in the rural social security contribution plans in their resident places or their hometowns. During the Track Record Period, we have not been involved in any circumstances under the Interpretation where any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid. Based on the foregoing, as advised by our PRC Legal Advisor and Reporting Accountants, our Directors are of the view that the Interpretation will not have material adverse impact on our operations or financial conditions. Based on the Directors’ view above and the independent due diligence work conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would reasonably cause them to disagree with the Directors’ view above.

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As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, pursuant to applicable PRC laws and regulations, where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the authority could order it to make the payment and deposit within a prescribed time limit, and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a court in China for compulsory enforcement.

Our Directors believe that the incident described above would not have a material adverse effect on our business, financial condition and results of operations, considering that during the Track Record Period and up to the Latest Practicable Date, (i) we did not receive any notification from the relevant authorities requiring us to pay for the shortfalls with respect to social insurance and housing provident funds, nor did we receive any material employee complaint or have any material disputes with employees concerning their payment of social insurance and housing provident funds; (ii) as confirmed by the local governmental authorities in charge of social insurance and housing provident funds or their authorized offices, or credit reports from the credit institutions authorized by relevant local government authorities, no material administrative penalty was imposed on us with respect to the payment of social insurance and housing provident funds during the Track Record Period and as of the Latest Practicable Date; and (iii) if we receive a notice from relevant authorities requiring us to rectify, pay or make up social insurance and housing provident funds within a specified period, we will promptly comply with the requirements of such notice. In addition, pursuant to the Urgent Notice, administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises’ historical social insurance arrears. Based on the foregoing, our PRC Legal Advisor is of the view that the likelihood that we would be required by relevant authorities to pay the shortfall for social insurance and housing provident fund contributions or be subject to material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date for our employees is remote. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed above, we had not been and were not involved in any material noncompliance incidents in relation to social insurance and housing provident funds that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

To monitor our compliance with relevant laws and regulations in respect of social insurance and housing provident fund contributions, we have taken the following internal control measures:

- we have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident funds on a regular basis;
- we are in the process of communicating and will continue to communicate with our employees with a view to seeking their understanding and cooperation in complying with the applicable payment base for the social insurance and housing provident funds, which also requires additional contributions from our employees. We also undertake to gradually increase the applicable payment base for the social insurance and housing provident funds for our employees as indicated by the competent government authorities; and

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- we will consult our PRC legal advisors on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant PRC laws and regulatory developments, including but not limited to PRC laws and regulations in relation to social insurance and housing provident funds, and will provide relevant employees with legal compliance trainings relating to the same.

INSURANCE

We have purchased property insurance for our office premises. We do not maintain any keyman insurance. During the Track Record Period, we did not make any material insurance claims in relation to our business. According to Frost & Sullivan, the coverage of our insurance policies is in line with the industry norm. See “Risk Factors — Our insurance coverage may not be sufficient, which may have a material and adverse effect on our business, financial condition and results of operations.”

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

ESG Governance Framework

In accordance with applicable laws, regulations and regulatory requirements, we plan to establish a dedicated ESG management committee or leading group to formulate our ESG strategy and policies and oversee the setting and implementation of our carbon emission targets. We also plan to incorporate ESG matters into our performance evaluation system to promote the integration of ESG principles into our operations and support our carbon neutrality goals, thereby facilitating the effective implementation of our ESG governance framework.

Our Board is responsible for overseeing ESG matters and integrating ESG considerations into our long-term development strategy. Under the leadership of Mr. Wang Yu, our Chairman and Deputy General Manager, ESG issues receive focused attention and discussion at the Board level. Several of our Directors have educational backgrounds or experience relevant to ESG, sustainable development or corporate social responsibility. In addition, our Chairman, Deputy General Manager, Independent Directors and other Board members regularly participate in training relating to governance, compliance and regulatory developments, including internal procurement processes, tax compliance, anti-fraud and anti-bribery, director training for listed companies and updates on the new Company Law. We believe such experience and ongoing training provide support for the Board’s effective oversight of ESG matters and our sustainable development.

Environmental Indicators and Management

We promote comprehensive energy-saving and environmental protection measures in our daily operations, striving to integrate the green development philosophy into our daily operations.

Dimension	Assessment Factors	Quantitative Indicators
Environment	1. Packaging Material Compliance 2. Instant Carbon Emission Control 3. Waste Disposal Compliance	1. Percentage of Eco-friendly Packaging Materials Used ($\geq 95\%$) 2. Storage Energy Consumption per Unit ($\leq 8\text{kWh}/\text{m}^2 \cdot \text{month}$) 3. Hazardous Waste Compliance Disposal Rate (100%)
Social	1. Product Quality and Safety 2. Marketing and Advertising Compliance 3. Employee Basic Rights	1. E-commerce Platform Product Complaint Rate ($\leq 0.3\%$) 2. Marketing Content Compliance Approval Rate (100%)

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Dimension	Assessment Factors	Quantitative Indicators
Governance	1. Data Security Protection 2. Supplier Compliance for Admission	1. Number of Data Breach Incidents (0 incidents) 2. Compliance Rate of Primary Supplier Qualifications (100%)

Progress on Key Indicators

The adoption of environmentally-friendly packaging materials is one of our long-term ESG goals. We aim to reduce carbon footprint at the source through the use of high-performance material solutions. Currently, C-Filler carbon capture material has been applied in several of our product lines. C-Filler is a verifiable carbon-negative material produced by capturing CO2 from steel mill exhaust gases using steel slag. We plan to continue increasing the use of environmentally friendly materials in our products.

Although our warehouses are leased from third parties, we continue to monitor warehouse energy consumption. From January 2024 to December 2025, the average monthly energy consumption per unit of warehouse area in our active warehouses in Guangzhou and Suzhou was approximately 1.8 kWh/ m2 and 1.1 kWh/m2, respectively. In addition, although we do not own factories and our current production does not involve hazardous waste, our manufacturing partners have established waste classification, collection, temporary storage and disposal procedures for ordinary waste, and there were no incidents of non-compliant waste disposal related to our products during the Track Record Period.

We also monitor certain operational and compliance indicators. In December, approximately 91.1% of the domestic and overseas e-commerce stores we operated had a product complaint rate of no more than 0.3%¹, while approximately 42.2% of such stores had no complaints. During the Track Record Period, there were no incidents of non-compliant marketing content dissemination or data leakage. Based on our regular supplier assessments, the compliance rate of our first-tier suppliers was 100% during the Track Record Period.

During the Track Record Period, there were no incidents of non-compliant marketing content dissemination or data leakage, and we will continue to focus on compliance with applicable marketing-related laws and regulations as well as data privacy and information security. In addition, based on our regular supplier assessments, the compliance rate of our first-tier suppliers was 100% during the Track Record Period, and we will continue to conduct regular qualification reviews of our suppliers going forward.

In response to these ESG risks and impacts, we have adopted or plan to adopt measures including the implementation of a Minimalist Packaging Plan, the use of FSC-certified cartons and a real-time warehouse energy consumption monitoring system. We have also established a three-tier quality control system covering raw material inspection upon entry, in-process inspection and third-party re-inspection before shipment, and set up a compliance review team to conduct AI pre-screening and manual verification of live-stream scripts and product promotional pages.

¹Due to the lack of separate data on product complaints in the backend, the reported product complaint rate includes customer inquiries that are not complaints. Therefore, the actual product complaint rate will be lower than the disclosed data. Additionally, during the reporting period, influenced by the Double Eleven and Double Twelve shopping events, the daily product complaint rate will be lower than the disclosed data.

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Resource Consumption

The following table sets forth our resource consumption during the Track Record Period:

Resource Category	Unit	2023	2024	2025
Electricity	MWh	793	829	1,076
Water	tons	2,508	2,418	2,334

Based on our current business operations and industry practices, and in order to actively promote the sustainable transformation of the industry, we have set the following energy management targets:

- We will strictly control the per capita consumption of electricity and water resources in office settings and target a 20% reduction in per capita energy and water consumption by 2030 compared to the current levels.
- Using 2024 as the base year, we aim to increase the proportion of clean energy usage to 20% by 2030.
- Using 2024 as the base year, we will gradually expand the scale of green electricity procurement, with the goal of having green electricity consumption exceed 20% by 2030.

To effectively reduce energy consumption, we actively advocate water and energy conservation in the office, enhance employees’ environmental awareness, explicitly require employees to turn off electrical appliances and lights after work to eliminate energy waste and promote paperless office practices. We have also implemented an Energy Conservation and Emission Reduction Plan, and all the lights in the Huanju office building have been replaced with LED energy-saving lamps.

Carbon Management

We collaborate with OEMs for the entire manufacturing process. Therefore, we do not directly generate a large amount of carbon emissions.

The following table sets forth our carbon emissions during the Track Record Period:

Category	Unit	2023	2024	2025
Scope 1 ⁽¹⁾	Metric tons of CO ₂ equivalent	23.0	20.0	24.1
Scope 2 ⁽²⁾	Metric tons of CO ₂ equivalent	452.0	472.6	613.5
Scope 3 ⁽³⁾	Metric tons of CO ₂ equivalent	268.0	177.9	222.4

Notes:

- (1) Primarily from the use of our vehicles.
- (2) Mainly from electricity consumption in the Group’s operations in Mainland China and Hong Kong.
- (3) Primarily from activities related to product transportation, product packaging, and employee business travel.

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By 2030, we aim to keep the average CO₂ emissions per company-owned vehicle within the current level, and strive to achieve a 10% reduction in the average annual emission intensity per vehicle.

To achieve such goal, we plan to establish a comprehensive carbon emission data monitoring, collection, and disclosure management system to ensure the accuracy and timeliness of the data. In line with our operational activities, including the management of AI-driven software infrastructure, we have also developed relevant plans to optimize algorithm management and improve energy efficiency, such as using dynamic quantization (INT8) technology to reduce energy consumption, collaborating with qualified vendors to support component regeneration, including detachable GPU module recycling, and adopting liquid cooling, green energy integration and other low-carbon technologies.

We collect and record relevant emission data to fully understand the emission situation and optimize management measures.

Company	Greenhouse Gas Emissions per Employee (Scope 1 + Scope 2)	2024
Ruoyuchen	Metric tons of CO ₂ equivalent per employee	0.6
Brand A	Metric tons of CO ₂ equivalent per employee	1.9
Brand X ⁽¹⁾	Metric tons of CO ₂ equivalent per employee	2.2

Note:

- (1) Brand X was established in 2007, headquartered in Shanghai, China, and primarily engages in providing integrated e-commerce solutions for brands, including IT infrastructure, online store operation, digital marketing, customer service, and warehousing & logistics.

In 2024, our performance in carbon emission intensity was better than the average level of the semiconductor industry.

Employment and Labor Practices

We adhere to the people-oriented concept, strictly abide by relevant labor laws and regulations, and hire employees in accordance with applicable requirements. We advocate for equal employment opportunities and conduct recruitment based on the principles of fairness and justice. We guarantee employees’ basic rights and interests, implement national policies and regulations to pay the five social insurances and one housing fund for employees, and resist all forms of forced labor. We maintain a diversified salary and welfare system, and enhance employees’ cohesion and sense of belonging. During the Track Record Period, there were no incidents of employee deaths due to work-related reasons, nor any lost working days due to work-related injuries.

Sustainable Supply Chain

We have always integrated the concept of sustainable development into our supply chain management, covering supplier admission, supplier assessment, procurement compliance management, sustainable supply chain construction, and supplier empowerment, to create a green, efficient, and jointly-responsible supply chain ecosystem.

We identify the environmental and social risks at each stage of the supply chain, and assess the quality management capabilities, environmental compliance, and fulfillment of social responsibilities of suppliers, and prioritize suppliers with a good social image and a strong commitment to sustainable development and strengthen employee training within the supplier management department. We use ERP systems and other digital platforms to screen and evaluate suppliers and manage qualified supplier records to ensure the stability and sustainability of the supply chain.

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We strengthen the recycling and reuse of paper and packaging materials. In 2024, we recycled over 3,000 kilograms of usable paper, which was shredded and repurposed for internal draft paper, packaging cushioning materials, and other secondary uses. Hard cardboard and bubble wrap from courier packaging are collected for reuse in the product packaging process.

Based on our current business operations and industry practices, we aim to gradually replace our own vehicles (which are not used for cargo transportation) with new energy vehicles, with a plan to complete the full replacement by 2030. With these integral efforts, we believe that we are able to drive a healthy and sustainable business growth in the future.

Advertising Marketing Management

We review advertisements, live streaming scripts, and other marketing materials to ensure their accuracy and consistency and to eliminate false or misleading information.

To further regulate the behaviour of partners and protect brand image and public interests, we have established and implemented an ethical standards policy for third-party content publishers. This policy clearly requires all partners to maintain a positive public image during the collaboration period and prohibits them from making or participating in any statements or actions that may seriously damage their personal or brand reputation.

PROPERTIES

Our principal executive offices are located in Guangzhou, China. According to section 6(2) of the Companies (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 our interests in land or buildings, for the reason that, as of the Latest Practicable Date, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets.

As of the Latest Practicable Date, we owned 12 properties in China with an aggregate gross floor area of 3,181.06 sq.m. as our office premises and leased 24 properties in China with an aggregate gross floor area of 14,884.68 sq.m. as our office premises and dormitories. We believe that there is sufficient supply of properties in mainland China and we do not rely on the existing leases for our business operations. We believe that our current facilities are adequate to meet our current needs.

Lack of Lease Agreement Registration

According to applicable PRC laws and regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within 30 days after the execution of the lease agreement. As the registration of lease agreements requires the cooperation of lessors, and lessors are typically unwilling to undertake the administrative burden, we were not able to complete the registration of certain lease agreements.

As of the Latest Practicable Date, 13 of the lease agreements had not been registered with relevant authorities. Pursuant to applicable PRC laws and regulations, we may be subject to an aggregate maximum potential fine of RMB130,000. As of the Latest Practicable Date, we were in active communication with our lessors and will take all practicable and reasonable steps to register these lease agreements. As advised by our PRC Legal Advisor, the risk of eviction or cessation of occupation regarding 13 leased properties without registration is remote, and the absence of registrations will not affect the validity of the lease agreements, nor will it materially and adversely affect our business and results of operations.

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LICENSES, APPROVALS AND PERMITS

The following table sets forth the details of the material licenses and permits necessary for our business operations. Under the currently applicable laws, regulations and policies, we do not anticipate any material impediments to the acquisition or renewal of such licenses or permits.

License/Permit	Entity Holding the License/Permit	Grant Date	Expiration Date
Customs Registration of Consignee and Consignor of Imported and Exported Goods	Our Company	July 11, 2019	Long-term
Entry-Exit Inspection and Quarantine Filing for Inspection Enterprises	Our Company	March 15, 2017	Long-term
Filing of Consignees and Imported Cosmetics	Our Company	/	Long-term
Permit for the Sale of Pre-packaged Food ⁽¹⁾	Our Company	August 15, 2022	Long-term

Note:

- (1) For the regulatory framework relating to the Permit for Sale of Pre-packaged Food, see “Regulatory Overview — Food Operation Permit.”

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

Non-Compliance

According to our PRC Legal Advisor, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. For certain incidents that occurred during the Track Record Period, see “— Employees” and “— Properties.”

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continuously improving these systems. We have adopted and implemented risk management policies in various aspects of our business operations. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional department.

We have engaged an internal control consultant to evaluate the effectiveness of our internal controls related to our business processes, identify areas of improvement, propose remedial measures, and review the implementation of these measures. The scope of the internal control review encompasses entity-level controls and business process-level controls, including but not limited to (i) sales, accounts receivable, and collection; (ii) procurement, accounts payable, and payment; (iii) inventory and logistics management; (iv) human resources and payroll; (v) expense management process; and (vi) R&D management. Our Directors are of the view that we have adequate and effective internal control procedures to ensure compliance with relevant laws and regulations going forward.

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AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we had received awards and recognition in respect of our brand, business operations, products and corporate social responsibility achievements, significant ones of which are set forth below:

Award/Recognition	Award Authority	Award Year
Tmall Ecosystem Six-Star Operation Service Provider certification (天貓生態「六星經營服務商」認證)	Tmall	2026
2025 CCPIT Key Contact Enterprises for Cross-Border Ecommerce (2025年中國貿促會跨境電商重點聯繫企業名錄)	China Council for the Promotion of International Trade	2026
World Internet Conference Cross-Border Ecommerce Practice Case Collection (2025) (世界互聯網大會跨境電商實踐案例集(2025年))	World Internet Conference	2025
2024 Shanghai New Quality E-commerce Enterprise (2024年上海市新質電商企業)	Shanghai Electronic Business Association	2025
2024 Shanghai's first economically leading creative brand (2024 年上海市首發經濟引領性創意品牌)	Shanghai Chamber of Commerce	2025
2024 China Consumption Leap Brand List (2024中國消費飛躍品牌榜)	Yicai & CBNDData	2025
Number one brand in the sales of oral ergothioneine in the whole network (口服麥角硫因全網銷量第一品牌)	iResearch – Market Position Statement	2025
HKCT's Most Outstanding Anti-Aging Health Brand of the Year (HKCT年度最傑出抗衰保健品牌)	HKCT	2025
iSEE Global Award – Innovative Brand TOP100 (iSEE全球獎-創新品牌TOP100)	Foodaily	2025
BrandStar Awards 2024 – Innovative Brand of the Year (2024星球獎-年度創新品牌)	BrandStar	2024
KPMG China's 4th Consumer 50 (畢馬威中國第四屆消費50企業榜單)	KPMG China	2024
Forbes 2024 Global Digital Trade Industry 100 List (福布斯2024全球數字貿易行業企業100榜單)	Forbes China	2024
2024 Guangdong Province Excellent Cases of Digital Trade (2024年廣東省數字貿易優秀案例)	Department of Commerce of Guangdong Province	2024
Best Service Provider Award in Tmall Health Care Industry (天貓健康保健行業“最佳服務商獎”)	Tmall	2024
2024 Alimama Global Six-Star Ecological Partner (2024阿里媽媽全域六星生態伙伴)	Alimama	2024
National-level E-commerce Demonstration Enterprise” (國家級“電子商務示范企業”)	Ministry of Commerce, PRC	2023
Tmall International Purple Star Service Provider (天貓國際紫星服務商)	Tmall Global	2023
Global Six-Star Ecological Partner certification (「全域六星生態伙伴」認證)	Alimama	2023
High-tech enterprise certificate (高新技術企業證書)	Department of Science and Technology of Guangdong Province	2023

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

As of the date of this document, our Board of Directors comprises seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

The following table sets out information in respect of the Directors.

Name	Age	Position/Title	Time of Joining our Company	Date of Appointment as a Director	Role and Responsibility
Executive Directors					
Mr. Wang Yu (王玉)*	40	Chairman of the Board, executive Director and president	May 10, 2011	May 10, 2011	Managing the operations of the Board, overall strategic planning and setting the business direction of our Company
Ms. Xu Qing (徐晴)	38	Executive Director and vice president	February 10, 2012	July 8, 2015	Managing operations and brand development of our Company
Non-executive Directors					
Ms. Wang Wenhui (王文慧)*	40	Non-executive Director	May 10, 2011	May 18, 2017	Overseeing our Company’s management and providing advice on strategic development
Mr. Pang Xiaolong (龐小龍)	36	Non-executive Director (employee representative Director)	February 17, 2017	September 4, 2025	Overseeing our Company’s management and providing advice on strategic development
Independent Non-executive Directors					
Mr. Huang Tianshun (黃添順)	57	Independent non-executive Director	September 27, 2021	September 27, 2021	Providing independent opinion and judgment to the Board
Ms. Zhang Chunyan (張春艷)	50	Independent non-executive Director	September 27, 2021	September 27, 2021	Providing independent opinion and judgment to the Board
Ms. Zheng Ying (鄭穎)	47	Independent non-executive Director	September 4, 2025	September 4, 2025	Providing independent opinion and judgment to the Board

Note:

* Mr. Wang Yu is the spouse of Ms. Wang Wenhui.

Executive Directors

Mr. Wang Yu (王玉), aged 40, is our executive Director, the chairman of the Board and president of our Company. Mr. Wang founded our Company in May 2011 and has been serving as a Director of our Company since then. Mr. Wang has been serving as the executive Director, the chairman of the Board and president of our Company since July 2015. Mr. Wang also served as a director at several subsidiaries of our Company since April 2021. Mr. Wang received a bachelor’s

DIRECTORS AND SENIOR MANAGEMENT

degree in computer science and technology from Nanchang University (南昌大學) in the PRC in July 2007 and a master’s degree in industrial economics from Jiangxi University of Finance and Economics (江西財經大學) in the PRC in January 2010, respectively.

Ms. Xu Qing (徐晴), aged 38, is an executive Director and vice president of our Company. Ms. Xu was appointed as a Director on July 8, 2015 and was re-designated as an executive Director on September 4, 2025. Ms. Xu joined our Company in February 2012, and consecutively served as an operation manager and the director of business expansion of our Company from June 2013 to March 2015. Ms. Xu has been serving as the vice president of our Company since July 2015. In addition, Ms. Xu has been serving some managerial positions in several subsidiaries of our Company since March 2012. Ms. Xu received a bachelor’s degree in international finance from Jiangxi University of Finance and Economics (江西財經大學) in the PRC in July 2010 and a master’s degree in international business from University of Leeds in the United Kingdom in November 2011, respectively.

Non-executive Directors

Ms. Wang Wenhui (王文慧), aged 40, was appointed as a Director on May 18, 2017 and re-designated as our non-executive Director on September 4, 2025. Ms. Wang joined our Company since May 2011 and served as the supervisor till July 2015. Since July 2016, Ms. Wang has been serving as a senior counsel for employee career development of our Company. Ms. Wang has years of experience in the financial and equity investment sector. Since April 2015, Ms. Wang has been serving as an executive partner of Tianjin Yayi Biotechnology Partnership (Limited Partnership) (天津雅藝生物科技合夥企業(有限合夥)), an executive director and president of Guangzhou Yiyang Health Consulting Co., Ltd. (廣州毅楊健康管理諮詢有限公司) since March 2021, and an executive director and president at Guangzhou Hengfeng Health Management Consulting Co., Ltd. (廣州恆峰健康管理諮詢有限公司) since October 2022, respectively. Ms. Wang received a bachelor’s degree in performance-broadcasting and hosting from Nanchang University (南昌大學) in the PRC in July 2007.

Mr. Pang Xiaolong (龐小龍), aged 36, was elected as an employee representative Director and re-designated as our non-executive Director on September 4, 2025. Mr. Pang joined our Group in February 2017 and has been serving as the senior data officer and the logistics manager of our Company since then. Mr. Pang also served as supervisors in several subsidiaries of our Company since October 2021. Prior to joining our Group, Mr. Pang was engaged in independent entrepreneurial activities from August 2015 to February 2017. Mr. Pang received a bachelor’s degree in administrative management from Beijing Vocational College of Science and Technology (北京科技職業學院) in the PRC in July 2012.

Independent Non-executive Directors

Mr. Huang Tianshun (黃添順), aged 57, was appointed as an independent Director on September 27, 2021 and re-designated as an independent non-executive Director on September 4, 2025. Mr. Huang has years of experience in legal practice sector. From September 1991 to June 1995, Mr. Huang served as an attorney at Shantou Foreign Economic Law Firm affiliated with the Justice Bureau of Shantou, Guangdong Province of China (汕頭市司法局下屬汕頭對外經濟律師事務所). Mr. Huang later transitioned into private legal practice, most recently serving as the partner and managing attorney at Guangdong Guoyuan Law Firm (廣東國源律師事務所) until 2002. Mr. Huang has been practicing as an attorney at Guangdong Lingnan Law Firm (廣東嶺南律師事務所) since 2002. Mr. Huang served as an independent director of Jiangxi Shimei Pharmaceutical Co., Ltd. (江西施美藥業股份有限公司) from October 2018 to August 2021. Since September 2022, he has been appointed as an external supervisor at Guangzhou Rural Commercial Bank Co., Ltd. (廣州農村商業銀行股份有限公司), a company listed on the Stock Exchange (stock code: 01551.HK). Mr. Huang received a bachelor’s degree in law from Sun Yat-sen University (中山大學) in the PRC

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in July 1991 and a master’s degree in economic law from Southwest University of Political Science and Law (西南政法大學) in the PRC in January 2002, respectively. Mr. Huang was qualified as a lawyer in the PRC certified by the Justice Department of Guangdong Province (廣東省司法廳) of PRC in December 1993.

Ms. Zhang Chunyan (張春艷), aged 50, was appointed as an independent Director on September 27, 2021 and re-designated as an independent non-executive Director on September 4, 2025. Since September 2007, Ms. Zhang has been working at Jinan University (暨南大學) and is currently serving as the chief accountant of the Fifth Affiliated Hospital of Jinan University (暨南大學附屬第五醫院). Ms. Zhang has also been serving as a supervisor at Guangdong Price and Industrial Brand Development Association (廣東省價格和產業品牌發展協會監事) since July 2018. Ms. Zhang has been serving as an independent director of Matrix Design Co., Ltd. (矩陣縱橫設計股份有限公司) since December 2020, a company listed on the Shenzhen Stock Exchange (stock code: 301365.SZ) and an independent director of Guangdong Meiyang Jixiang Hydropower Co., Ltd. (廣東梅雁吉祥水電股份有限公司) since April 2025, a company listed on Shanghai Stock Exchange, (stock code: 600868.SH), respectively. Ms. Zhang received a bachelor’s degree in business administration from South-Central Minzu University (中南民族大學) in the PRC in March 2000 and a master’s degree in accounting from Jinan University (暨南大學) in the PRC in June 2007, respectively.

From August 2020 to July 2024, Ms. Zhang served as an independent director at Guangdong Phonpa Bespoke-Design Home Group Inc. (廣東省皇派定製家居集團股份有限公司).

Ms. Zhang has acquired extensive expertise in accounting and finance through the attainment of multiple professional qualifications in accounting and by serving in various financial accounting roles across different institutions. Ms. Zhang was certified to practice as an accountant in July 2005 by the Finance Bureau of Huitong County of Huaihua, Hunan Province of China (湖南省懷化市會同縣財政局) and qualified as an economic engineer in business administration (工商管理經濟師) in November 2007 by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人事部), respectively. Ms. Zhang received the intermediate accounting title (中級會計職稱) and the senior accounting title (高級會計職稱) from Human Resources and Social Security Department of Guangdong Province (廣東省人力資源和社會保障廳) in August 2011 and April 2018, respectively. Since May 2023, Ms. Zhang has been serving as a council member of Guangdong Association of Chief Financial Officers (廣東省總會計師協會).

Ms. Zhang has gained the accounting and financial management expertise through (i) professional knowledge gained and accumulated from her academic background and work experience; and (ii) her tenure as chief accountant, social advisory and independent director of the companies listed in her biography. In these roles, Ms. Zhang has been responsible for, among other things, reviewing financial statements and accounting policies, overseeing and assessing both external and internal audit functions, monitoring internal control systems of listed companies (where applicable), making recommendations on the appointment and replacement of external audit firms through deliberations at the periodic board meetings and committee meetings reviewing and approving annual and interim financial statements and discussions with the management, other members of the audit committee as well as the external auditors of such companies from time to time. Based on the foregoing, Ms. Zhang has accumulated sufficient and appropriate practical knowledge and extensive experience in supervising and monitoring the financial reporting, internal control and other accounting-related matters of listed issuers, and gained accounting or related financial management expertise for the purpose of Rule 3.10(2) of the Listing Rules.

Ms. Zheng Ying (鄭穎), aged 47, was appointed as an independent non-executive Director on September 4, 2025. Ms. Zheng has been teaching principles of accounting (會計學原理), intermediate financial accounting (中級財務會計) and managerial accounting (管理會計) in the School of Business of Sun Yat-sen University (中山大學管理學院) in the PRC since September 2008, currently serving as an associate professor. Since June 2022, Ms. Zheng has been serving as an independent director of Zhuhai Port Co., Ltd. (珠海港股份有限公司), a company listed on the

DIRECTORS AND SENIOR MANAGEMENT

Shenzhen Stock Exchange (stock code: 000507.SZ). Ms. Zheng received a bachelor’s degree in accounting from Renmin University of China in the PRC in July 2001, a master of philosophy (MPhil) degree and a doctoral degree in accounting from the Chinese University of Hong Kong in December 2003 and December 2008, respectively. Ms. Zheng was awarded High-Level International Talent by the Ministry of Finance of PRC in November 2023.

Further Information of our Directors

Save as disclosed above in this section, none of our Directors 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 prior to the Latest Practicable Date.

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

As of the Latest Practicable Date, save as disclosed in “C. Further Information about our Directors” in Appendix IV to this document, none of our Directors held any interest in the securities within the meaning of Part XV of the SFO. As of the Latest Practicable Date, save as disclosed above in this section, none of our Directors or senior management is related to other Directors or senior management of our Company.

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management of our business operations. For the biographical details of Mr. Wang and Ms. Xu Qing, see “— Board of Directors — Executive Directors” in this section. Apart from them, Ms. Luo Zhiqing serve as a member of our senior management team, and the following table sets forth her key information:

Name	Age	Position/Title	Time of Joining our Company	Time of Appointment as Senior Management	Role and Responsibility
Ms. Luo Zhiqing (羅志青)	42	Vice president, finance director and Board secretary	December 17, 2012	July 8, 2015	Managing capital operations, compliance matters, as well as general operations and management and Board related matters of the Company

Ms. Luo Zhiqing (羅志青), aged 42, joined our Company in December 2012 and is currently serving as the vice president, finance director and Board secretary of the Company. From December 2012 to July 2015, Ms. Luo served as the financial manager of our Company. Ms. Luo held the position of finance director of our Company from July 2015 to September 2021 and was reappointed to the same role in September 2022. Since April 2017, Ms. Luo has been serving as Board secretary of the Company. Since September 2018, Ms. Luo has been serving as vice president of our Company. Ms. Luo served as Director of our Company from February 2021 to September 2021 and was re-elected as a Director in January 2022 and served her directorship till September 4, 2025. Prior to joining the Group, Ms. Luo served as a finance manager covering the region of southern China of Guangzhou Kuba Electronic Technology Co., Ltd. (廣州庫巴電子科技有限公司) from October 2010 to December 2012. From September 2022 to May 2023, Ms. Luo served as a director of Muse Bio. Group (廣州美神生物科技有限公司). Ms. Luo has concurrently held roles as the head of finance departments in several subsidiaries of our Company since August 2020. Ms. Luo received

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a bachelor’s degree in accounting from the University of International Business and Economics (對外經濟貿易大學) in the PRC in January 2008. Ms. Luo was qualified as a senior international finance manager by the International Financial Management Association in September 2020.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she does 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 Listing Rules.

Rule 3.09D of the 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 Listing Rules in September 2025, and (ii) understands his or her obligations as a director of a [REDACTED] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) 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 Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

JOINT COMPANY SECRETARIES

Ms. Luo Zhiqing (羅志青), see “— Senior Management” in this section for the biographical details of Ms. Luo.

Ms. Zheng Hongyi (鄭泓懌), was appointed as our joint company secretary in April 2026. She has substantial experience in corporate secretary and corporate finance. Ms. Zheng is a manager of SWCS Corporate Services Group (Hong Kong) Limited, and is mainly responsible for managing the company secretarial and compliance work for companies listed on the Stock Exchange. Ms. Zheng is currently a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She obtained dual master’s degrees in both international relations and public policy from the University of Macau in July 2019, and corporate governance and compliance from the Open University of Hong Kong (香港公開大學) (currently known as the Hong Kong Metropolitan University (香港都會大學)) in September 2024.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code as set out in the Appendix C1 to the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategy and ESG Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee consists of three Directors, namely Ms. Zhang Chunyan, Mr. Huang Tianshun and Ms. Zheng Ying. Ms.

DIRECTORS AND SENIOR MANAGEMENT

Zhang Chunyan, who possess the appropriate professional accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of the Audit Committee.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration and Appraisal Committee consists of three Directors, namely Mr. Huang Tianshun, Mr. Wang Yu and Ms. Zheng Ying. Mr. Huang Tianshun serves as the chairperson of the Remuneration and Appraisal Committee.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Ms. Zheng Ying, Mr. Huang Tianshun and Ms. Xu Qing. Ms. Zheng Ying serves as the chairperson of the Nomination Committee.

Strategy and ESG Committee

We have established a Strategy and ESG Committee with written terms of reference. The Strategy and ESG Committee consists of three Directors, namely Mr. Wang Yu, Mr. Huang Tianshun and Ms. Xu Qing. Mr. Wang Yu serves as the chairperson of the Strategy and ESG Committee.

REMUNERATION

Our Directors receive their remuneration in the form of salaries, wages, bonuses, share-based payments, housing fund, retirement and other benefits in kind.

For the years ended December 31, 2023, 2024 and 2025, the aggregate amount of remuneration paid or payable to our Directors amounted to approximately RMB5.5 million, RMB6.6 million and RMB6.4 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 RMB6.5 million.

For the years ended December 31, 2023, 2024 and 2025, there were 3, 3 and 3 Directors among the five highest paid individuals, respectively. The total emolument for the remaining individuals among the five highest paid individuals for the years ended December 31, 2023, 2024 and 2025 were RMB3.8 million, RMB4.5 million and RMB3.5 million 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 any subsidiary of our Company.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiary to our Directors or the five highest paid individuals during the Track Record Period.

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [REDACTED] apart from code provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual.

The roles of chairman of the Board and chief executive of our Company are currently performed by Mr. Wang Yu. Mr. Wang currently performs the roles of the chairman of our Board and the president of our Company as chief executive and has assumed the role of chairman of our Board and the president since May 2011, given that he has extensive experience in the business operations and management of our Company. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Mr. Wang is the Director best suited to identify strategic opportunities and the focus of the Board due to his extensive understanding of our business. The Board also believes that vesting the roles of both chairman of the Board and president of the Company in the same person has the benefit of (i) ensuring consistent leadership within the Company, (ii) enabling more effective and efficient overall strategic planning and streamlining the execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for the Company. The Board considers that the balance of power and authority in the present arrangement is not compromised, given the size of the Board, oversight from the independent non-executive Directors and robust senior management team, and believes that this arrangement will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and president of the Company at an appropriate time, taking into account the circumstances of the Company as a whole.

Save as disclosed above, our Directors consider that we will comply with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules upon [REDACTED].

BOARD AND WORKPLACE DIVERSITY POLICY

We are committed to promoting a culture of diversity in the Company. In order to maintain a robust corporate governance structure and to achieve sustainable and balanced corporate development, we have adopted a board and workplace diversity policy (the “**Diversity Policy**”) which sets out the objectives for and approaches to achieving and maintaining diversity at the Company. Pursuant to the 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 not limited to gender, age, cultural and educational background, and professional experience. The ultimate decision of each appointment will be based on merit and the contribution which the selected candidates are expected to bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including but not limited to depth of experience in the areas of business administration, financial investment, automotive business management, law and accounting. We have three independent non-executive Directors with different industry backgrounds, with solid professional experiences in the fields of law, finance and accounting.

Our Company has evaluated the structure, size and composition of our Board, taking into account the skills matrix of Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors will enable our Company to maintain a high standard of operations. This is evidenced by the fact that our Directors range in age from 35 to 56 years old, and our Board comprises four female Directors and three male Directors. Taking

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into account our existing business model and specific needs, as well as the different backgrounds of our Directors, the composition of our Board satisfies our Diversity Policy. Our Nomination Committee is responsible for ensuring the diversity of our Board.

Apart from diversity within our Board, we recognize the importance of gender diversity, which we have taken, and will continue to take, steps to promote at all levels of our Company, including at the Board, senior management and workforce (excluding senior management) level. Going forward, in accordance with the Diversity Policy, we will not have any single gender Board, and will ensure the gender diversity in the Nomination Committee at all the times, and we will continue to work to enhance gender diversity when selecting and recommending suitable candidates across the Board, senior management and workforce levels. After the [REDACTED], our Nomination Committee will, among its other duties, review the Diversity Policy and its implementation from time to time to ensure its continued effectiveness, and we will disclose the Diversity Policy or a summary thereof in the corporate governance report of the Company on an annual basis.

COMPLIANCE ADVISOR

We have appointed Soochow Securities International Capital Limited as our compliance advisor (the “**Compliance Advisor**”) pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines.

The term of the Compliance Advisor’s 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 Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED], and assuming the [REDACTED] is not exercised, no new Shares are issued under the 2022 Equity Incentive Plan and no other changes are made to the issued share capital 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 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 will be directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	Description of Shares	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no new Shares are issued under the 2022 Equity Incentive Plan)		
			Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our Company ⁽²⁾	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our A Shares ⁽³⁾	Approximate percentage of shareholding in our Company ⁽³⁾
Mr. Wang ⁽⁴⁾⁽⁵⁾	Beneficial interest	A Shares	93,864,140	30.18%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of spouse	A Shares	13,335,840	4.29%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation	A Shares	26,342,400	8.47%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Wang ⁽⁴⁾⁽⁵⁾	Beneficial interest	A Shares	13,335,840	4.29%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of spouse	A Shares	93,864,140	30.18%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation	A Shares	26,342,400	8.47%	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Yayi ⁽⁴⁾⁽⁵⁾	Beneficial interest	A Shares	26,342,400	8.47%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation	A Shares	93,864,140	30.18%	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation	A Shares	13,335,840	4.29%	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- All interests stated are long positions in the Shares.
- The calculation is based on the total number of 311,059,476 A Shares in issue as of the Latest Practicable Date.
- The calculation is based on the total number of 311,059,476 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 that the [REDACTED] is not exercised and no new Shares are issued under the 2022 Equity Incentive Plan.
- Mr. Wang and Ms. Wang are spouses. As such, under the SFO, Mr. Wang is deemed to be interested in the equity interests held by Ms. Wang; and Ms. Wang is deemed to be interested in the equity interests held by Mr. Wang.
- Tianjin Yayi is a limited partnership established in the PRC. The general partner of Tianjin Yayi is Ms. Wang (holding 1% partnership interest in Tianjin Yayi) and the only limited partner in Tianjin Yayi as of the Latest Practicable Date is Mr. Wang, holding 99% partnership interest in Tianjin Yayi. As such, under the SFO, each of Mr. Wang and Ms. Wang is deemed to be interested in the entire equity interests held by Tianjin Yayi.

Save as disclosed above and in “Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders” in Appendix IV to this document, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no new Shares are issued under the 2022 Equity Incentive Plan), have any interest and/or short position in our Shares or 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 nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

SUBSTANTIAL SHAREHOLDERS

SHARE PLEDGE BY A CONTROLLING SHAREHOLDER

As of the Latest Practicable Date, Mr. Wang had pledged 7,010,000 A Shares, representing approximately 2.25% of the total issued share capital of our Company, to two PRC financial institutions for his personal needs. To the best knowledge of our Directors having made all reasonable inquiries, there has not been any adverse credit records against Mr. Wang in respect of any breach of repayment obligations under his indebtedness. Mr. Wang has confirmed that, if any circumstances arise which results in a margin call or top-up mechanism being triggered under the share pledges, Mr. Wang shall take necessary actions, such as provision of additional collateral and/or repayment of the relevant indebtedness, to ensure no enforcement risk of the pledged A Shares will arise.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was owned as to approximately 30.18% by Mr. Wang, approximately 4.29% by Ms. Wang and approximately 8.47% by Tianjin Yayi, respectively. Tianjin Yayi is a limited partnership established in the PRC, the general partner of which is Ms. Wang, holding 1% partnership interest in Tianjin Yayi. The only limited partner in Tianjin Yayi as of the Latest Practicable Date is Mr. Wang, holding 99% partnership interest in Tianjin Yayi. Mr. Wang and Ms. Wang are spouses. By virtue of aforementioned relationship, Mr. Wang and Ms. Wang and Tianjin Yayi are considered to be a group of Controlling Shareholders, collectively holding approximately 42.93% as of the Latest Practicable Date.

Upon completion of the [REDACTED] (assuming that [REDACTED] is not exercised and no new Shares are issued under the 2022 Equity Incentive Plan), Mr. Wang, Ms. Wang and Tianjin Yayi will be collectively interested in and control an aggregate of approximately [REDACTED]% of the total issued share capital of our Company. Accordingly, Mr. Wang, Ms. Wang and Tianjin Yayi remain as a group of Controlling Shareholders of our Company immediately upon the completion of the [REDACTED] (assuming that [REDACTED] is not exercised and no new Shares are issued under the 2022 Equity Incentive Plan).

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of our Controlling Shareholders and Directors confirms that he/she does not have any interest in a business, apart from the business of our Company, which competes or is likely to compete, directly or indirectly, with our businesses, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are of the view that we are capable of carrying out our business independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

Management Independence

Our Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors. Although Mr. Wang is an executive Director and Ms. Wang is a non-executive Director, and both of them are our Controlling Shareholders, our management and operational decisions are made by our Board and senior management, all of whom have substantial experience in the industry in which we are engaged and/or in their respective fields of expertise. Also, Mr. Wang and Ms. Wang have a track record of devoting sufficient time and energy to discharge their duties as our Directors and senior management and they will continue to focus on our Group’s business. When performing their duties as Directors, they have been and will continue to be supported by the senior management team of the Group. The balance of power and authority is ensured by the operation of the senior management and our Board. See “Directors and Senior Management” for further details.

In addition, although Mr. Wang and Ms. Wang are our Controlling Shareholders, we consider that our Board and senior management will function independently from our Controlling Shareholders for the following reasons:

- each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his duties as a Director and his/her personal interests;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- three out of our seven Directors are independent non-executive Directors who have extensive experience in different professions. They have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. We believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board;
- our Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates have a material interest and shall not be counted in the quorum present at the particular Board meeting; and
- we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See “— Corporate Governance Measures.”

Based on the above, our Directors believe that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their respective close associates. We are in possession of all relevant licenses, assets, copyrights, trademarks and other intellectual properties necessary to carry on and operate our business. We have independent access to suppliers and customers. In addition, we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that our Group will be able to operate independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We make financial decisions according to our own business needs.

During the Track Record Period, we have obtained certain bank loans which were secured by guarantees provided by Mr. Wang and/or Ms. Wang (the “**Controlling Shareholders’ Guarantees**”). As of the Latest Practicable Date, all Controlling Shareholders’ Guarantees had been discharged by the relevant banks.

Based on the above, our Directors believe that we have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence from, and do not place undue reliance on, our Controlling Shareholders and their respective close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests:

- as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that a Director shall not vote on any resolution in which such Director have a material interest in the company involved, and if the laws and regulations and the rules of the stock exchanges where our Shares are listed imposed any further restrictions on directors’ attendance at board meetings and voting, such laws, regulation and rules shall be complied with;
- we have established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if we enter into connected transactions with any of our Controlling Shareholders or their respective associates, our Company will comply with the applicable Listing Rules;
- we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in “Directors and Senior Management — Board of Directors — Independent Non-executive Directors;”
- in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other hand, our Controlling Shareholders and/or our Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through our annual report or by way of announcements; and
- we have appointed Soochow Securities International Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance.

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 was RMB311,059,476, comprising 311,059,476 A Shares of nominal value RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised and no further A Shares are issued under the 2022 Equity Incentive Plan, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
A Shares in issue	311,059,476	[REDACTED]%
H Shares to be issued under the [REDACTED] . . .	[REDACTED]	[REDACTED]%
Total	<u>[REDACTED]</u>	<u>100.00%</u>

Immediately following completion of the [REDACTED], assuming the [REDACTED] is fully exercised and no new Shares are issued under the 2022 Equity Incentive Plan, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
A Shares in issue	311,059,476	[REDACTED]%
H Shares to be issued under the [REDACTED] . . .	[REDACTED]	[REDACTED]%
Total	<u>[REDACTED]</u>	<u>100.00%</u>

OUR SHARES

Upon completion of the [REDACTED], the Shares will consist of A Shares and H Shares. A Shares and H Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional [REDACTED] in the PRC, the qualified PRC [REDACTED] under the Shanghai – Hong Kong Stock Connect or the Shenzhen – Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or [REDACTED] between [REDACTED] of the PRC.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between the PRC and Hong Kong. Our A Shares can be subscribed for and traded by investors in the PRC, 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. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and [REDACTED] by [REDACTED] in the PRC in accordance with the rules and limits of Shenzhen-Hong Kong Stock Connect.

SHARE CAPITAL

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 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

A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請“全流通”業務指引》) 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 [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our A Shareholders to issue H Shares and seek the [REDACTED] of the H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the general meeting of our Company held on September 4, 2025 and is subject to the following conditions:

(i) 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 issued pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be issued 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].

(ii) 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].

(iii) Target [REDACTED]

The H Shares shall be issued to Hong Kong public [REDACTED], other overseas [REDACTED] who meet the relevant requirements, qualified domestic [REDACTED] eligible to [REDACTED] in overseas securities according to the laws and regulations of the PRC and other [REDACTED] who comply with the relevant regulatory requirements.

(iv) [REDACTED] Basis

The [REDACTED] of the H Shares will be determined after due consideration of the interests of existing Shareholders, the acceptance of [REDACTED] and issuance risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of the industry in which the Company operates.

SHARE CAPITAL

(v) Validity Period

The issue of H Shares and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the Shareholders’ meeting was held on September 4, 2025.

There is no other approved [REDACTED] plan for any other Shares except for the [REDACTED].

SHAREHOLDERS’ GENERAL MEETING

See “Appendix III — Summary of Articles of Association” for details of circumstances under which our general Shareholders’ meetings are required.

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with the consolidated financial information together with the accompanying notes in the Accountants’ Report set out in Appendix I to this document. Our consolidated financial information has been prepared in accordance with all applicable International Financial Reporting Standards (the “IFRSs”), which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Appendix I and not rely merely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to the future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed “Risk Factors” in this document. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

Ruoyuchen is a consumer-centric emerging consumer brand company, committed to delivering high-quality, differentiated products that address consumer needs in functionality, emotional value, immersive experiences, and self-expression.

Leveraging our omnichannel capabilities and deep industry insights, we build, scale, and partner with brands that are embedded in the lives of China’s new consumers, particularly established middle class, young white collars and modern moms, addressing their unmet needs, resonating with their values and engaging with them across their preferred touchpoints. Our business is structured around three segments: proprietary brand development, brand management business and e-commerce operation business.

We have achieved rapid growth throughout the Track Record Period. Our total revenue increased from RMB1,366.1 million in 2023 to RMB1,765.8 million in 2024 and further to RMB3,431.8 million in 2025, representing a CAGR of 58.5% from 2023 to 2025. Additionally, our net profit has continued to improve, rising from RMB54.3 million in 2023 to RMB105.6 million in 2024 and further to RMB194.4 million in 2025, with a CAGR of 89.2% over the same period.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with all applicable IFRS issued by the International Accounting Standards Board (“IASB”). The historical financial information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each year/period during the Track Record Period.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 4 to the Accountants’ Report set out in Appendix I to this document.

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FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition are influenced by various general factors that affect consumer demands and market conditions for our proprietary brands, i.e., those for household care products and nutritional supplements, as well as brand management and e-commerce operation businesses. These factors include macroeconomic trends, industry dynamics, and competitive landscape. Any negative change in these conditions may adversely impact our results of operations. In addition to these general factors, the following specific factors have a more direct impact on our results of operations.

Our Ability to Attract and Retain Consumers

Our growth and profitability are driven by the scale of our consumer base and loyalty of these consumers. Whether in the household care or supplemental nutrition sectors where we operate our proprietary brands, or in the e-commerce solution market where we provide brand management and e-commerce operation solutions, the way we broaden our consumer reach and maintain consumer stickiness directly affect our sales performance and financial results.

As the market trend shifts rapidly, we are committed to identifying and responding to changes in consumer preferences. During the Track Record Period, we cultivated a fast-growing and increasingly loyal consumer base, supported by targeted marketing campaigns and the continued expansion of our sales and distribution network. Our ability to identify market trends and offer a brand and product portfolio that caters to consumers’ needs is crucial for our continued success. We strategically focus on household care and nutritional supplement products, which present significant yet unmet growth potential among quality-driven consumers, particularly established middle class, young white collars and modern moms. Our brand and product portfolio under brand management and e-commerce operation businesses also covers other categories, including household care, beauty & personal care, maternal & infants, and health & wellness. Going forward, we intend to strengthen our consumer base by enhancing the personalization of our offerings, optimizing marketing strategies and improving consumer experience across touchpoints. We believe that our brand value, diverse products, proven track record of business growth, and demonstrated ability to adapt to evolving customer demands position us well to attract new consumers and foster deeper consumer stickiness over time.

Our Ability to Incubate New Brands and Launch New Products

Our ability to continuously incubate new brands and introduce new products that cater to evolving consumer preferences is a critical factor affecting our sales and overall financial condition. As of the Latest Practicable Date, we have successfully launched three major proprietary brands, LYCOCELLE, FineNutri and NuiBay, which have demonstrated strong market acceptance and contributed an increasing proportion of our total revenue during the Track Record Period. In addition, we may also pursue strategic acquisitions of overseas brands to complement our portfolio and accelerate growth. Several newly-launched products, such as LYCOCELLE laundry detergent, achieved rapid traction among consumers, becoming key contributors to revenue. The expansion of our brand and product offerings allowed us to tap into adjacent subcategories, broaden consumer touchpoints and strengthen brand recognition, thereby improving average order value and enhancing consumer stickiness. Going forward, we plan to further invest in brand incubation, product design and market insight capabilities. By improving our ability to bring differentiated and high-quality proprietary brands and products to market, we aim to optimize our product mix, sustain our sales momentum and drive long-term profitability.

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Our Ability to Retain and Attract Brand Partners

Our revenue growth and overall business success depend significantly on our ability to maintain stable relationships with existing brand partners and attract new brand partners. During the Track Record Period, we derived a substantial portion of our revenue from providing brand management and e-commerce operation solutions to our brand partners. While pursuing business expansion, we also optimized our brand partner base under the e-commerce operation service segment by focusing on high-quality partners and strategic collaborations. As of the Latest Practicable Date, we were in collaboration with 37 brand partners, five of which had worked with us for over five years. Our relationships with brand partners affect our profitability and results of operations primarily through the scope of our authorized channel coverage and the key terms of our commercial arrangements. Broader authorization across diversified channels enables us to expand consumer reach and improve sales conversion. Under our brand management and distribution model of e-commerce operation business, our profitability is influenced by purchase terms, including unit costs and sales rebates, while under our service fee model, it is primarily determined by the service fees agreed with brand partners based on the scope and scale of services provided. We intend to further strengthen our operational and analytical capabilities to deepen cooperation with existing brand partners and attract additional brands to the Chinese market, thereby expanding our brand partner base and supporting our long-term revenue growth and profitability.

Our Ability to Manage and Expand Our Sales and Distribution Network

We have built an omnichannel sales and distribution network, which consists of (i) direct-to-consumer sales through self-operated stores, and (ii) sales to distributors, including e-commerce platforms, such as Tmall and JD.com, retailers and key accounts. During the Track Record Period, we generated a majority of our revenue through online stores operated by us on e-commerce platforms, and a significant portion was contributed by distributor sales. As a result, our financial performance is closely tied to the scale and efficiency of our sales and distribution network. Furthermore, these sales channels, empowered by Douyin livestreaming, are instrumental in driving product visibility, expanding consumer access and sustaining our revenue growth. We intend to further broaden our channel footprint and deepen relationship with our key sales channels to improve sales conversion and coverage efficiency.

Our Ability to Innovate and Effectively Invest in Our Technology

Our ability to continuously innovate and enhance our brand-to-consumer and brand-to-business solutions hinges on our advances in artificial intelligence, data analytics and marketing know-how, which is a key driver of our long-term growth and competitiveness. Strategic investments in our technology infrastructure enable us to better serve our brand partners, improve their business performance, and, in turn, strengthen our ability to retain and attract brand partners, while sustaining our growth momentum. We have advanced our digital transformation by implementing multiple IT systems, including BI, OMS and SCM systems. These systems play a central role in refining sales channel strategies, improving marketing precision and increasing return on marketing investment, while reducing consumer acquisition costs and operational inefficiency.

Our Ability to Efficiently Manage Our Supply Chain and Enhance Operation Efficiency

We believe our long-term growth depends in part on our ability to manage our supply chain efficiently. Our cost of sales mainly consist of costs of products sold and logistics expenses, mainly arising from direct-to-consumer sales through self-operated stores. During the Track Record Period, product costs represent the majority of our total cost of sales, while logistics expenses have increased along with the growth of self-operated store sales. Fluctuations in the prices of key raw materials, such as ergothioneine and Calanus oil, which are essential for the formulation and efficacy of certain flagship products, may have a direct impact on our gross margin and cost structure. In addition, our ability to secure cost-effective logistics services is essential for our timely

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order fulfillment, cost control and profitability improvement. Our results of operations and profitability are also significantly affected by our operating expenses, among which selling and marketing expenses represented a major portion. We have invested in improving our operational efficiency through streamlining operational procedures. We believe that these efforts will support improvements in our profitability over time.

Currency Fluctuation

A significant portion of our business involves procuring products from overseas brand partners, many of which are located outside mainland China, and selling products on cross-border e-commerce platforms. These transactions are primarily denominated in foreign currencies, including U.S. dollars, Euros, the Japanese Yen and Hong Kong dollars, while our consolidated financial statements are prepared in Renminbi. Foreign currencies are translated into Renminbi using exchange rates effective at the time of the transaction. As a result, we are exposed to both transactional and translational foreign exchange risks. Volatility in exchange rates may lead to gains or losses, which are recorded in our profit or loss. In 2023 and 2024, we recorded gains from net foreign exchange differences of RMB8.1 million and RMB6.2 million, respectively. In 2025, we recorded losses from net foreign exchange differences of RMB25.0 million. The value of the Renminbi may fluctuate due to various factors beyond our control, and any depreciation or appreciation could materially affect our procurement costs and overall results of operations. Accordingly, exchange rate fluctuations may affect our profitability and remain a significant factor impacting our financial performance.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS

We have identified certain accounting policies that are significant to the preparation of our financial statements, including revenue recognition, property, plant and equipment, provision against obsolete and slow-moving inventories, allowance for expected credit loss of receivables, impairment of non-financial assets, determination of fair value and the fair value hierarchy of financial instruments and income tax and deferred taxation. In the application of our accounting policies, our management is required to make judgments, estimates and assumptions that affect the application of accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Our material accounting policies, as well as our key source of estimation uncertainties, which are important for understanding our financial condition and results of operations, are set forth in Notes 4 and 38 to the Accountants’ Report set out in Appendix I to this document.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT

The following table sets forth a summary of our consolidated statements of profit for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB'000)		
Revenue	1,366,091	1,765,776	3,431,776
Cost of sales	(817,700)	(977,613)	(1,380,611)
Gross profit	548,391	788,163	2,051,165
General and administrative expenses	(97,408)	(117,266)	(127,377)
Selling and marketing expenses	(380,026)	(525,850)	(1,647,487)
Research and development expenses	(24,040)	(25,735)	(32,637)
Net impairment (losses)/reversals financial assets	(4,980)	(6,284)	4,163
Other income	1,621	7,620	5,383
Other gains/(losses), net	7,900	(1,278)	(23,949)
Operating profit	51,458	119,370	229,261
Finance income	7,160	12,103	11,173
Finance costs	(2,189)	(4,612)	(15,266)

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	For the Year Ended December 31,		
	2023	2024	2025
	(RMB'000)		
Finance income/(costs), net	4,971	7,491	(4,093)
Share of profit of interest in associates	276	1,218	621
Profit before income tax	56,705	128,079	225,789
Income tax expense	(2,415)	(22,443)	(31,388)
Profit for the year	54,290	105,636	194,401

Revenue

Revenue by Business Segment

During the Track Record Period, we primarily generated revenue from three business segments, (i) proprietary brands, mainly through the sales of LYCOCELLE and FineNutri products, (ii) brand management, through the resale of brand partners’ products, and (iii) e-commerce operation services, though the resale of brand partners’ products or service fees charged from brand partners. The following table sets forth a breakdown of our revenue by business segments for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Proprietary brands	263,278	19.3	500,958	28.4	1,813,163	52.8
LYCOCELLE	254,733	18.7	484,218	27.4	1,069,177	31.2
FineNutri	–	–	12,122	0.7	696,483	20.3
Others	8,545	0.6	4,618	0.3	47,503	1.3
Brand management	160,486	11.7	501,107	28.4	895,116	26.1
E-commerce operation	942,327	69.0	763,711	43.2	723,497	21.1
Distribution model	750,325	54.9	581,948	32.9	558,721	16.3
Service fee model	192,002	14.1	181,763	10.3	164,776	4.8
Total	1,366,091	100.0	1,765,776	100.0	3,431,776	100.0

Revenue by Geographic Regions

We categorize revenue generated from mainland China and other jurisdictions by the destination of sales. The following table sets forth a breakdown of our revenue by geographic regions for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)						
China	1,365,776	100.0	1,763,574	99.9	3,413,283	99.5
Other countries or regions ⁽¹⁾	315	0.0	2,202	0.1	18,493	0.5
Total	1,366,091	100.0	1,765,776	100.0	3,431,776	100.0

Note:

(1) Represent revenue generated from Japan and New Zealand.

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Cost of Sales

Our cost of sales consist primarily of (i) costs of products procured from our brand partners under brand management and e-commerce operation segments, (ii) cost of raw materials for manufacturing products under our proprietary brands, (iii) logistics expenses incurred for the fulfillment of orders for our proprietary and brand partners’ products, (iv) staff costs related to our e-commerce operation services, (v) manufacturing expenses paid to OEMs for manufacturing products under our proprietary brands, and (vi) media costs incurred for the e-commerce operation services provided under the service fee model. The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

For the Year Ended December 31,						
2023		2024		2025		
Amount	%	Amount	%	Amount	%	
<i>(RMB in thousands, except for percentages)</i>						
Costs of products procured	611,859	74.8	722,816	74.0	845,969	61.3
Cost of raw materials	83,574	10.2	131,235	13.4	330,863	24.0
Logistics expenses	42,954	5.3	62,762	6.4	108,738	7.9
Staff costs	57,683	7.1	48,190	4.9	45,793	3.3
Manufacturing expenses	6,597	0.8	9,732	1.0	48,580	3.5
Media costs	15,033	1.8	2,878	0.3	668	0.0
Total	817,700	100.0	977,613	100.0	1,380,611	100.0

Gross Profit and Gross Margin

The following table sets forth a breakdown of our gross profit and gross margin by business segments for the years indicated:

For the Year Ended December 31,						
2023		2024		2025		
Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	
<i>(RMB in thousands, except for percentages)</i>						
Proprietary brands	162,178	61.6	334,681	66.8	1,368,950	75.5
Brand management	60,943	38.0	152,854	30.5	414,665	46.3
E-commerce operation	325,270	34.5	300,628	39.4	267,550	37.0
Distribution model	205,984	27.5	170,275	29.3	149,236	26.7
Service fee model	119,286	62.1	130,353	71.7	118,314	71.8
Total	548,391	40.1	788,163	44.6	2,051,165	59.8

Our gross margins vary by business segments, with our proprietary brands delivering higher gross margins than other segments, as a result of greater pricing discretion for proprietary brands. We proactively optimize our business mix by increasing the share of higher-margin segments in our overall business portfolio and revenue structure.

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General and Administrative Expenses

Our general and administrative expenses consist primarily of (i) staff costs in relation to our personnel performing administrative functions, (ii) depreciation and amortization in relation to our offices, (iii) business development expenses, (iv) office and travel expenses, (v) professional service fees, and (vi) goodwill impairment. The following table sets forth a breakdown of our general and administrative expenses for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Staff costs	44,342	45.6	46,424	39.7	48,663	38.2
Depreciation and amortization	19,431	19.9	19,831	16.9	24,423	19.2
Business development expenses	5,850	6.0	7,327	6.2	14,880	11.7
Office and travel expenses	9,339	9.6	14,206	12.1	13,905	10.9
Professional service fees	10,150	10.4	5,793	4.9	9,679	7.6
Goodwill impairment	—	—	9,180	7.8	—	—
Others ⁽¹⁾	8,296	8.5	14,505	12.4	15,827	12.4
Total	97,408	100.0	117,266	100.0	127,377	100.0

Note:

- (1) Others mainly represent [REDACTED], bank charges, taxes and surcharges. In 2023, 2024 and 2025, we incurred [REDACTED] of [REDACTED], respectively, representing [REDACTED] of the total general and administrative expenses for the corresponding years.

Impairment Tests for Goodwill

Goodwill is not subject to amortization and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

The carrying amount of goodwill allocated to the cash generating units or group of cash generating units (“CGU” or “CGUs”) are as follows:

	Opening	Currency translation differences	Disposals	Impairment	Closing
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2024					
OASIS BEAUTY CGU ⁽ⁱ⁾	10,085	(905)	—	(9,180)	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Year ended December 31, 2023					
OASIS BEAUTY CGU ⁽ⁱ⁾	9,899	186	—	—	10,085
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

- (i) The goodwill of OASIS BEAUTY CGU is generated from business combination of OASIS BEAUTY NZ LIMITED in 2019. We have designated OASIS BEAUTY NZ LIMITED as OASIS BEAUTY CGU and reviews the business performance and monitors the goodwill on the CGU basis. Driven by the rapid development of our proprietary brands such as LYCOCELLE and FineNutri, we made a strategic adjustment in 2024. The management decided to concentrate our resources on the proprietary brands while reducing resource investment in the OASIS BEAUTY CGU. Our management expects the scale of the OASIS BEAUTY CGU to remain stable or experience a slight decline in the future. As of December 31, 2024, according to our management’s estimation of the recoverable amount of OASIS BEAUTY CGU, which was calculated based on its value-in-use, an impairment of RMB9.2 million was recognized, resulting in a reduction in the carrying amount of goodwill of OASIS BEAUTY CGU to zero.

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For OASIS BEAUTY CGU, as of December 31, 2023, the recoverable amount calculated based on value-in-use calculation, exceeded the carrying amount of the tested CGU (including goodwill) of OASIS BEAUTY CGU by approximately RMB1.3 million. If the expected pre-tax discount rate had been 5% higher than management estimates as of December 31, 2023, the recoverable amount calculated would be lower than the carrying amount by approximately RMB0.5 million. Our Directors have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that would have resulted in a significant impairment against the goodwill of the Group. As of December 31, 2024, as impairment was fully provided against goodwill of OASIS BEAUTY CGU, no sensitivity analysis is needed.

Since the goodwill had been fully impaired by December 31, 2024, no impairment test was performed for the goodwill for the year ended December 31, 2025.

Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) marketing expenses, including costs incurred to acquire traffic on e-commerce platforms for product promotion, as well as commissions paid to collaborated KOL/KOCs, (ii) staff costs in relation to our personnel performing sales and marketing functions, (iii) platform service expenses incurred for transactions through our self-operated stores on e-commerce platforms, comprising fixed service fees charged by the platforms for setting up and maintaining our storefronts, and commissions charged for facilitating transactions through self-operated stores, calculated based on the transaction value of self-operated store sales, and (iv) warehousing expenses incurred for inventories. The following table sets forth a breakdown of our selling and marketing expenses for the years indicated:

For the Year Ended December 31,						
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)						
Marketing expenses	251,039	66.0	377,981	72.0	1,387,187	84.2
Staff costs	77,763	20.5	79,571	15.1	118,388	7.2
Platform service expenses . . .	25,066	6.6	39,087	7.4	96,403	5.9
Warehousing expenses	16,774	4.4	18,985	3.6	28,830	1.7
Others ⁽¹⁾	9,384	2.5	10,226	1.9	16,679	1.0
Total	380,026	100.0	525,850	100.0	1,647,487	100.0

Note:

(1) Others mainly represent office and travel expenses.

The following table sets forth the breakdown of transaction-based commissions, a significant component of our platform service expenses, by platforms for the years indicated:

For the Year Ended December 31,			
	2023	2024	2025
(RMB in thousands)			
Douyin	6,030	10,476	52,721
Tmall	9,516	14,614	22,639
Tmall Global	6,447	6,554	11,570
Others	2,553	6,831	8,985
Total	24,546	38,475	95,915

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The following table sets forth the breakdown of revenue generated through self-operated stores by platforms and relevant commission rates of each platform for the years indicated:

For the Year Ended December 31,						
2023		2024		2025		
Revenue	Commission Rate	Revenue	Commission Rate	Revenue	Commission Rate	
(RMB in thousands, except for percentages)						
Douyin	175,460	3.4%	382,466	2.7%	1,527,096	3.5%
Tmall	269,774	3.5%	409,540	3.6%	572,672	4.0%
Tmall Global	145,540	4.4%	138,557	4.7%	264,156	4.4%
Others	28,806	8.9%	76,937	8.9%	115,462	7.8%
Total	619,580	4.0%	1,007,500	3.8%	2,479,386	3.9%

Research and Development Expenses

Our research and development expenses consist primarily of (i) staff costs in relation to our personnel performing research and development functions, (ii) outsourced research and development service fees, and (iii) depreciation and amortization in connection with our office premises and software. The following table sets forth a breakdown of our research and development expenses the years indicated:

For the Year Ended December 31,						
2023		2024		2025		
Amount	%	Amount	%	Amount	%	
(RMB in thousands, except for percentages)						
Staff costs	21,070	87.6	20,597	80.1	23,212	71.1
Outsourced research and development service fees	—	—	—	—	3,628	11.1
Depreciation and amortization	2,252	9.4	3,071	11.9	3,462	10.6
Others ⁽¹⁾	718	3.0	2,067	8.0	2,335	7.2
Total	24,040	100.0	25,735	100.0	32,637	100.0

Note:

(1) Others mainly represent utility expenses and system maintenance expenses.

Net Impairment Losses on Financial Assets

During the Track Record Period, our impairment losses on financial assets represented expected credit losses on our trade receivables and other receivables. See Note 3.2 to the Accountants’ Report set out in Appendix I to this document. We recorded an impairment loss on financial assets of RMB5.0 million and RMB6.3 million in 2023 and 2024, respectively, and an impairment reversal on financial assets of RMB4.2 million in 2025.

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Other Income

Our other income consists primarily of (i) government grants, mainly consisting of (a) special grants for the e-commerce industry, (b) special grants incentivizing digital trade development, (c) rental subsidies for commercial enterprises, and (d) employment-related subsidies and (ii) additional deduction for VAT. The following table sets forth a breakdown of our other income by nature for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Government grants	1,394	86.0	7,506	98.5	5,255	97.6
Additional deduction for VAT	73	4.5	16	0.2	–	–
Others	154	9.5	98	1.3	128	2.4
Total	1,621	100.0	7,620	100.0	5,383	100.0

Other Gains/(Losses), Net

Other net gains/(losses) consist primarily of (i) net gains on financial instruments, (ii) fair value changes on financial instruments, (iii) net foreign exchange differences, (iv) net losses on disposal of property, plant and equipment and other long-term assets, and (v) net gains on disposal of interest in associates. The following table sets forth a breakdown of our other net gains/(losses) by nature for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
<i>(RMB in thousands)</i>			
Net gains on financial instruments	2,121	64	841
Fair value changes on financial instruments	154	(5,402)	(1,095)
Net foreign exchange differences	8,137	6,208	(25,014)
Net losses on disposal of property, plant and equipment and other long-term assets	(743)	(683)	(234)
Net gains on disposal of interest in associates	–	188	2,272
Others	(1,769)	(1,653)	(719)
Total	7,900	(1,278)	(23,949)

Finance Income/(Costs), Net

Our finance income represents interest income from financial assets held for cash management purposes. Our finance costs consisted of (i) interest expenses on lease liabilities and (ii) interest expenses on borrowing. The following table sets forth a breakdown of our net finance costs/income for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
<i>(RMB in thousands)</i>			
Finance income			
Interest income from financial assets held for cash management purposes	7,160	12,103	11,173

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	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Finance costs			
Interest expenses on lease liabilities	(348)	(794)	(1,724)
Interest expenses on borrowings	(1,841)	(3,818)	(13,542)
Subtotal	(2,189)	(4,612)	(15,266)
Total	4,971	7,491	(4,093)

Share of Profit of Interest in Associates

Our share of profit of interest in associates represents share of results from our associates. In 2023, 2024 and 2025, our share of profit of interest in associates amounted to RMB0.3 million, RMB1.2 million and RMB0.6 million, respectively.

Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. We recorded income tax expense of RMB2.4 million, RMB22.4 million and RMB31.4 million in 2023, 2024 and 2025, respectively.

Mainland China

In accordance with the relevant regulations of the Enterprise Income Tax laws (the “EIT Law”) of the PRC, the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

During the Track Record Period, we have obtained HNTE certification and hence are entitled to a preferential CIT rate of 15% for the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Certain of our subsidiaries across Guangzhou, Shanghai and Hangzhou were qualified as small and micro enterprises and were subject to preferential tax. During the Track Record Period, the taxable income of small and micro enterprises shall be calculated at a reduced rate of 25% and subject to corporate income tax at a rate of 20%.

Profit for the Year

As a result of the foregoing, we recorded profit of RMB54.3 million, RMB105.6 million and RMB194.4 million in 2023, 2024 and 2025, respectively.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 94.3% from RMB1,765.8 million in 2024 to RMB3,431.8 million in 2025, primarily due to the growth of our proprietary brands and brand management.

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- *Proprietary brands.* Our revenue from proprietary brands increased significantly from RMB501.0 million in 2024 to RMB1,813.2 million in 2025, primarily driven by the rapid growth in sales under our LYCOELLE and FineNutri brands.
- *Brand management.* Our revenue from brand management business increased by 78.6% from RMB501.1 million in 2024 to RMB895.1 million in 2025, primarily due to the strong sales performance of a certain brand partner focusing on personal care products as a result of our brand building and successful sales strategies, as well as the addition of new brand partners.
- *E-commerce operation.* Our revenue from e-commerce operation business slightly decreased from RMB763.7 million in 2024 to RMB723.5 million in 2025, as a result of our strategic optimization of brand partner portfolio to enhance overall service quality. In 2025, we discontinued cooperation with certain brand partners in pet food, skin care and nutritional supplement industries, which require relatively higher investments while demonstrating lower turnover efficiency. The number of brand partners we collaborated under the e-commerce operation segment decreased from 45 as of December 31, 2024 to 28 as of December 31, 2025.

Cost of Sales

Our cost of sales increased by 41.2% from RMB977.6 million in 2024 to RMB1,380.6 million in 2025, primarily due to the increase in costs of products procured. Despite a 261.9% increase in the revenue of our proprietary brands, the corresponding cost of sales of these brands increased by 167.2% from RMB166.3 million in 2024 to RMB444.2 million in 2025, resulting in a much slower growth in the overall cost of sales.

Gross Profit and Gross Margin

Our gross profit increased significantly from RMB788.2 million in 2024 to RMB2,051.2 million in 2025 with gross margin increased from 44.6% to 59.8%, primarily due to the increase revenue contribution by our proprietary brands, which bear a relatively higher gross margin.

- *Proprietary brands.* Our gross profit from proprietary brands increased from RMB334.7 million in 2024 to RMB1,369.0 million in 2025. Gross margin of proprietary brands increased from 66.8% in 2024 to 75.5% in 2025, primarily due to the increased revenue contribution by our FineNutri brand, which carries a higher gross margin.
- *Brand management.* Our gross profit from brand management increased from RMB152.9 million in 2024 to RMB414.7 million in 2025. Gross margin of brand management increased from 30.5% in 2024 to 46.3% in 2025, primarily due to the increased revenue contribution from a certain brand partner with higher margins, which further boosted sales and overall gross margin.
- *E-commerce operation.* Our gross profit from e-commerce operation business decreased from RMB300.6 million in 2024 to RMB267.6 million in 2025. Gross margin of e-commerce operation business slightly decreased from 39.4% in 2024 to 37.0% in 2025, primarily due to the decrease in gross margin of certain brand partners as a result of strategic adjustments to their product mix and the expansion of sales channels.

General and Administrative Expenses

Our general and administrative expenses increased by 8.6% from RMB117.3 million in 2024 to RMB127.4 million in 2025, primarily due to (i) an increase in our business development expenses to support our business growth, and (ii) an increase in our office and travel expenses in line with our expanded operational scale.

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Selling and Marketing Expenses

Our selling and marketing expenses increased significantly from RMB525.9 million in 2024 to RMB1,647.5 million in 2025, primarily due to an increase in marketing expenses from RMB378.0 million to RMB1,387.2 million during the same period. This increase was mainly driven by the rapid sales growth of our proprietary brands, LYCOCELLE and FineNutri. To accelerate brand building and sales conversion, we adopted intensified marketing efforts in 2025, which supported a revenue increase of approximately 120.8% for LYCOCELLE and an increase of approximately RMB684.4 million for FineNutri compared to 2024.

Research and Development Expenses

Our research and development expenses increased by 26.8% from RMB25.7 million in 2024 to RMB32.6 million in 2025, primarily due to an increase in outsourced research and development service fees, as a result of our external collaboration on research and development projects.

Net Impairment (Losses)/Reversals on Financial Assets

We recorded an impairment reversal on financial assets of RMB4.2 million in 2025, as compared to a net impairment loss of RMB6.3 million in 2024, primarily due to a decrease in our trade receivables.

Other Income

Our other income decreased from RMB7.6 million in 2024 to RMB5.4 million in 2025, primarily due to the decrease in local governmental grants.

Other Losses, Net

We recorded other losses, net of RMB1.3 million in 2024 and RMB23.9 million in 2025, primarily due to the net foreign exchange losses incurred as a result of exchange rate fluctuations.

Finance Income/(Costs), Net

We recorded a net finance cost of RMB4.1 million in 2025, as compared to a net finance income of RMB7.5 million in 2024, primarily due to the increase in our interest expenses on borrowings, as a result of our increased bank borrowing balance to support business growth and repurchase of A shares.

Share of Profit of Interest in Associates

We recorded share of profit of interest in associates of RMB1.2 million and RMB0.6 million in 2024 and 2025, respectively, primarily affected by the results of operations of our associates.

Income Tax

Our income tax expense increased from RMB22.4 million in 2024 to RMB31.4 million in 2025, primarily due to the increase in taxable income.

Profit for the Year

As a result of the foregoing, we recorded profit of RMB105.6 million and RMB194.4 million in 2024 and 2025, respectively.

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

Revenue

Our revenue increased by 29.3% from RMB1,366.1 million in 2023 to RMB1,765.8 million in 2024, primarily due to the growth of our proprietary brands and brand management.

- *Proprietary brands.* Our revenue from proprietary brands increased by 90.3% from RMB263.3 million in 2023 to RMB501.0 million in 2024, primarily driven by the rapid growth in sales under our LYCOCELLE brand.
- *Brand management.* Our revenue from brand management increased significantly from RMB160.5 million in 2023 to RMB501.1 million in 2024, primarily due to the strong sales performance of a certain brand partner focusing on personal care products, as a result of our successful brand building and sales strategies. In addition, brand partners onboarded in the second half of 2023, particularly a brand focusing on maternal & infant products contributed more meaningfully to revenue in 2024 as their operations ramped up.
- *E-commerce operation.* Our revenue from e-commerce operation business decreased by 19.0% from RMB942.3 million in 2023 to RMB763.7 million in 2024, primarily due to strategic optimization of our brand partner portfolio to enhance overall service quality. In 2024, we discontinued cooperation with certain brand partners in food, pet food, skin care and nutritional supplement industries, which require relatively higher investments while demonstrating lower turnover efficiency. The number of brand partners we collaborated under the e-commerce operation segment decreased from 71 as of December 31, 2023 to 45 as of December 31, 2024.

Cost of Sales

Our cost of sales increased by 19.6% from RMB817.7 million in 2023 to RMB977.6 million in 2024, primarily due to the increase in costs of products procured. Despite a 90.3% increase in the revenue of our proprietary brands from 2023 to 2024, the corresponding cost of sales of these brands only increased by 64.5% from RMB101.1 million to RMB166.3 million, resulting in a much slower growth in the overall cost of sales.

Gross Profit and Gross Margin

Our gross profit increased by 43.7% from RMB548.4 million in 2023 to RMB788.2 million in 2024 with gross margin increased from 40.1% to 44.6%, primarily due to the increase revenue contribution by our proprietary brands, which bears a relatively higher gross margin.

- *Proprietary brands.* Our gross profit from proprietary brands increased from RMB162.2 million in 2023 to RMB334.7 million in 2024. Gross margin of proprietary brands increased from 61.6% in 2023 to 66.8% in 2024, primarily driven by the optimization of our product mix, with a higher proportion of revenue contributed by products carrying higher gross margins.
- *Brand management.* Our gross profit from brand management increased from RMB60.9 million in 2023 to RMB152.9 million in 2024. Gross margin of brand management decreased from 38.0% in 2023 to 30.5% in 2024, primarily due to the higher revenue contribution from products of brand partners with relatively lower gross margins, following the discontinuation of more favorable product procurement prices that had been provided in 2023 upon the commencement of the cooperation to facilitate early-stage business development.

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- *E-commerce operation.* Our gross profit from e-commerce operation business decreased from RMB325.3 million in 2023 to RMB300.6 million in 2024. Gross margin of e-commerce operation business increased from 34.5% in 2023 to 39.4% in 2024, primarily due to the optimization of our brand partner portfolio to improve profitability level. In 2024, we discontinued cooperation with certain brand partners in food, pet food, skin care and nutritional supplement industries, which require relatively higher investments while demonstrating lower turnover efficiency.

General and Administrative Expenses

Our general and administrative expenses increased by 20.4% from RMB97.4 million in 2023 to RMB117.3 million in 2024, primarily due to (i) an increase in goodwill impairment loss, in relation to Oasis, a sunscreen brand acquired in 2019, as we reallocated resources from this brand to brands in the household care and nutritional supplement industries, and (ii) an increase in office and travel expenses in relation to our newly leased offices.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 38.4% from RMB380.0 million in 2023 to RMB525.9 million in 2024, primarily due to an increase in marketing expenses, as a result of our enhanced efforts to promote proprietary brands and our brand management business.

Research and Development Expenses

Our research and development expenses increased by 7.1% from RMB24.0 million in 2023 to RMB25.7 million in 2024, primarily due to (i) an increase in system maintenance expenses, and (ii) an increase in amortization in relation to our software.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets increased by 26.2% from RMB5.0 million in 2023 to RMB6.3 million in 2024, primarily due to the increase in our trade receivables.

Other Income

Our other income increased significantly from RMB1.6 million in 2023 to RMB7.6 million in 2024, primarily due to the introduction of a series of new policies aimed at promoting high-quality economic development, under which we received greater policy support. In addition, certain government grants applied for in prior years were disbursed in 2024, resulting in a significant increase in government grants.

Other Gains/(Losses), Net

We recorded other gains, net of RMB7.9 million in 2023 and other losses, net of RMB1.3 million in 2024. The fluctuation was primarily due to the fair value losses on financial instruments in 2024, which mainly resulted from fair value losses from an investee ceasing operations by the end of 2024.

Finance Income, Net

Our finance income, net increased by 50.7% from RMB5.0 million in 2023 to RMB7.5 million in 2024, primarily due to the increase in our interest income from cash and cash equivalents.

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Share of Profit of Interest in Associates

We recorded share of profit of interest in associates of RMB0.3 million and RMB1.2 million in 2023 and 2024, primarily affected by the results of operation of our associates.

Income Tax

Our income tax expenses increased from RMB2.4 million in 2023 to RMB22.4 million in 2024, primarily due to increased taxable profit in 2024, as well as additional reversal of deductible losses, which further increased deferred tax expense.

Profit for the Year

As a result of the foregoing, we recorded profit of RMB54.3 million and RMB105.6 million in 2023 and 2024, respectively.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated. For details, see consolidated statements of financial position included in the Accountants’ Report set out in Appendix I to this document:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total non-current assets	306,214	362,228	359,686
Total current assets	1,039,484	1,188,623	1,823,924
Total assets	1,345,698	1,550,851	2,183,610
Total non-current liabilities	5,231	40,081	355,543
Total current liabilities	243,372	406,578	1,108,907
Total liabilities	248,603	446,659	1,464,450
Net current assets	796,112	782,045	715,017
Total equity	1,097,095	1,104,192	719,160

Property, Plant and Equipment

Our property, plant and equipment consists of buildings, motor vehicles, office equipment and leasehold improvement. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Buildings	164,096	158,696	153,296
Motor vehicles	3,458	2,846	3,647
Office equipment	9,917	9,339	10,676
Leasehold improvement	2,780	9,744	8,562
Total	180,251	180,625	176,181

Our property, plant and equipment amounted to RMB180.3 million, RMB180.6 million and RMB176.2 million as of December 31, 2023, 2024 and 2025. The general decrease throughout the Track Record Period was primarily due to the depreciation of our property, plant and equipment.

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Right-of-Use Assets

Right-of-use assets represent leased buildings for our operations. Our right-of-use assets increased from RMB5.3 million as of December 31, 2023 to RMB41.4 million as of December 31, 2024, mainly in relation to our newly leased office building. Our right-of-use assets slightly decreased to RMB40.9 million as of December 31, 2025, mainly due to the depreciation of our leased properties.

Other Financial Assets at Fair Value through Profit or Loss

Our other financial assets at fair value through profit or loss represent our equity investments measured at FVPL. Our other financial assets at fair value through profit or loss decreased from RMB39.4 million as of December 31, 2023 to RMB31.0 million as of December 31, 2024, and further to RMB28.4 million as of December 31, 2025, primarily due to (i) the disposal of certain investments in unlisted equity instrument, and (ii) the fair value losses arisen from such investments.

We may invest in financial assets, including wealth management products. We adhere to the principles of legality, prudence, safety, and effectiveness in managing financial asset investments, and we place emphasis on risk control and return efficiency. Pursuant to our internal Investment Management Policy (《投資管理規定》), any financial asset investment is subject to feasibility analysis and risk assessment conducted by the business department together with the Board Office and the Finance Department. Depending on the scale and nature of the investment, such transactions are subject to approval by the General Manager’s Office, the Board of Directors, or the shareholders’ meeting in accordance with clearly defined approval thresholds based on financial metrics such as asset value, transaction amount, or net profit contribution. For financial expertise of our Directors, see “Directors and Parties Involved in the [REDACTED].” Upon completion of the [REDACTED], any financial asset investment we make will be subject to the applicable requirements under Chapter 14 of the Listing Rules.

Inventories

Our inventories consist of (i) finished goods, (ii) goods in delivery, and (iii) consigned materials for processing. The following table sets forth the breakdown of our inventories as of the date indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Finished goods	260,012	156,347	340,529
Goods in delivery	57,183	62,295	65,427
Consigned materials for processing	7,971	12,541	62,283
Less: provision for impairment	(6,586)	(5,469)	(6,442)
Total	318,580	225,714	461,797

Our inventories decreased from RMB318.6 million as of December 31, 2023 to RMB225.7 million as of December 31, 2024, primarily due to the wide market acceptance of such maternal & infant products and our continuous efforts to increase inventory turnover in 2024. Our inventories increased to RMB461.8 million as of December 31, 2025, primarily due to the strategic stockpiling of finished goods and consigned materials for processing, in anticipation of increased sale of our proprietary brands LYCOCELLE and FineNutri.

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The following table sets forth the aging analysis of our inventories:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 180 days	316,893	221,758	459,553
180 days to one year	8,273	9,425	8,686
Less: provision for impairment	(6,586)	(5,469)	(6,442)
Total	318,580	225,714	461,797

The following table sets forth our inventories turnover days for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	117	104	92

Note:

- (1) Inventory turnover days are equal to the average of the beginning and ending inventory balances of a period divided by cost of sales for that period and multiplied by the number of days for that period.

Our inventory turnover days amounted to 117, 104 and 92 days in 2023, 2024 and 2025. The general decrease in inventory turnover days during the Track Record Period was primarily due to the significant sales growth and improved inventory management measures of our proprietary brands.

As of February 28, 2026, approximately RMB90.2 million, or 19.3% of our inventories outstanding as of December 31, 2025, had been subsequently used. We have maintained a relatively high inventory turnover rate during the Track Record Period. In accordance with applicable accounting standards and the principle of prudence, we have made provision for impairment. However, we did not experience any material slow-moving or unsaleable inventories as of the Latest Practicable Date.

Trade Receivables

We had trade receivables of RMB120.8 million, RMB130.4 million and RMB86.6 million as of December 31, 2023, 2024 and 2025. Credit terms granted to our customers vary by customer type. We generally do not grant any credit terms to end consumers and require prepayments from retailers, while we may provide credit terms for e-commerce platforms and key accounts. The following table sets forth the breakdown of our trade receivables, net of credit losses allowance, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	127,629	137,532	91,453
Less: Credit losses allowance	(6,822)	(7,125)	(4,860)
Total	120,807	130,407	86,593

FINANCIAL INFORMATION

Our trade receivables, net of credit losses allowance, increased from RMB120.8 million as of December 31, 2023 to RMB130.4 million as of December 31, 2024, primarily driven by the revenue growth and business expansion of our brand partners. Our trade receivables decreased to RMB86.6 million as of December 31, 2025, primarily due to the decreased receivables from certain offline retailers during the interim period.

The following table sets forth the aging analysis of our trade receivables based on the date of revenue recognition as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Up to 1 year	126,772	136,587	91,136
Over 1 year	857	945	317
Total	127,629	137,532	91,453

The following table sets forth our trade receivable turnover days for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Trade receivable turnover days ⁽¹⁾	30	27	12

Note:

(1) Trade receivable turnover days are equal to the average of the beginning and ending trade receivable balances of a period divided by revenue for that period and multiplied by the number of days for that period.

Our trade receivable turnover days kept relatively stable at 30 days and 27 days in 2023 and 2024, and decreased to 12 days in 2025, primarily due to the higher revenue contribution from proprietary brands, under which direct-to-consumer sales represented a larger proportion. These sales do not carry any credit terms.

As of February 28, 2026, approximately RMB70.9 million, or 77.5% of our trade receivables outstanding as of December 31, 2025, had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any recoverability issues and had made sufficient provision for trade receivables.

Prepayments and Other Receivables

Our prepayments represent (i) advances made to our suppliers and (ii) rebates in the form of purchase price deduction payable by brand partners. Our other receivables consist primarily of (i) rebates expected to be in the form of cash payments payable by brand partners, (ii) advance of media costs on behalf of brand partners, and (iii) deposits paid for self-operated stores and leases. The following table sets forth the breakdown of our prepayments and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current prepayments	137,146	102,601	234,345
Other receivables			
Rebates	52,081	76,736	74,071
Advance on behalf of clients	36,003	33,630	42,154

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	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Deposits	14,340	14,135	19,602
Others	1,406	2,394	3,486
	240,976	229,496	373,658
Less: provision for impairment	(7,610)	(13,028)	(11,130)
Subtotal	233,366	216,468	362,528
Non-current prepayments			
Prepayments for non-current assets	1,097	515	785
Total	234,463	216,983	363,313

The increase in provision for impairment from 2023 to 2024 was primarily attributable to the aging of certain rebate receivables from a brand partner. We initiated legal proceedings against this brand partner, and in September 2025, the court ruled in favor of us. In October 2025, the brand partner fully settled the relevant receivables, and we reversed the previously recorded impairment provision. As a result, the provision for impairment decreased from 2024 to 2025.

Our prepayments and other receivables decreased from RMB234.5 million as of December 31, 2023 to RMB217.0 million as of December 31, 2024, primarily due to a decrease in current prepayments from RMB137.1 million as of December 31, 2023 to RMB102.6 million as of December 31, 2024, attributable to the decreased sales rebates from a brand partner. The prepayments and other receivables increased to RMB363.3 million as of December 31, 2025, primarily due to our prepayments for brand partners’ products and prepaid promotion expenses to e-commerce platforms.

As of February 28, 2026, approximately RMB178.7 million, or 47.7% of our prepayments and other receivables outstanding as of December 31, 2025, had been subsequently settled.

Cash and Cash Equivalents

Our cash and cash equivalents consist of cash and bank balances. Our cash and cash equivalents were mainly denominated in RMB.

Our cash and cash equivalents increased from RMB336.3 million as of December 31, 2023 to RMB600.1 million as of December 31, 2024, and further increased to RMB856.0 million as of December 31, 2025, primarily due to the increased sales performance of our and our brand partners’ products.

Trade Payables

Our trade payables primarily arise from our purchase of goods or services. The following table sets forth the aging analysis of trade payables based on invoice date:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	19,929	46,690	175,057
Over 1 year	43	303	798
Total	19,972	46,993	175,855

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Our trade payables increased from RMB20.0 million as of December 31, 2023 to RMB47.0 million as of December 31, 2024, and further to RMB175.9 million as of December 31, 2025, primarily due to extended credit terms granted by suppliers, attributable to our enhanced bargain power with larger procurement volume.

The following table sets forth our trade payable turnover days for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Trade payable turnover days ⁽¹⁾	8	13	29

Note:

- (1) Trade payable turnover days are equal to the average of the beginning and ending trade payable balances of a period divided by cost of sales for that period and multiplied by the number of days for that period.

Our trade payable turnover days increased from 8 days in 2023 to 13 days in 2024 and further to 29 days in 2025, primarily due to extended credit terms granted by suppliers, attributable to our enhanced bargain power with larger procurement volume.

As of February 28, 2026, approximately RMB160.0 million, or 91.0% of our trade payables outstanding as of December 31, 2025, had been subsequently settled.

Accruals and Other Payables

Our accruals and other payables comprise primarily of (i) salaries, wages and benefits, (ii) deposit payables, (iii) payment on behalf of clients, (iv) taxes other than income tax payables, (v) [REDACTED] payable and (vi) others. The following table sets forth the breakdown of our other payables and accrued expenses as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Salaries, wages and benefits	21,858	23,366	42,606
Deposits payables	6,162	2,934	1,962
Payment on behalf of clients	11,631	22,440	39,270
Taxes other than income tax payables	2,039	13,427	81,226
[REDACTED] payable	—	—	585
Others	1,975	4,568	986
Total	43,665	66,735	166,635

Our accruals and other payables increased from RMB43.7 million as of December 31, 2023 to RMB66.7 million as of December 31, 2024, and further to RMB166.6 million as of December 31, 2025, primarily due to increases in (i) salaries, wages and benefits, driven by the accrual of year-end and project bonuses, (ii) taxes other than income tax payables, mainly due to the accrual of enterprise income tax and individual income tax withheld in relation to share-based incentive exercises and (iii) the amounts payable on behalf of clients, in relation to marketing initiatives for cooperated brands.

As of February 28, 2026, approximately RMB58.1 million, or 34.9% of our accruals and other payables outstanding as of December 31, 2025, had been subsequently settled.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary uses of cash are to fund our procurement of raw materials, finished goods, research and development and sales activities, and other operational needs. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with funds from cash generated from our operations and bank borrowings. After the [REDACTED], we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and [REDACTED] from the [REDACTED]. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB336.3 million, RMB600.1 million and RMB856.0 million, respectively. We do not anticipate any changes to the availability of financing to fund our operations in the future. As our business develops and expands, we expect to improve our operating cash flows through increasing sales of our existing products and services, launching new brands, products and services, optimizing cost structure and improving operating efficiency.

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	318,580	225,714	461,797	503,197
Prepayments and other receivables	233,366	216,468	362,528	397,168
Trade receivables	120,807	130,407	86,593	165,523
Restricted cash	9,129	6,943	2,922	44,770
Cash and cash equivalents	336,326	600,138	855,982	625,547
Other current assets	21,276	8,953	54,102	45,611
Total current assets	1,039,484	1,188,623	1,823,924	1,781,816
Current liabilities				
Borrowings	170,892	274,483	699,900	659,618
Trade payables	19,972	46,993	175,855	157,758
Contract liabilities	3,503	1,718	7,946	10,551
Lease liabilities	4,730	8,909	10,579	9,442
Current income tax liabilities	442	7,572	47,590	50,685
Accruals and other payables	43,665	66,735	166,635	132,424
Other current liabilities	168	168	402	–
Total current liabilities	243,372	406,578	1,108,907	1,020,478
Net current assets	796,112	782,045	715,017	761,338

Our net current assets increased from RMB715.0 million as of December 31, 2025 to RMB761.3 million as of February 28, 2026, primarily due to (i) an increase in trade receivables from RMB86.6 million as of December 31, 2025 to RMB165.5 million as of February 28, 2026, and (ii) an increase in inventories from RMB461.8 million as of December 31, 2025 to RMB503.2 million as of February 28, 2026.

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Our net current assets decreased from RMB782.0 million as of December 31, 2024 to RMB715.0 million as of December 31, 2025, primarily due to (i) an increase in borrowings from RMB274.5 million as of December 31, 2024 to RMB699.9 million as of December 31, 2025 to support our business growth, and (ii) an increase in trade payables from RMB47.0 million as of December 31, 2024 to RMB175.9 million as of December 31, 2025, in line with our increased business scale.

Our net current assets decreased from RMB796.1 million as of December 31, 2023 to RMB782.0 million as of December 31, 2024, due to (i) an increase in borrowings from RMB170.9 million as of December 31, 2023 to RMB274.5 million as of December 31, 2024, to support our business growth, (ii) a decrease in inventories from RMB318.6 million as of December 31, 2023 to RMB225.7 million as of December 31, 2024, due to our improved product turnover rate, and (iii) a decrease in prepayments and other receivables from RMB233.4 million as of December 31, 2023 to RMB216.5 million as of December 31, 2024.

Cash Flows

The following table sets forth a summary of our cash flows for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash (used in)/generated from operating activities	(91,790)	333,706	151,796
Net cash (used in)/generated from investing activities	(14,818)	(54,827)	16,839
Net cash generated from/(used in) financing activities	66,176	(25,472)	112,312
Net (decrease)/increase in cash and cash equivalents	(40,432)	253,407	280,947
Cash and cash equivalents at beginning of the year	368,575	336,326	600,138
Effects of exchange rate changes on cash and cash equivalents	8,183	10,405	(25,103)
Cash and cash equivalents at the end of the year	336,326	600,138	855,982

Net Cash Generated from/(Used in) Operating Activities

For the year ended December 31, 2025, our net cash generated from operating activities was RMB151.8 million, mainly due to our profit before income tax of RMB225.8 million, adjusted by (i) certain non-cash items, including interest income of RMB11.2 million, and (ii) changes in working capital, which primarily included (a) an increase in inventories of RMB237.1 million, primarily due to the strategic inventory build-up, in anticipation of increased sale of our proprietary brands LYCOCELLE and FineNutri and (b) an increase in receivables of RMB121.9 million, driven by our prepayments for brand partners’ products and prepaid promotion expenses to e-commerce platforms. Such adjustments were partially offset by increase in payables of RMB241.4 million, primarily due to the extended credit terms granted by suppliers, attributable to our enhanced bargain power with larger procurement volume.

For the year ended December 31, 2024, our net cash generated from operating activities was RMB333.7 million, mainly due to our profit before income tax of RMB128.1 million, adjusted by (i) certain non-cash items, including depreciation and amortization of non-current assets of RMB22.9 million and share-based compensation expenses of RMB10.1 million, and (ii) changes in working capital, which primarily included a decrease in inventories of RMB94.0 million, an increase in payables of RMB47.6 million and a decrease in receivables of RMB17.0 million. Such adjustments were partially offset by interest income of RMB12.1 million.

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For the year ended December 31, 2023, our net cash used in operating activities was RMB91.8 million, mainly due to our profit before income tax of RMB56.7 million, adjusted by (i) certain non-cash items, including net foreign exchange gains of RMB8.1 million and interest income of RMB7.2 million, and (ii) changes in working capital, which primarily included an increase in inventories of RMB126.4 million and an increase in receivables of RMB66.8 million. Such adjustments were partially offset by an increase in payables of RMB13.5 million.

We expect to improve our net operating cash outflow position by enhancing profitability and strengthening working capital management through the following measures:

- We will tighten receivables and prepayment management. For example, we will refine credit and settlement arrangements with brand partners and enhance budgeting processes for prepaid promotion expenses to e-commerce platforms.
- We will continue to enhance inventory planning and turnover. We will further strengthen demand forecasting and inventory allocation across channels, and optimize replenishment and production planning with OEMs.

Net Cash Generated from/(Used in) Investing Activities

For the year ended December 31, 2025, our net cash generated from investing activities was RMB16.8 million, mainly due to (i) withdrawal of wealth management products of RMB287.0 million, and (ii) proceeds from disposal of interest in associates of RMB28.0 million; partially offset by (i) placement of wealth management products of RMB286.1 million and (ii) payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB11.4 million.

For the year ended December 31, 2024, our net cash used in investing activities was RMB54.8 million, mainly due to (i) payments for purchase of investments in associates and joint ventures of RMB47.6 million, (ii) placement of wealth management products of RMB35.4 million, and (iii) payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB14.8 million; partially offset by withdrawal of wealth management products of RMB35.4 million.

For the year ended December 31, 2023, our net cash used in investing activities was RMB14.8 million, mainly due to (i) payments for purchase of investments in associates and joint ventures of RMB15.0 million, and (ii) purchases of equity investments at fair value through profit and loss of RMB6.7 million; partially offset by withdrawal of wealth management products of RMB10.9 million.

Net Cash Generated from/(Used in) Financing Activities

For the year ended December 31, 2025, our net cash generated from financing activities was RMB112.3 million, mainly due to proceeds of borrowings of RMB1,211.6 million, partially offset by (i) repayments of borrowings of RMB471.5 million, (ii) payment for repurchase of shares of RMB457.4 million, and (iii) dividends paid to the Company’s shareholders of RMB146.0 million.

For the year ended December 31, 2024, our net cash used in financing activities was RMB25.5 million, mainly due to repayment of borrowings of RMB240.7 million, partially offset by proceeds of borrowings of RMB344.5 million.

For the year ended December 31, 2023, our net cash generated from financing activities was RMB66.2 million, mainly due to proceeds of borrowings of RMB180.4 million, partially offset by repayment of borrowings of RMB56.3 million.

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WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the following financial resources available to us described below, we have sufficient working capital for our present requirement and for at least the next 12 months from the date of this document:

- cash and cash equivalents;
- available equity financing and bank facilities; and
- the estimated [REDACTED] from the [REDACTED].

INDEBTEDNESS

During the Track Record Period, we had indebtedness in the form of bank loans, financial instruments issued to investors, and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current				
Borrowings	170,892	274,483	699,900	659,618
Lease liabilities	4,730	8,909	10,579	9,442
Subtotal	175,622	283,392	710,479	669,060
Non-current				
Borrowings	–	–	315,000	315,000
Lease liabilities	819	34,135	32,366	30,281
Subtotal	819	34,135	347,366	345,281
Total	176,441	317,527	1,057,845	1,014,341

Borrowings

The following table sets forth the breakdown of our borrowings as of the dates indicated:

	As of December 31,			As of February 28
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Secured				
Bank loans	170,358	274,121	50,407	49,753
Unsecured				
Bank loans	–	–	964,062	921,872
Interest payables	534	362	431	2,993
Subtotal	170,892	274,483	1,014,900	974,618

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The following table sets forth the range of effective interest rates on our bank loans as of the dates indicated:

	As of December 31,			As of February 28
	2023	2024	2025	2026
			%	(Unaudited)
Fixed-rate bank loans	1.55% to 3.5%	0.2% to 3.2%	0.54% to 2.8%	0.54% to 2.7%

During the Track Record Period and up to the Latest Practicable Date, we had not been in violation of any of the material covenants pursuant to the respective bank loans we entered into with the relevant bank, and there was no delay or default in the repayment of loans during the Track Record Period. Taking our financial position into consideration, we are able to abide by these covenants amid current market conditions and that our capital raising abilities were not materially affected as of the Latest Practicable Date.

As of February 28, 2026, we had unutilized banking facility of RMB289.4 million.

Lease Liabilities

Our lease liabilities primarily represent leases of buildings for our business operations. As of December 31, 2023, 2024 and 2025 and February, 2026, we had a total of current and non-current lease liabilities of RMB5.5 million, RMB43.0 million, RMB42.9 million and RMB40.6 million, respectively.

Indebtedness Statement

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date. Our Directors confirm that there have been no material changes in our indebtedness since February 28, 2026, being the latest practicable date for determining our indebtedness, up to the date of this document.

CAPITAL EXPENDITURES

Our capital expenditures are primarily related to purchases of property, plant and equipment. In 2023, 2024 and 2025, our capital expenditures amounted to RMB5.1 million, RMB13.9 million and RMB11.1 million, respectively. We expect to finance our planned capital expenditures primarily with our existing cash as well as [REDACTED] from the [REDACTED]. See “Future Plans and Use of [REDACTED]” for details. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we did not have any material capital commitments.

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CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our material related party transactions, see Note 36 to the Accountants’ Report set out in Appendix I to this document.

Our Directors are of the view that each of the material related party transactions set out in Note 36 to the Accountants’ Report set out 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 material 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.

KEY FINANCIAL RATIO

The following table sets forth our key financial ratio as of the dates and for the years indicated:

	As of/For the Year Ended December 31,		
	2023	2024	2025
Revenue growth	12.3%	29.3%	94.3%
Gross margin ⁽¹⁾	40.1%	44.6%	59.8%
Net profit margin ⁽²⁾	4.0%	6.0%	5.7%
Current ratio ⁽³⁾	4.3	2.9	1.6
Quick ratio ⁽⁴⁾	3.0	2.4	1.2
Return on equity ⁽⁵⁾	4.9%	9.6%	27.0%

Notes:

- (1) Calculated by dividing gross profit by revenue for a specific year.
- (2) Calculated by dividing profit for the year/period by revenue for such year.
- (3) Calculated by dividing total current assets by total current liabilities as of the dates indicated.
- (4) Calculated by dividing total current assets (excluding inventories) by total current liabilities as of the dates indicated.
- (5) Calculated by dividing profit for the year/period by total equity as of the closing date of such year.

FINANCIAL RISKS DISCLOSURE

Our activities expose us to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk, liquidity risk and price risk. See Note 3 to the Accountants’ Report set out in Appendix I to this document for further details.

FINANCIAL INFORMATION

DIVIDENDS

We declared and paid dividends in 2023, 2024 and 2025, respectively. A dividend of RMB3.00 per 10 shares was also approved by the annual general meeting of our Company held in April 2026. However, we cannot assure that we will pay any cash dividends in the foreseeable future. [REDACTED] should not purchase our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. According to applicable laws in mainland China and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; and allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by Shareholders’ general meeting. If there are no major investment plans or significant cash expenditures, the profits distributed in cash shall be no less than 10% of the distributable profits achieved in the year. Pursuant to the Articles, in the absence of any significant investment plans or major cash expenditures, we shall distribute not less than 10% of our annual distributable profits in cash each year. The dividend payout ratio may vary depending on our investment plans or cash expenditure requirements.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had approximately RMB443.6 million of retained earnings available for distribution to our Shareholders.

[REDACTED]

[REDACTED] consist of professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We expect to incur [REDACTED] of approximately HK\$[REDACTED], comprising: (i) [REDACTED] of HK\$[REDACTED]; and (ii) non [REDACTED] expenses of HK\$[REDACTED], which are further categorized into: (a) fees and expenses of legal advisors and accountants of HK\$[REDACTED]; and (b) other fees and expenses of HK\$[REDACTED], assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range), approximately HK\$[REDACTED] of which is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] of which is expected to be deducted from equity upon completion of the [REDACTED]. The [REDACTED] are expected to represent approximately [REDACTED]% of the gross [REDACTED] of the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED]) and that the [REDACTED] is not exercised. For the year ended December 31, 2025, we have incurred approximately HK\$[REDACTED] in relation to the [REDACTED], of which approximately HK\$[REDACTED] is expected to be deducted from equity upon completion of the [REDACTED], and the remaining amount of approximately HK\$[REDACTED] was recognized in our profit or loss. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such expenses to have a material adverse impact on our results of operations in 2026.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

[REDACTED]

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial or trading position prospects since December 31, 2025 and up to the date of this document and there is no event since December 31, 2025, which would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report set out in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting estimated [REDACTED], fees and expenses payable by us in connection with the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per H Share, and assuming the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

	Year ended December 31,				Approximate % of the total use of [REDACTED]
	2026	2027	2028	Subtotal	
				(HK\$ million)	
Brand building	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Establishing R&D capabilities, with a focus on advanced technologies and high-value ingredients to enhance product functionality, user experience, and differentiation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Supporting the overseas expansion of our proprietary brands	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Acquisition or investment in overseas brands ⁽¹⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Building digital and AI capabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and general corporate purposes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note:

- (1) In April 2026, we entered into share purchase agreements with Bespoke Global to acquire its equity interests in Bespoke Holding Corporation and Erno Laszlo Group Ltd. For details, see “Summary — Recent Developments and No Material Adverse Change — Acquisitions.” Save for such acquisition, as of the Latest Practicable Date, we had not identified any specific targets of investment and/or acquisition. Therefore, we have not determined the time frame for the implementation of acquisition or investment in overseas brands.

We currently intend to apply the [REDACTED] from the [REDACTED] as follows in the three-year period after [REDACTED]:

- Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be used for brand building. As a consumer-centric emerging consumer brand company, our brand premium constitutes the core assets to our long-term competitiveness. Our proprietary brands (such as LYCOCELLE (綻家), FineNutri (斐萃), and Nuibay (紐益倍)) and brand management business are experiencing rapid growth. Increased investment is required to capture consumer demands, establish differentiated brand recognition and enhance brand premium. These brand investments are expected to drive higher repurchase rates, average transaction values and gross margins through enhancing our brand premium.

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to enhancing the consumer awareness of our proprietary brands, including LYCOELLE (綾家), FineNutri (斐萃), and Nuibay (紐益倍), and expand our sales network in China. We intend to implement the following key initiatives:
 - Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to deepen content-driven marketing efforts aligned with brand positioning, including: (i) producing high-quality short videos and creative materials to enrich brand storytelling, embed memory anchors and foster deeper emotional connections with consumers, (ii) placing targeted advertisements on mainstream e-commerce platforms such as Tmall, and JD.com and social platforms such as Douyin, Xiaohongshu, WeChat Channels and other mainstream platforms alike with high-quality content and strong conversion rates to strengthen visibility, stimulate demand and accelerate conversion, (iii) launching themed campaigns, such as IP cross-over initiatives and seasonal promotions, featuring collaborations with well-known animation, film and television franchises, artists and cultural heritage projects through co-branded products, limited-edition gift sets and themed activities to enhance our brand’s cultural value, expand our user base and drive consumer resonance and engagement, and (iv) collaborating with KOLs and KOCs by adopting a tiered influencer strategy that prioritizes top-tier creators to establish product credibility and broad exposure, and is complemented by mid- and long-tail influencers who leverage their expertise in niche segments and highly engaged audiences to achieve broader content reach and foster active consumer engagement, with selection criteria focusing on vertical expertise, audience relevance and content engagement efficiency rather than follower size alone.
 - Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to expand our omnichannel sales network by reinforcing our presence on major e-commerce platforms. With Douyin at the core, we plan to further upgrade our live-streaming capabilities and optimize matrix account operations. To this end, we will establish a multi-tiered, multifunctional account group on social platforms, including brand flagship accounts, product-specific category accounts and IP collaboration accounts. We will implement differentiated content strategies for each account and enhance live-streaming performance through more sessions and improved host professionalism. Further, we will leverage a centralized data platform to guide content creation and promotion. Ultimately, we expect to achieve more frequent, precise and high-quality consumer engagement, and to drive stronger conversion and sustainable brand growth across platforms.
 - Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to recruit experienced professionals in content strategy, creative design, and consumer engagement, thereby strengthening our ability to shape distinctive brand narratives, elevate visual identity and deliver innovative campaigns that deepen consumer connection and reinforce long-term brand equity.
- Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to expanding our brand management business, including:
 - Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to deepen collaboration with existing partner brands, including: (i) providing differentiated product upgrade recommendations through a dedicated product innovation advisory team that regularly offers localized suggestions on packaging, formulation and SKU combinations

FUTURE PLANS AND USE OF [REDACTED]

based on local consumer data; (ii) optimizing marketing strategies by supporting new content marketing formats, such as short-form video series on WeChat Channels and IP co-branding, and providing data-driven advertising optimization services; and (iii) leveraging supply chain and user operation capabilities, such as enabling small-batch testing of new products and private traffic management solutions including membership programs and community operations. Through our implementation of these plans, we expect to ultimately enhance brand competitiveness and extend user engagement cycles.

The product innovation advisory team is expected to comprise 5 professionals with experience in product development, research and development or supply chain management at well-known consumer brands. They will focus on providing differentiated product upgrade recommendations, optimizing SKU combinations and improving packaging and formulations for local markets. We also plan to establish a team for brand onboarding, which is expected to comprise 5 professionals with experience in business development or key account management. They will focus on channel maintenance and development, onboarding new partners and conducting commercial negotiations. Moreover, we plan to recruit additional personnel for operations and content planning functions as our business expands.

- Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to strengthen our brand onboarding and partnership capabilities through team expansion, increased investment in market research and channel development, and enhancement of brand operation support systems. At present, we evaluate new brands based on our past experience and do not have a standardized brand onboarding evaluation system to meet our need for efficient screening of potential brands. Accordingly, we plan to introduce an evaluation system to improve brand onboarding efficiency based on brand potential, financial health and market fit. We will also establish knowledge management platform, which will serve as internal operational infrastructure to consolidate operational expertise across categories and provide specialized training in areas such as e-commerce live-streaming, data analytics and content creation for internal staff and key personnel of partner brands. Our ultimate goal is to attract and support high-potential brands.

To develop our plan to place targeted advertisements on mainstream e-commerce platforms and social platforms, we expect to recruit approximately 25 employees between 2026 and 2028. We generally expect these employees to have experience in leading consumer brands or reputable internet companies.

- Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to establishing R&D capabilities, with a focus on advanced technologies and high-value ingredients to enhance product functionality, user experience, and differentiation. Our planned initiatives include:
 - Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated for product innovation through the application of advanced technologies and collaborations with external institutions. This includes establishing joint laboratories or research centers with leading domestic universities in chemistry, biology and pharmaceuticals. For example, in May 2024, we jointly established an anti-aging research center with the Institute of Aging and Regenerative Medicine of Jinan University. For details, see “Business — Research

FUTURE PLANS AND USE OF [REDACTED]

and Development — Product Development.” Our collaborations with external institutions will focus on the screening, clinical validation and commercialization of functional raw materials. Generally, our future R&D activities will be focused on our proprietary brand products. In particular, we will develop new raw materials in two main areas: (i) biotechnologically synthesized compounds, such as ergothioneine, which is a key ingredient in the formulations of our FineNutri and NuiBay products to enhance anti-aging and repair functions; and (ii) natural extracts, such as cleaning and antibacterial agents, addressing irritation concerns in our LYCOCELLE household care products. We will also partner with AI and big data technology companies to implement AI-driven formulation design systems to evaluate the compatibility and efficacy of thousands of raw materials, thereby shortening the formulation development cycle.

- Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to strengthen multi-category research capabilities by recruiting experienced R&D professionals. We aim to expand multi-category by recruiting talents with proven expertise in innovation and product development, enabling the application of advanced technologies and new ingredients across our proprietary brand portfolio to sustain long-term product leadership. We will target top-level talents in the industry and offer competitive compensation based on education background, experience, regional expertise and other qualifications. In particular, we expect to recruit approximately 15 employees between 2026 and 2028. We generally expect these employees to have a master’s degree or above in chemistry, bioengineering or computer science, and experience in patent technology development or commercialization.
- Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to supporting the overseas expansion of our proprietary brands. Our key initiatives include:
 - Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to accelerate the internationalization of brands such as LYCOCELLE and FineNutri in key markets including Southeast Asia, Japan, and Korea, through a diversified go-to-market strategy comprising cross-border e-commerce, localized direct-to-consumer channels, and strategic partnerships with regional distributors. We plan to expand to new overseas markets and source overseas customers. According to Frost & Sullivan, the market size of household care markets in Japan and South Korea reached RMB67.8 billion and RMB16.1 billion, respectively, in terms of retail sales in 2024. Both markets are relatively fragmented, with competition primarily shaped by a mix of long-established local consumer goods companies and international FMCG companies. The nutritional supplement market in Japan and South Korea is relatively mature, with local consumers generally possessing strong health awareness and having formed well-established consumption habits for nutritional supplements. In 2024, the market size of the nutritional supplement industry in Japan and South Korea reached RMB80.7 billion and RMB40.5 billion, respectively, in terms of retail sales. However, we intend to initially focus on Southeast Asia during the next three years, a region with high cultural acceptance and a strong market base for fragrance products. According to Frost & Sullivan, the household care market in Southeast Asia reached RMB89.4 billion in 2024, and is expected to grow at 10.2% over the next five years, in terms of retail sales. The market’s major participants are international FMCG companies and established local players, and no single player dominates the industry, creating room for new entrants offering differentiated products with functional positioning and appealing fragrance profiles. Such offerings align well with Southeast Asian consumer preferences for household care products that integrate enhanced sensory experiences with effective cleaning performance. The nutritional supplement market in Southeast Asia reached RMB82.8 billion in 2024

FUTURE PLANS AND USE OF [REDACTED]

and is expected to grow at 12.0% over the next five years in terms of retail sales and remains relatively fragmented, with multinational nutrition groups and regional health-supplement manufacturers as the major participants. Rising health awareness, increasing disposable incomes and the rapid expansion of online channels are creating favorable conditions for differentiated, scientifically formulated brands to enter the market and capture share. We seek to capture opportunities in the Southeast Asian market by leveraging: (i) our focus on mid-to high-end market segments through a result-oriented approach and digital engagement to establish a strong brand presence; (ii) differentiated product offerings under distinctive brands such as LYCOCELLE and FineNutri, to meet local demand for innovative solutions; (iii) our ability to replicate proven content-driven marketing models from China to Southeast Asian social and e-commerce platforms, including TikTok Shop, supported by localized KOL/KOC engagement; and (iv) a flexible supply chain capable of adapting packaging, fragrance, and specifications to local climates, cultural preferences, and regulatory requirements, complemented by overseas warehouses in key markets to enhance logistics efficiency. We believe our competitive strengths lie in: (i) our extensive experience in successfully introducing overseas brands into China, which enables us to deeply understand and meet diverse local market needs; (ii) our strong expertise in content-driven marketing, allowing us to efficiently replicate proven marketing models; (iii) our agile decision-making process and swift responsiveness attributable to our young management team; and (iv) our robust capital resources and credibility.

- Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to establish overseas marketing and sales infrastructure to support global sales network expansion, including the development of digital marketing networks across e-commerce and social media platforms, deployment of local teams for brand operations sales and marketing infrastructure and consumer engagement.
- Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to recruit talents with expertise in brand localization across key areas, including data compliance, cross-border logistics and cultural adaptation, and multi-channel consumer engagement. In connection with our plan to recruit talents with expertise in brand localization, we expect to recruit approximately 20 employees between 2026 and 2028. We generally expect these employees to have experience in cross-border e-commerce in the Southeast Asian market and familiarity with the operation and regulatory framework of cross-border e-commerce platforms.
- Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to acquire or invest in overseas brands, with a focus on premium natural and eco-friendly consumer brands with differentiated positions and health & wellness brands that possess strong local market presence but remain in the early stages of development in China. We plan to actively pursue acquisitions of high-quality overseas brands with differentiated positioning, strong brand equity and long-term growth potential. In particular, we will focus on natural and eco-friendly consumer brands as well as health & wellness brands. These brands typically possess strong local market influence but remain at the early stage of development in China. As a general reference, we intend to target brands with annual revenue of not less than HK\$10 million, a track record of sound operational performance and requisite local licenses and qualifications for business operation. Moreover, we will adopt a flexible and efficient brand introduction strategy, including: (i) acquisition of the global brand entity, enabling us to obtain full control and intellectual property rights for comprehensive integration; and (ii) acquisition of the brand’s China market operations, focusing on acquiring its local entity, channels and assets to accelerate market localization. Our overall objective is to leverage our strengths in channel development, consumer insight, and localization expertise to

FUTURE PLANS AND USE OF [REDACTED]

accelerate the growth of these brands within the China market. According to Frost & Sullivan, there were thousands of potential targets of comparable caliber in these overseas regions as of the Latest Practicable Date. Our Directors are of the view that, given the abundance of suitable overseas brands with differentiated positioning and solid fundamentals, potential acquisition targets meeting our selection criteria are available and accessible in the market.

- Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to build digital and AI capabilities, including: (i) upgrading ERP systems, business middleware, and data management platforms to enable intelligent operations; (ii) establishing a comprehensive data asset platform across supply chain, sales and distribution channels and our proprietary brands to support product development, content optimization, and channel expansion; and (iii) deepening the application of frontier technologies such as AI agents and AI-generated content (AIGC) across R&D, operations, content creation, user insights, and compliance management to enhance decision-making, operational precision, and marketing effectiveness. In connection with our plan to build digital and AI capabilities, we expect to recruit approximately 10 employees between 2026 and 2028. We generally expect these employees to have experience in system architecture at major internet or consumer goods companies, and prior exposure to large model application development.
- Approximately [REDACTED]% of the [REDACTED] (HK\$[REDACTED]) will be allocated to working capital and general corporate purposes.

If the [REDACTED] of the [REDACTED] are not immediately applied to the above purposes, we will only deposit those [REDACTED] into short-term interest-bearing bank 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).

If the [REDACTED] is set at HK\$[REDACTED] per H Share, being the high end of the [REDACTED], the [REDACTED] from the [REDACTED] will increase to approximately HK\$[REDACTED]. If the [REDACTED] is set at HK\$[REDACTED] per H Share, being the low end of the [REDACTED], the [REDACTED] from the [REDACTED] will decrease to approximately HK\$[REDACTED]. The above allocation of the [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 mid-point of the [REDACTED] range stated in this document.

If the [REDACTED] is exercised in full, the [REDACTED] that we will receive will be approximately HK\$[REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per H Share (being the mid-point of the [REDACTED]). In the event that the [REDACTED] is exercised, we intend to apply the additional [REDACTED] to the above purposes in the proportions stated above.

If any part of our plan does not proceed as planned for reasons such as changes in government policies that would render any of our plans not viable, or the occurrence of force majeure events, our directors will carefully evaluate the situation and may reallocate the [REDACTED] from the [REDACTED]. We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

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APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-2, received from the Company’s reporting accountants, Confucius International CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200, Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



天健國際會計師事務所有限公司

Confucius International CPA Limited

Certified Public Accountants

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ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGZHOU RUOYUCHEN TECHNOLOGY CO., LTD. AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Guangzhou Ruoyuchen Technology Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-[63], which comprises 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 the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024 and 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-3 to I-[63] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [document date] (the “Document”) in connection with [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants’ Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

APPENDIX I

ACCOUNTANTS’ REPORT

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ 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 considers internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the 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 Company’s and the Group’s financial position 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 set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Confucius International CPA Limited

Certified Public Accountants

Hong Kong

[Date]

APPENDIX I

ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of 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 audited by Confucius International CPA Limited in accordance with Hong Kong Standards on Auditing issued by HKICPA (“Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

Consolidated statements of profit or loss

	<i>Notes</i>	Year ended December 31,		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	5	1,366,091	1,765,776	3,431,776
Cost of revenue	8	(817,700)	(977,613)	(1,380,611)
Gross profit		548,391	788,163	2,051,165
General and administrative expenses . . .	8	(97,408)	(117,266)	(127,377)
Selling and marketing expenses	8	(380,026)	(525,850)	(1,647,487)
Research and development expenses. . .	8	(24,040)	(25,735)	(32,637)
Net impairment (losses)/reversals on financial assets	3.2	(4,980)	(6,284)	4,163
Other income	6	1,621	7,620	5,383
Other gains/(losses), net	7	7,900	(1,278)	(23,949)
Operating profit		51,458	119,370	229,261
Finance income.	10	7,160	12,103	11,173
Finance costs	10	(2,189)	(4,612)	(15,266)
Finance income/(costs), net		4,971	7,491	(4,093)
Share of profit of interest in associates .	14	276	1,218	621
Profit before income tax		56,705	128,079	225,789
Income tax expense.	11	(2,415)	(22,443)	(31,388)
Profit for the year		54,290	105,636	194,401
Attributable to:				
– Owners of the Company		54,290	105,636	194,401
		54,290	105,636	194,401
Earnings per share attributable to the owners of the Company (in RMB per share)				
– Basic	13	0.16	0.38	0.63
– Diluted	13	0.16	0.37	0.62

APPENDIX I

ACCOUNTANTS’ REPORT

Consolidated statements of comprehensive income

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	<u>54,290</u>	<u>105,636</u>	<u>194,401</u>
Other comprehensive income/(loss)			
Items that will be reclassified to profit or loss in subsequent periods, net of tax:			
– Currency translation differences of foreign operations	<u>232</u>	<u>3,292</u>	<u>(89)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>232</u>	<u>3,292</u>	<u>(89)</u>
Total comprehensive income for the year . . .	<u><u>54,522</u></u>	<u><u>108,928</u></u>	<u><u>194,312</u></u>
Attributable to:			
– Owners of the Company	<u>54,522</u>	<u>108,928</u>	<u>194,312</u>
	<u><u>54,522</u></u>	<u><u>108,928</u></u>	<u><u>194,312</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

Consolidated statements of financial position

		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	16	180,251	180,625	176,181
Right-of-use assets	17	5,308	41,398	40,948
Deferred tax assets	20	16,178	12,267	41,430
Intangible assets	18	16,441	4,929	3,977
Interest in associates	14	47,541	91,498	67,928
Other financial assets at fair value through profit or loss	3.6	39,398	30,996	28,437
Prepayments and other receivables	23	1,097	515	785
Total non-current assets		306,214	362,228	359,686
Current assets				
Inventories	21	318,580	225,714	461,797
Prepayments and other receivables	23	233,366	216,468	362,528
Trade receivables	22	120,807	130,407	86,593
Restricted cash	24	9,129	6,943	2,922
Cash and cash equivalents	24	336,326	600,138	855,982
Other current assets	23	21,276	8,953	54,102
Total current assets		1,039,484	1,188,623	1,823,924
Total assets		1,345,698	1,550,851	2,183,610
LIABILITIES				
Non-current liabilities				
Borrowings	25	—	—	315,000
Lease liabilities	17	819	34,135	32,366
Deferred tax liabilities	20	—	1	4
Provisions	26	4,412	5,945	8,173
Total non-current liabilities		5,231	40,081	355,543
Current liabilities				
Borrowings	25	170,892	274,483	699,900
Trade payables	27	19,972	46,993	175,855
Contract liabilities	5	3,503	1,718	7,946
Lease liabilities	17	4,730	8,909	10,579
Current income tax liabilities		442	7,572	47,590
Accruals and other payables	28	43,665	66,735	166,635
Other current liabilities		168	168	402
Total current liabilities		243,372	406,578	1,108,907
Total liabilities		248,603	446,659	1,464,450
Net current assets		796,112	782,045	715,017
EQUITY				
Equity attributable to owner of the Company				
Share capital	29	122,329	164,031	311,059
Treasury shares	32	(28,399)	(39,621)	(200,002)
Other reserves	31	653,010	565,326	164,525
Retained earnings	30	350,155	414,456	443,578
TOTAL EQUITY		1,097,095	1,104,192	719,160
TOTAL LIABILITIES AND EQUITY		1,345,698	1,550,851	2,183,610

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Company’s statements of financial position

		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	16	177,629	173,520	170,141
Right-of-use assets	17	4,996	40,952	31,580
Deferred tax assets	20	8,255	10,041	34,553
Intangible assets	18	5,237	4,513	3,643
Interest in associates	14	36,343	51,933	53,115
Investments in subsidiaries	15	119,940	146,175	146,175
Other financial assets at fair value through profit or loss	3.6	11,991	11,977	12,200
Prepayments and other receivables	23	1,097	515	615
Total non-current assets		365,488	439,626	452,022
Current assets				
Inventories	21	143,560	107,472	108,631
Prepayments and other receivables	23	507,000	348,432	680,588
Trade receivables	22	87,484	371,872	714,708
Restricted cash	24	552	142	229
Cash and cash equivalents	24	104,321	159,948	158,122
Other current assets	23	3,459	1,644	37,060
Total current assets		846,376	989,510	1,699,338
Total assets		1,211,864	1,429,136	2,151,360
LIABILITIES				
Non-current liabilities				
Borrowings	25	–	–	315,000
Lease liabilities	17	752	34,072	25,074
Provisions	26	1,591	2,166	2,034
Total non-current liabilities		2,343	36,238	342,108
Current liabilities				
Borrowings	25	111,406	210,246	649,466
Trade payables	27	9,609	64,696	221,628
Contract liabilities	5	676	403	2,605
Lease liabilities	17	4,506	8,544	8,155
Current income tax liabilities		–	2,965	27,216
Accruals and other payables	28	250,558	305,573	485,726
Other current liabilities		88	52	339
Total current liabilities		376,843	592,479	1,395,135
Total liabilities		379,186	628,717	1,737,243
Net current assets		469,533	397,031	304,203
EQUITY				
– Share capital	29	122,329	164,031	311,059
– Treasury shares	32	(28,399)	(39,621)	(200,002)
– Other reserves	31	650,194	559,218	158,506
– Retained earnings	30	88,554	116,791	144,554
TOTAL EQUITY		832,678	800,419	414,117
TOTAL LIABILITIES AND EQUITY		1,211,864	1,429,136	2,151,360

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Consolidated statements of changes in equity

	Attributable to owners of the Company				
	Share capital	Treasury shares	Other reserves	Retained earnings	Total equity
	RMB'000 (Note 29)	RMB'000 (Note 32)	RMB'000 (Note 31)	RMB'000 (Note 30)	RMB'000
Balance at January 1, 2023	121,700	(2,124)	631,360	327,689	1,078,625
Profit for the year	–	–	–	54,290	54,290
Other comprehensive income	–	–	232	–	232
Total comprehensive income for the year	–	–	232	54,290	54,522
Exercise of share schemes	629	–	7,615	–	8,244
Share-based payment	–	–	12,280	–	12,280
Appropriations to statutory reserves	–	–	1,523	(1,523)	–
Dividends declared	–	–	–	(30,301)	(30,301)
Repurchase of shares	–	(26,275)	–	–	(26,275)
Balance at December 31, 2023	122,329	(28,399)	653,010	350,155	1,097,095
Balance at January 1, 2024	122,329	(28,399)	653,010	350,155	1,097,095
Profit for the year	–	–	–	105,636	105,636
Other comprehensive income	–	–	3,292	–	3,292
Total comprehensive income for the year	–	–	3,292	105,636	108,928
Exercise of share schemes	1,878	–	15,310	–	17,188
Share-based payment	–	–	14,977	–	14,977
Appropriations to statutory reserves	–	–	6,958	(6,958)	–
Dividends declared	–	–	–	(34,377)	(34,377)
Conversion of capital reserve into share capital	45,837	–	(45,837)	–	–
Cancellation of shares repurchased	(6,013)	88,397	(82,384)	–	–
Repurchase of shares	–	(99,619)	–	–	(99,619)
Balance at December 31, 2024	164,031	(39,621)	565,326	414,456	1,104,192
Balance at January 1, 2025	164,031	(39,621)	565,326	414,456	1,104,192
Profit for the year	–	–	–	194,401	194,401
Other comprehensive loss	–	–	(89)	–	(89)
Total comprehensive (loss)/income for the year	–	–	(89)	194,401	194,312
Exercise of share schemes	3,515	–	18,215	–	21,730
Share-based payment	–	–	2,279	–	2,279
Appropriations to statutory reserves	–	–	19,304	(19,304)	–
Dividends declared	–	–	–	(145,975)	(145,975)
Conversion of capital reserve into share capital	152,332	–	(152,332)	–	–
Cancellation of shares repurchased	(8,819)	296,997	(288,178)	–	–
Repurchase of shares	–	(457,378)	–	–	(457,378)
Balance at December 31, 2025	311,059	(200,002)	164,525	443,578	719,160

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Consolidated statements of cash flows

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Cash (used in)/generated from operations	34(a)	(98,362)	324,943	165,709
Interest received		7,160	12,103	11,173
Income tax paid		(588)	(3,340)	(25,086)
Net cash (used in)/generated from operating activities		(91,790)	333,706	151,796
Cash flows from investing activities				
Proceeds from disposal of interest in associates		–	3,500	27,963
Proceeds from disposal of equity investments at fair value through profit and loss		–	3,300	922
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		75	675	513
Withdraw of wealth management products		10,852	35,448	286,965
Payments for purchase of interest in associates		(15,000)	(47,550)	–
Purchases of equity investments at fair value through profit and loss		(6,738)	–	(2,000)
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(4,007)	(14,815)	(11,399)
Placement of wealth management products		–	(35,385)	(286,125)
Net cash (used in)/generated from investing activities		(14,818)	(54,827)	16,839
Cash flows from financing activities				
Proceeds from share schemes		8,272	17,216	21,758
Proceeds from borrowings		180,358	344,512	1,211,641
Repayments of borrowings		(56,320)	(240,749)	(471,482)
Principle elements of lease payments		(7,830)	(7,643)	(12,509)
Interests paid		(1,700)	(4,784)	(15,008)
Dividends paid to the Company’s shareholders		(30,301)	(34,377)	(145,975)
Payments for repurchase of shares		(26,275)	(99,619)	(457,378)
Payment of [REDACTED] to be capitalized		[REDACTED]	[REDACTED]	[REDACTED]
Net cash generated from/(used in) financing activities		66,176	(25,472)	112,312
Net (decrease)/increase in cash and cash equivalents		(40,432)	253,407	280,947
Cash and cash equivalents at beginning of the year		368,575	336,326	600,138
Effects of exchange rate changes on cash and cash equivalents		8,183	10,405	(25,103)
Cash and cash equivalents at the end of the year	24	336,326	600,138	855,982

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Guangzhou Ruoyuchen Technology Co., Ltd. (廣州若羽臣科技股份有限公司) (hereinafter referred to as “the Company”), formerly known as Guangzhou Ruoyuchen Trading Co., Ltd. (廣州若羽臣貿易有限公司), is a joint stock company with limited liability incorporated in the People’s Republic of China (the “PRC”) on May 10, 2011. The Company was listed on the main board of Shenzhen Stock Exchange (stock code: 003010.SZ) in September, 2020. The registered office of the Company is located at Self-compiled A, Room 607, No. 319, East Dashadi, Huangpu District, Guangzhou, Guangdong Province, PRC. The ultimate controlling persons are Mr. Wang Yu and Ms. Wang Wenhui (“the ultimate controlling persons”).

The Company and its subsidiaries (hereinafter collectively referred to as “the Group”), are principally engaged in delivering high-quality, differentiated products that address consumer needs in functionality, emotional value, immersive experiences, and self-expression. The Group has its proprietary brands, and also partners with third-party brands through brand management and e-commerce operations.

The Company’s principal subsidiaries during the Track Record Period and as at the date of this report are set out in Note 15.

The Historical Financial Information are presented in Renminbi (“RMB”), which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RMB’000) except when otherwise indicated.

The statutory consolidated financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 prepared in accordance with the relevant accounting principles in the PRC were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)) which was the certified public accountants registered in the PRC.

2. BASIS OF PREPARATION

The Historical Financial Information of the Group has been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS Accounting Standards”) issued by the International Accounting Standards Board (“IASB”). The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each reporting periods.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 below.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the years/periods presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 38 to this Historical Financial Information.

2.1 New Standards and Amendments to Standards Not Yet Adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 ‘Sale or Contribution of Assets between an Investor and its Associate or Joint Venture’	To be determined
Amendments to IFRS 9 and IFRS 7 ‘Amendments to the Classification and Measurement of Financial Instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7 ‘Contracts Referencing Nature-dependent Electricity’	January 1, 2026
Annual Improvements – Volume 11 IFRS accounting standards	January 1, 2026
IFRS 18 ‘Presentation and Disclosure in Financial Statements’	January 1, 2027
IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’	January 1, 2027

Except for the impact of IFRS 18 mentioned below, other new/amended standards are either not relevant to the Group or not expected to have a material impact on the Group’s consolidated financial statements when they become effective.

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IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 ‘Presentation and Disclosure in Financial Statements’, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 ‘Presentation of Financial Statements’. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ and IFRS 7 ‘Financial Instruments: Disclosures’. Minor amendments to IAS 7 ‘Statement of Cash Flows’ and IAS 33 ‘Earnings per Share’ are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of IFRS 18 is not expected to have significant impact on the Group’s financial position and performance, but may affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and price risk. The Group’s overall risk management seeks a balance between risk and return, minimizes the adverse impact of risk on the Group’s finance performance and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group’s risk management is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range.

3.1 Market Risk

(a) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group’s subsidiaries. The functional currencies of the subsidiaries outside Mainland China are mainly RMB and New Zealand Dollar (“NZD”) whereas functional currency of the subsidiaries operate in Mainland China is RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group’s net foreign exchange exposures and tries to minimize these exposures through buying and selling foreign currencies at market rate, wherever possible.

As at December 31, 2023, 2024 and 2025, the Group’s major financial assets/liabilities exposed to foreign exchange risk, representing those financial assets/liabilities denominated in United States Dollar (“USD”), Euro (“EUR”), Hong Kong Dollar (“HKD”) and Japanese Yen (“JPY”) and included in a group entity with different functional currency:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial assets denominated in:			
USD	237,703	302,279	157,358
EUR	13,876	11,926	56,719
HKD	13,374	27,785	51,353
JPY	25,218	16,609	40,302
Others	14,312	12,141	11,860
	<u>274,483</u>	<u>370,740</u>	<u>217,592</u>
Financial liabilities denominated in:			
USD	–	4,884	381
EUR	79	–	1,537
HKD	1	–	2,709
JPY	–	64,625	60,954
Others	773	303	311
	<u>853</u>	<u>70,812</u>	<u>65,892</u>

As shown in the table above, the Group is primarily exposed to changes in USD, EUR, HKD and JPY exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD, EUR, HKD and JPY denominated financial instruments is as below:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
USD/RMB exchange rate –			
Increase 5%	11,885	14,870	7,849
Decrease 5%	(11,885)	(14,870)	(7,849)
EUR/RMB exchange rate –			
Increase 5%	690	596	2,759

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Decrease 5%	(690)	(596)	(2,759)
HKD/RMB exchange rate –			
Increase 5%	669	1,389	2,432
Decrease 5%	(669)	(1,389)	(2,432)
JPY/RMB exchange rate –			
Increase 5%	1,261	(2,401)	(1,033)
Decrease 5%	(1,261)	2,401	1,033

(b) Interest rate risk

The Group’s interest rate risk primarily arises from interest-bearing borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings issued at floating rates and fixed rates based on the market environment and maintains an appropriate combination of financial instruments through regular review and monitoring.

As at December 31, 2023, 2024 and 2025, total borrowings of the Group which were bearing at floating rates amounted to approximately nil, nil and nil, respectively.

Considering the repricing or maturity date, the fair value interest rate risk arises from borrowings and bank balances carried at fixed rates is not significant for the Group.

3.2 Credit Risk

Credit risk arises from cash and cash equivalents, restricted cash as well as trade receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group’s maximum exposure to credit risk in relation to the corresponding class of financial assets.

(a) Risk Management

To manage this risk, cash and cash equivalents as well as restricted cash are mainly placed with state-owned or reputable financial institutions which are all high-credit-quality financial institutions.

To manage risk from trade receivables as well as other receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the counterparties. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

(b) Impairment of Financial Assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents, restricted cash;
- Trade receivables;
- Other receivables.

Credit risk of cash and cash equivalents, restricted cash

Cash and cash equivalents, and restricted cash are mainly placed with reputable financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss was immaterial as at December 31, 2023, 2024 and 2025.

Credit risk of trade receivables

(i) Trade Receivables

The Group applies the IFRS 9 simplified approach to measure expected credit loss (“ECL”) which uses a lifetime expected loss allowance for all trade receivables.

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and aging.

The historical loss rates are calculated based on the historical payment profiles of sales and the corresponding historical incurred credit losses. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (“GDP”) of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group and other indicators of severe financial difficulties.

On that basis, the loss allowance as at December 31, 2023, 2024 and 2025, were determined as follows for trade receivables:

As at December 31, 2023, 2024 and 2025, the loss allowance of grouped impaired trade receivables are determined as follows:

Assessed based on grouping:

	As at December 31,								
	2023			2024			2025		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000
Within 1 year	5	126,772	6,338	5	136,587	6,829	5	91,136	4,554
1 to 2 years	20	299	60	20	624	125	20	14	3
2 to 3 years	50	269	135	50	299	149	50	–	–
Over 3 years.	100	289	289	100	22	22	100	303	303
		<u>127,629</u>	<u>6,822</u>		<u>137,532</u>	<u>7,125</u>		<u>91,453</u>	<u>4,860</u>

The management of the Group determined the ECL rates for portfolio of trade receivables with reference to past-due status of such balances by estimating their default rates taking into account historical information and forward-looking information.

As at the end of each Track Record Period, the Group assessed the historical observed default rates and the forward-looking estimates, respectively. The management of the Group reviewed the portfolio of customers contributing the trade receivables balances for the respective past-due time band throughout the Track Record Period and noted that the majority of the balances of the respective past-due time band were due from similar portfolio of customers. Furthermore, the Group assessed these customers’ financial condition, past settlement history, business relationship with the Group and other factors such as current market conditions and industry information, and considered that the credit risk for the same portfolio of customers remains approximately the same throughout the Track Record Period. Accordingly, the same ECL rates were adopted for the same past-due time band throughout the Track Record Period.

Based on the above calculation results and with reference to the provision ratios of other companies in the same industry, the Group conducts a comprehensive analysis and the outcome closely aligns with the fixed ratio currently adopted. Therefore, it has been decided that the fixed ratio will remain unchanged during the Track Record Period.

The loss allowances for trade receivables for the years ended December 31, 2023, 2024 and 2025, reconcile to the opening loss allowances are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Opening loss allowance	5,090	6,822	7,125
Loss allowance recognized/(reversed), net. . .	1,732	866	(2,265)
Written off.	–	(563)	–
Closing loss allowance	<u>6,822</u>	<u>7,125</u>	<u>4,860</u>

(ii) Other Receivables

Other receivables at the end of each of the periods are mainly comprised of advanced payments, guarantee deposits and others. The Group considers the probability of default upon initial recognition of the assets and whether there has been significant increase in credit risk on an ongoing basis throughout each of the periods. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations;
- external credit rating of the counterparty;

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- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making a contractual payment.

If the credit risk of the asset is in line with original expectations, the Group categorises the asset as performing and recognises 12 months expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3):

In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. As at December 31, 2023, 2024 and 2025, the Group estimated the expected credit losses for other receivables to be RMB7,610,000, RMB13,028,000 and RMB11,130,000, respectively.

Assessed based on grouping:

	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2023				
Expected loss rate	5%	20%	73%	
Gross carrying amount	92,960	9,375	1,495	103,830
Loss allowance	4,648	1,875	1,087	7,610
December 31, 2024				
Expected loss rate	5%	20%	57%	
Gross carrying amount	102,025	16,805	8,065	126,895
Loss allowance	5,101	3,361	4,566	13,028
December 31, 2025				
Expected loss rate	5%	20%	59%	
Gross carrying amount	129,740	2,656	6,917	139,313
Loss allowance	6,487	531	4,112	11,130

The loss allowances for other receivables for the years ended December 31, 2023, 2024 and 2025, reconcile to the opening loss allowances are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Opening loss allowance	4,714	7,610	13,028
Loss allowance recognized/(reversed), net. . .	3,248	5,418	(1,898)
Receivables written off.	(352)	—	—
Closing loss allowance	7,610	13,028	11,130

3.3 Liquidity Risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The tables below analyze the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at each balance sheet date to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted amount	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023					
Trade payables	19,972	—	—	19,972	19,972
Accruals and other payables (excluding non-financial liabilities)	19,769	—	—	19,769	19,769

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	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted amount	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	4,819	824	—	5,643	5,549
Borrowings	172,734	—	—	172,734	170,892
	<u>217,294</u>	<u>824</u>	<u>—</u>	<u>218,118</u>	<u>216,182</u>

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted amount	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2024					
Trade payables	46,993	—	—	46,993	46,993
Accruals and other payables (excluding non-financial liabilities)	29,942	—	—	29,942	29,942
Lease liabilities	10,353	9,286	27,300	46,939	43,044
Borrowings	278,122	—	—	278,122	274,483
	<u>365,410</u>	<u>9,286</u>	<u>27,300</u>	<u>401,996</u>	<u>394,462</u>

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted amount	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2025					
Trade payables	175,855	—	—	175,855	175,855
Accruals and other payables (excluding non-financial liabilities)	42,803	—	—	42,803	42,803
Lease liabilities	12,008	10,718	23,409	46,135	42,945
Borrowings	714,333	41,777	282,399	1,038,509	1,014,900
	<u>944,999</u>	<u>52,495</u>	<u>305,808</u>	<u>1,303,302</u>	<u>1,276,503</u>

3.4 Price Risk

The Group is mainly exposed to equity price risk arising from investments held by the Group that are classified as FVPL. To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are mainly made for strategic purposes. Each investment is managed by the management on a case-by-case basis.

Sensitivity analysis is performed by the management to assess the exposure of the Group’s financial results to equity price risk of FVPL at the end of each Track Record Period. If prices of the respective instruments held by the Group had been 5%, 5% and 5% higher/lower as at December 31, 2023, 2024 and 2025, profit before tax for the year would have been approximately RMB1,970,000, RMB1,550,000 and RMB1,422,000 higher/lower as a result of gains/losses on financial instruments classified as FVPL.

3.5 Capital Management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders’ value.

The Group manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt or raise additional funding from shareholders or banks as and when necessary. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023, 2024 and 2025.

The Group monitors capital on the basis of the debt to asset ratio as at December 31, 2023, 2024 and 2025, are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total assets	1,345,698	1,550,851	2,183,610

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total liabilities	248,603	446,659	1,464,450
Debt to asset ratio	18.47%	28.80%	67.07%

3.6 Fair Value Estimation

(a) Determination of Fair Value and the Fair Value Hierarchy of Financial Instruments

This note provides information on how the Group determines the fair values of various financial assets and liabilities.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group

As at December 31, 2023

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss				
– Equity investments (i)	–	–	39,398	39,398

As at December 31, 2024

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss				
– Equity investments (i)	–	–	30,996	30,996

As at December 31, 2025

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss				
– Equity investments (i)	–	–	28,437	28,437

The Company

As at December 31, 2023

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss				
– Equity investments (i)	–	–	11,991	11,991

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As at December 31, 2024

	Level 1	Level 2	Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at fair value through profit or loss				
– Equity investments (i)	–	–	11,977	11,977
	=	=	=	=

As at December 31, 2025

	Level 1	Level 2	Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at fair value through profit or loss				
– Equity investments (i)	–	–	12,200	12,200
	=	=	=	=

- (i) These investments are primarily equity investments in certain unlisted companies. As there is no significant influence over these companies, they are classified as financial assets measured at fair value through profit or loss.
- (ii) The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the Track Record Period, there was no transfer between Level 1, Level 2 and Level 3.

(b) The Group’s Valuation Process

For the financial assets, including level 3 fair values, the Group engaged the independent valuer to perform the valuations for financial reporting purpose. The finance department reports the valuation results to the management.

(c) The reconciliation of Level 3 assets are analysed below:

	Financial assets at FVPL-equity investments (i)		
	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Opening balance	35,692	39,398	30,996
Additions	6,738	–	2,000
Disposals	–	(3,000)	(3,464)
Re-classification	(3,186)	–	–
Changes in fair value through profit or loss	154	(5,402)	(1,095)
Closing balance	39,398	30,996	28,437

- (i) The fair values of unlisted equity instruments at FVPL as at December 31, 2023, 2024 and 2025, have been arrived with reference to the valuation carried out on the dates by an independent qualified professional valuer not connected to the Group, using Guideline Public Company Method.

(d) Valuation Inputs and Relationships to Fair Value

Description	Fair value as at December 31,			Valuation techniques	Significant unobservable input(s)	Range of inputs	Relationship of unobservable input(s) to fair values
	2023	2024	2025				
	RMB’000	RMB’000	RMB’000				
Equity investments measured at FVPL	39,398	30,996	28,437	Guideline Public Company Method	Price-to-Book Ratio (“P/B”)	3.08-8.70	An increase in P/B used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
				Guideline Public Company Method	Price-to-Sales Ratio (“P/S”)	1.66-17.80	An increase in P/S used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.

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Description	Fair value as at December 31,			Valuation techniques	Significant unobservable input(s)	Range of inputs	Relationship of unobservable input(s) to fair values
	2023	2024	2025				
	RMB'000	RMB'000	RMB'000				
				Guideline Public Company Method	Price-to-Earnings Ratio (“P/E”)	32.79	An increase in P/E used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
				Guideline Public Company Method	Enterprise Value-to-Sales Ratio (“EV/S”)	1.53-3.88	An increase in EV/S used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
				Guideline Public Company Method	Price-to-Research Ratio (“PRR”)	123.20	An increase in PRR used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
				Guideline Public Company Method	Discount for lack of marketability (“DLOM”)	5.15%-37.31%	An increase in DLOM used would result in a decrease in the fair value measurement of the unlisted equity instruments, and vice versa.

If the P/B, P/S, P/E, EV/S and PRR used had been 5% higher/lower for equity instruments measured at FVPL, the profit before tax for the years ended December 31, 2023, 2024 and 2025 would have been approximately RMB1,458,000, RMB827,000 and RMB1,072,000 higher/lower, respectively.

If the DLOM used had been 5% higher/lower for equity instruments measured at FVPL, the profit before tax for the years ended December 31, 2023, 2024 and 2025 would have been approximately RMB368,000, RMB97,000 and RMB603,000 lower/higher, respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

(a) Provision Against Obsolete and Slow-Moving Inventories

The Group reviews the condition of its inventories and makes a provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. In determining the amount of provision required for obsolete and slow-moving inventories, the Group would evaluate ageing analysis of inventories and compare the carrying amounts of inventories to their respective net realizable value.

Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each reporting period and makes a provision against obsolete and slow-moving items. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed.

(b) Allowance for Expected Credit Loss of Receivables

The loss allowances for receivables are based on assumptions about risk of default and expected loss rates to determine the expected loss. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group takes into account different macroeconomic scenarios in considering forward looking information in mainland China and overseas. The Group regularly monitors and reviews the key macroeconomic assumptions and parameters related to the calculation of expected credit losses. The Group has identified the Gross Domestic Product (“GDP”) of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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(c) Impairment of Non-Financial Assets

The Group tests at least annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, intangible assets, as well as right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The recoverable amounts have been determined based on value-in-use (“VIU”) calculations or fair value less costs of disposal (“FVLCD”). These calculations require the use of judgments and estimates.

Judgment is required to identify any impairment indicators existing for any of the Group’s non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group’s financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated income statement.

(d) Income Tax and Deferred Taxation

Estimation and judgment are required in determining the amount of the provision for income tax. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact on the income tax and deferred taxation provisions in the period in which such determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilized. Significant estimation is required in determining the recoverability of deferred tax assets.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Group’s results or financial position.

5. OPERATING SEGMENT INFORMATION

(a) Description of Segments and Principal Activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (“CODM”). The Group’s CODM has been identified as the chairman and executive directors of the Board who are responsible for allocating resources and assessing performance of the operating segment.

Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company regards that there is only one segment which is used to make strategic decisions. Revenue and profit/(loss) before income tax are the measures reported to the chairman and executive directors for the purpose of resources allocation and performance assessment.

(b) Revenue from external customers

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from contracts with external customers recognized at a point in time			
– Brand management	160,486	501,107	895,116
– E-commerce operation	942,327	763,711	723,497
– Proprietary brands	263,278	500,958	1,813,163
	<u>1,366,091</u>	<u>1,765,776</u>	<u>3,431,776</u>

(c) Revenue from Major Customers

The major customer who contributed 10% or more of the Group’s revenue for the years ended December 31, 2023, 2024 and 2025, is set out below:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	<u>176,910</u>	<u>N/A</u>	<u>N/A</u>

The revenue from customer A for the years ended December 31, 2024 and 2025, were less than 10% of the Group’s total revenue.

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All the revenue derived from other single external customers were less than 10% of the Group’s total revenue for the years ended December 31, 2023, 2024 and 2025.

(d) Geographical Information

The Company is domiciled in Mainland China. The amount of the Group’s revenue from external customers by the destination of sales is shown in the table below:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
China	1,365,776	1,763,574	3,413,283
Other countries or regions (i)	315	2,202	18,493
	<u>1,366,091</u>	<u>1,765,776</u>	<u>3,431,776</u>

(i) Represent revenue generated from Japan and New Zealand.

(e) Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfilment of performance obligations.

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contract liabilities	3,503	1,718	7,946
	<u>3,503</u>	<u>1,718</u>	<u>7,946</u>

The following table shows how much of the revenue, which was included in the contract liabilities at the beginning of the period, recognized during the Track Record Period relates to carried-forward contract liabilities:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue recognized that was included in the beginning balance	7,427	3,500	1,695
	<u>7,427</u>	<u>3,500</u>	<u>1,695</u>

(f) Accounting Policies and Significant Judgments for Revenue Recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i. e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

If a customer pays consideration or the Company has a right to an amount of consideration that is unconditional, before the Company transfers a good or service to the customer, the Company presents the contract liability when the payment is made. A contract liability is the Company’s obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

(i) Sales of Goods

The Group is principally engaged in delivering high-quality, differentiated products that address unmet consumer needs in emotional value, function benefits, immersive experiences, and self-expression.

The Group adopts two product sales models: retail and channel distribution. Among these, the channel distribution model is further divided into two modes: consignment sales and buyout sales.

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Revenue from retail of products shall be recognized based on the amount of the order and upon the customer’s confirmation for the receipt of the products and the receipt of the payment by the Group.

Revenue from consignment sales of products shall be recognized based on the sales contracts and upon the receipt of the consignment sales statements from customers, which are e-commerce platforms.

Revenue from buyout sales of products with customers shall be recognized either based on the sales contracts and upon the receipt of the settlement statements; or based on the sales contracts and upon the completion of product delivery and the customer’s confirmation for the receipt of the products.

(ii) Rendering of services

Services revenue mainly generated from provision of e-commerce operation services. Revenue from e-commerce operation services shall be recognized either based on a fixed amount or at a certain percentage of the sales amount agreed by both parties according to the sales contracts, on a monthly basis; or upon the completion of the relevant services and the confirmation by the customers.

6. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Government grants	1,394	7,506	5,255
Additional deduction for VAT	73	16	–
Others	154	98	128
	<u>1,621</u>	<u>7,620</u>	<u>5,383</u>

7. OTHER GAINS/(LOSSES), NET

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Net gains on financial instruments	2,121	64	841
Fair value changes on financial instruments	154	(5,402)	(1,095)
Net foreign exchange differences	8,137	6,208	(25,014)
Net losses on disposal of property, plant and equipment and other long-term assets	(743)	(683)	(234)
Net gains on disposal of interest in associates	–	188	2,272
Others	(1,769)	(1,653)	(719)
	<u>7,900</u>	<u>(1,278)</u>	<u>(23,949)</u>

8. EXPENSE BY NATURE

Expenses included in cost of revenue, general and administrative expenses, selling and marketing expenses, research and development expenses are analysed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Manufacturing expenses	6,597	9,732	48,580
Cost of raw materials	83,574	131,235	327,089
Costs of products procured	610,480	723,934	848,770
Employee benefit expenses	200,858	194,782	236,056
Marketing promotion expenses	266,072	380,859	1,387,855
Platform service expenses	25,066	39,087	96,403
Depreciation & amortisation	21,683	22,902	27,885
Storage and logistics expenses	59,728	81,747	137,568
Office and traveling expenses	16,280	22,008	23,952
Business development expenses	5,850	7,327	14,880
Professional services and other consulting fees	9,207	4,850	8,736
Taxes and surcharges	3,811	7,567	10,964
[REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]
Auditor’s remuneration	943	943	943
Outsourced research and development expenses	–	–	3,628

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Impairment of goodwill	–	9,180	–
Impairment/(reversal of impairment) of inventories	1,379	(1,118)	973
Other expenses	7,646	11,429	12,787
	<u>1,319,174</u>	<u>1,646,464</u>	<u>3,188,112</u>

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTOR’S REMUNERATION)

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	189,336	184,640	229,984
Share-based compensation expenses	11,522	10,142	6,072
	<u>200,858</u>	<u>194,782</u>	<u>236,056</u>

(a) Directors’ and Supervisors’ Remuneration

Directors’ and supervisors’ remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Year ended December 31, 2023

	Fees	Salaries, wages and bonuses	Housing fund, retirement and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Wang Yu	–	1,304	47	–	1,351
Ms. Wang Wenhui	–	739	35	–	774
Ms. Xu Qing	–	832	46	1,028	1,906
Ms. Luo Zhiqing	–	935	49	202	1,186
Independent non-executive directors:					
Mr. Zhu Weishan (i)	100	–	–	–	100
Mr. Huang Tianshun	100	–	–	–	100
Ms. Zhang Chunyan	100	–	–	–	100
Supervisors:					
Mr. Pang Xiaolong	–	130	16	–	146
Ms. Guo Junfen (ii)	–	153	16	–	169
Ms. Bu Xueting	–	89	15	–	104
Mr. Fan Lizhong (ii)	–	187	15	–	202
Total	<u>300</u>	<u>4,369</u>	<u>239</u>	<u>1,230</u>	<u>6,138</u>

Year ended December 31, 2024

	Fees	Salaries, wages and bonuses	Housing fund, retirement and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Wang Yu	–	1,864	62	–	1,926
Ms. Wang Wenhui	–	1,161	137	–	1,298
Ms. Xu Qing	–	740	52	1,301	2,093
Ms. Luo Zhiqing	–	737	52	172	961
Independent non-executive directors:					
Mr. Zhu Weishan (i)	100	–	–	–	100
Mr. Huang Tianshun	100	–	–	–	100
Ms. Zhang Chunyan	101	–	–	–	101

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	Fees	Salaries, wages and bonuses	Housing fund, retirement and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Supervisors:					
Mr. Pang Xiaolong	–	136	17	–	153
Ms. Bu Xueting	–	90	16	–	106
Ms. Guo Junfen (ii)	–	147	17	–	164
Total	301	4,875	353	1,473	7,002

Year ended December 31, 2025

	Fees	Salaries, wages and bonuses	Housing fund, retirement and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Wang Yu	–	1,972	70	–	2,042
Ms. Wang Wenhui	–	1,290	162	–	1,452
Ms. Xu Qing	–	737	54	854	1,645
Ms. Luo Zhiqing	–	735	54	130	919
Independent non-executive directors:					
Mr. Zhu Weishan (i)	68	–	–	–	68
Mr. Huang Tianshun	100	–	–	–	100
Ms. Zhang Chunyan	100	–	–	–	100
Ms. Zheng Ying (i)	32	–	–	–	32
Supervisors:					
Mr. Pang Xiaolong	–	135	18	–	153
Ms. Bu Xueting	–	90	18	–	108
Ms. Guo Junfen (ii)	–	151	18	–	169
Total	300	5,110	394	984	6,788

- (i) Mr. Zhu Weishan was appointed as independent non-executive director of the Company in September 27, 2021, and resigned as independent non-executive director of the Company in September 4, 2025. Ms. Zheng Ying was appointed as independent non-executive director of the Company with effect from September 4, 2025.
- (ii) Mr. Fan Lizhong was appointed as supervisor of the Company in December 29, 2020, and resigned as supervisor of the Company in August 2, 2023. Ms. Guo Junfen was appointed as supervisor of the Company with effect from August 2, 2023.

(b) Directors’ and Supervisors’ Other Benefits

No termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director’s services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group during the Track Record Period.

No consideration provided to third parties for making available directors’ and supervisors’ services subsisted at the end of each reporting period or at any time during the Track Record Period.

There were no loans, quasi-loans or other dealings entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

Same as disclosed in Note 36, there were no significant transactions, arrangements and contracts in relation to the Group’s business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

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(c) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023, 2024 and 2025 include 3, 3 and 3 directors respectively whose emoluments are reflected in the analysis shown in Note 9(a) above. The emoluments paid to the remaining 2, 2 and 2 individuals during the years ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages and bonuses	1,750	1,895	1,748
Housing fund, retirement and other benefits	180	187	189
Share-based payments	1,841	2,368	1,548
	<u>3,771</u>	<u>4,450</u>	<u>3,485</u>

The number of the above individuals other than directors whose remuneration fell within the following bands is as follows:

	Year ended December 31,		
	2023	2024	2025
HKD1,500,001 to HKD2,000,000	1	—	1
HKD2,000,001 to HKD2,500,000	1	1	1
HKD2,500,001 to HKD3,000,000	—	1	—
	<u>2</u>	<u>2</u>	<u>2</u>

10. FINANCE INCOME/(COSTS), NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance income:			
Interest income from financial assets held for cash management purposes	7,160	12,103	11,173
Finance costs:			
Interest expenses on lease liabilities	(348)	(794)	(1,724)
Interest expenses on borrowings	(1,841)	(3,818)	(13,542)
Finance costs total	(2,189)	(4,612)	(15,266)
Finance income/(costs), net	<u>4,971</u>	<u>7,491</u>	<u>(4,093)</u>

11. INCOME TAX EXPENSE

The income tax expense of the Group during the Track Record Period are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	(2,215)	13,764	64,341
Deferred income tax	4,630	8,679	(32,953)
	<u>2,415</u>	<u>22,443</u>	<u>31,388</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(a) PRC Corporate Income Tax

- (i) In accordance with the relevant regulations of the Enterprise Income Tax laws (the “EIT Law”) of the PRC, the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.
- (ii) During the Track Record Period, the Company has obtained High and New Technology Enterprises certification (“HNTE”) and hence it is entitled to a preferential CIT rate of 15% for the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

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- (iii) Certain subsidiaries were qualified as small and micro enterprises and were subject to preferential tax. From January 1, 2023 to December 31, 2027, the taxable income of small and micro enterprises shall be calculated at a reduced rate of 25% and subject to corporate income tax at a rate of 20%.
- (iv) According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaged in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2022 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the “Super Deduction for research and development”).

(b) Hong Kong Profits Tax

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the Relevant Periods. However, certain subsidiaries have successfully applied for and obtained the offshore tax exemption for Hong Kong companies. They enjoyed the preferential policy of income tax exemption during the Track Record Period.

(c) Corporate Income Tax in Other Jurisdictions

The income tax rates of the subsidiaries from other jurisdictions, including New Zealand, Japan and South Korea, had been calculated on the estimated assessable profit for the Track Record Period at the respective rates prevailing in the relevant jurisdictions.

(d) OECD Pillar Two Model Rules

Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules” were issued on May 23, 2023 which are effective upon issuance and require retrospective application. The amendments provide a temporary exception from deferred tax accounting for the income tax arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development (“OECD”).

The Group is within the scope of global minimum tax (“GMT”) under the OECD Pillar Two model rules (“Pillar Two”). Subject to tax legislation enacting Pillar Two Being passed in the jurisdictions where the Company and its subsidiaries operate, the Group is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per respective jurisdiction. The Group applies the IAS 12 exception to recognition and disclosure information about deferred tax assets and liabilities related to Pillar Two income taxes.

For those jurisdictions where the Pillar Two legislation was enacted but not effective at the reporting date, the Group has no related current tax exposure. However, certain subsidiaries of the Company are located in jurisdictions mainly including South Korea and Japan, where Pillar Two legislation was effective since January 1, 2024, and the Group’s assessment indicates that there is no material related current tax exposure in these jurisdictions during the years ended December 31, 2024 and 2025.

The income tax on the Group’s profit before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to profits of the subsidiaries as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit before income tax	56,705	128,079	225,789
Income tax calculated at the domestic rates applicable to profits in the country concerned . . .	8,506	19,212	33,868
Tax effect of:			
The impact of different tax rates on subsidiaries . . .	(2,301)	2,180	22,049
Non-deductible expenses	1,056	737	1,981
Super deduction for research and development expenditure	(3,427)	(3,620)	(2,162)
Adjustments in respect of current tax of previous years	(1,487)	1,638	4,422
Tax losses and other temporary differences not recognized as deferred tax assets	1,187	3,349	169
Impact of change in tax rate on the opening deferred tax balance	—	(169)	—
Non-taxable income	(534)	(120)	(2,837)
The impact of share-based payment expenses eligible for deduction	—	—	(28,212)
Others	(585)	(764)	2,110
	2,415	22,443	31,388

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12. DIVIDENDS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Final dividends in respect of the previous year, declared and paid during the year (i)	30,301	34,377	79,320
Interim dividends in respect of current year, declared and paid during the year (ii)	—	—	66,655
Total	30,301	34,377	145,975

- (i) Final dividends attributable to owners of the Company in respect of 2022, 2023 and 2024, of RMB2.50 per 10 shares (tax inclusive), RMB3.00 per 10 shares (tax inclusive) and RMB3.00 per 10 shares (tax inclusive), were approved by the shareholder in the Annual General Meeting, respectively.
- (ii) Interim dividends attributable to owners of the Company in respect of 2025, of RMB3.00 per 10 shares (tax inclusive), were approved by the Third Extraordinary General Meeting held in 2025.

13. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The calculation of basic earnings per share is based on the following:

	Year ended December 31,		
	2023	2024	2025
Profit attributable to owners of the Company used in calculating basic EPS (RMB'000)	54,290	105,636	194,401
Weighted average number of ordinary shares in issue (thousands)	332,109	276,597	309,405
Basic EPS (RMB per share)	0.16	0.38	0.63

(b) Diluted Earnings Per Share

	Year ended December 31,		
	2023	2024	2025
Adjusted profit attributable to owners of the Company used in calculating diluted EPS (RMB'000)	54,290	105,636	194,401
Weighted average number of ordinary shares in issue (thousands)	332,109	276,597	309,405
Adjustments for potential shares arising from share schemes (thousands)	6,977	5,509	6,504
Weighted average number of ordinary shares used in calculating diluted EPS (thousands)	339,086	282,106	315,909
Diluted EPS (RMB per share)	0.16	0.37	0.62

14. INTEREST IN ASSOCIATES

The Group

The amounts of interest in associates recognized in the Historical Financial Information are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Associates	47,541	91,498	67,928

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The movements of interest in associates during the Track Record Period are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	27,810	47,541	91,498
Additions	15,000	47,550	—
Share of results of associates	276	1,218	621
Disposals	—	(5,000)	(24,000)
Others	4,455	189	(191)
At the end of the year	47,541	91,498	67,928

The associates of the Group have been accounted based on the financial information prepared under the accounting policies consistent with the Group.

The Group has interests in a number of individually immaterial associates that are accounted for using the equity method. The carrying amount and the Group’s share of the results of individually immaterial associates are shown in aggregate as below:

Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial associates	47,541	91,498	67,928
Aggregate amounts of the Group’s share of:			
Profit from continuing operations for the year	276	1,218	621
Total comprehensive income	276	1,218	621

The Company

The amounts of interest in associates recognized in the Historical Financial Information are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Associates	36,343	51,933	53,115

The movements of interest in associates during the Track Record Period are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	22,874	36,343	51,933
Additions	10,000	15,000	—
Share of results of associates	77	590	1,182
Others	3,392	—	—
At the end of the year	36,343	51,933	53,115

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The Company has interests in a number of individually immaterial associates that are accounted for using the equity method. The carrying amount and the Company’s share of the results of individually immaterial associates are shown in aggregate as below:

Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Aggregate carrying amount of individually immaterial associates	36,343	51,933	53,115
Aggregate amounts of the Company’s share of:			
Profit from continuing operations for the year	77	590	1,182
Total comprehensive income	77	590	1,182

15. INVESTMENTS IN SUBSIDIARIES

As at the date of this report and during the Track Record Period, the Company’s principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/paid-up capital	Equity interest and voting right held by the Company						Principal activities
			As at December 31,						
			2023		2024		2025		
			Direct	Indirect	Direct	Indirect	Direct	Indirect	
		'000							
Guangzhou Jingwang Network Technology Co., Ltd. (廣州京旺網路科技有限公司)	PRC, limited liability company	RMB5,000	100%	–	100%	–	100%	–	Brand management services and e-commerce operation services
Guangzhou Haitongda Info-Tech Co., Ltd. (廣州海通達資訊科技有限公司)	PRC, limited liability company	RMB65,000	100%	–	100%	–	100%	–	Proprietary supply chain services
Guangzhou Dake Marketing Planning Co., Ltd. (廣州大可行銷策劃有限公司)	PRC, limited liability company	RMB5,000	100%	–	100%	–	100%	–	E-commerce operation services
HENGMEIKANG (INTERNATIONAL) CO., LIMITED (恒美康(國際)有限公司)	Hong Kong, limited liability company	HKD1,000	–	100%	100%	–	100%	–	Brand management services and e-commerce operation services
DREAMIE INTERNATIONAL TRADING CO., LIMITED (夢哇哇國際貿易有限公司)	Hong Kong, limited liability company	HKD1,000	100%	–	100%	–	100%	–	Brand management services and e-commerce operation services
LILY BUYER (INTERNATIONAL) TRADING CO., LIMITED (莉莉買手(國際)貿易有限公司)	Hong Kong, limited liability company	HKD10	100%	–	–	100%	–	100%	Brand management services and e-commerce operation services
FINENUTRI INTERNATIONAL BRAND MANAGEMENT CO., LIMITED (斐萃國際品牌管理有限公司)	Hong Kong, limited liability company	HKD10	–	100%	–	100%	–	100%	Marketing of proprietary brands
Guangzhou Moya Ark Trading Co., Ltd. (廣州摩亞方舟貿易有限公司)	PRC, limited liability company	RMB10,000	–	100%	–	100%	–	100%	Marketing of proprietary brands
Moya Ark (Shanghai) Brand Management Co., Ltd. (摩亞方舟(上海)品牌管理有限公司)	PRC, limited liability company	RMB10,000	–	100%	–	100%	–	100%	Marketing of proprietary brands

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investments in subsidiaries	119,940	146,175	146,175

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16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Motor vehicles	Office equipment	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023					
Cost	170,519	3,771	19,501	5,147	198,938
Accumulated depreciation and impairment	(1,023)	(2,121)	(6,715)	(1,151)	(11,010)
Carrying amount	169,496	1,650	12,786	3,996	187,928
Opening carrying amount	169,496	1,650	12,786	3,996	187,928
Additions	–	2,981	1,622	480	5,083
Disposals	–	–	(146)	–	(146)
Depreciation	(5,400)	(1,173)	(4,345)	(1,696)	(12,614)
Closing carrying amount	164,096	3,458	9,917	2,780	180,251
At December 31, 2023 and January 1, 2024					
Cost	170,519	6,752	20,400	4,681	202,352
Accumulated depreciation and impairment	(6,423)	(3,294)	(10,483)	(1,901)	(22,101)
Carrying amount	164,096	3,458	9,917	2,780	180,251
Opening carrying amount	164,096	3,458	9,917	2,780	180,251
Additions	–	729	3,168	9,959	13,856
Disposals	–	–	(172)	–	(172)
Depreciation	(5,400)	(1,341)	(3,574)	(2,995)	(13,310)
Closing carrying amount	158,696	2,846	9,339	9,744	180,625
At December 31, 2024 and January 1, 2025					
Cost	170,519	7,481	21,101	13,375	212,476
Accumulated depreciation and impairment	(11,823)	(4,635)	(11,762)	(3,631)	(31,851)
Carrying amount	158,696	2,846	9,339	9,744	180,625
Opening carrying amount	158,696	2,846	9,339	9,744	180,625
Additions	–	2,175	5,558	3,396	11,129
Disposals	–	(363)	(175)	–	(538)
Depreciation	(5,400)	(1,011)	(4,046)	(4,578)	(15,035)
Closing carrying amount	153,296	3,647	10,676	8,562	176,181
At December 31, 2025					
Cost	170,519	8,320	26,231	14,879	219,949
Accumulated depreciation and impairment	(17,223)	(4,673)	(15,555)	(6,317)	(43,768)
Carrying amount	153,296	3,647	10,676	8,562	176,181

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter of lease term as follows:

Buildings	30 years
Motor vehicles	4-5 years
Office equipment	3-5 years
Leasehold improvements	Shorter of their useful life and lease term

See Note 38 for the other accounting policies relevant to property, plant and equipment.

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Depreciation of the Group’s property, plant and equipment has been recognized as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
General and administrative expenses	11,790	12,118	13,669
Research and development expenses	824	1,192	1,366
	<u>12,614</u>	<u>13,310</u>	<u>15,035</u>

The Company

	Buildings	Motor vehicles	Office equipment	Leasehold improvement	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2023					
Cost	170,519	2,135	18,370	4,620	195,644
Accumulated depreciation and impairment	(1,023)	(1,515)	(6,036)	(706)	(9,280)
Carrying amount	169,496	620	12,334	3,914	186,364
Opening net carrying amount	169,496	620	12,334	3,914	186,364
Additions	–	930	1,579	480	2,989
Disposals	–	–	(138)	–	(138)
Depreciation	(5,400)	(455)	(4,098)	(1,633)	(11,586)
Closing carrying amount	164,096	1,095	9,677	2,761	177,629
At December 31, 2023 and January 1, 2024					
Cost	170,519	3,065	19,566	4,577	197,727
Accumulated depreciation and impairment	(6,423)	(1,970)	(9,889)	(1,816)	(20,098)
Carrying amount	164,096	1,095	9,677	2,761	177,629
Opening net carrying amount	164,096	1,095	9,677	2,761	177,629
Additions	–	729	1,781	5,534	8,044
Disposals	–	–	(171)	–	(171)
Depreciation	(5,400)	(490)	(3,410)	(2,682)	(11,982)
Closing carrying amount	158,696	1,334	7,877	5,613	173,520
At December 31, 2024 and January 1, 2025					
Cost	170,519	3,794	18,880	8,854	202,047
Accumulated depreciation and impairment	(11,823)	(2,460)	(11,003)	(3,241)	(28,527)
Carrying amount	158,696	1,334	7,877	5,613	173,520
Opening net carrying amount	158,696	1,334	7,877	5,613	173,520
Additions	–	1,329	5,545	2,859	9,733
Disposals	–	(363)	(170)	–	(533)
Depreciation	(5,400)	(417)	(3,756)	(3,006)	(12,579)
Closing carrying amount	153,296	1,883	9,496	5,466	170,141
At December 31, 2025					
Cost	170,519	3,786	24,097	9,820	208,222
Accumulated depreciation and impairment	(17,223)	(1,903)	(14,601)	(4,354)	(38,081)
Carrying amount	153,296	1,883	9,496	5,466	170,141

17. LEASE

This note provides information for leases where the Group is a lessee.

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(a) Amounts Recognized in the Consolidated Statements of Financial Position

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use Assets			
Buildings	<u>5,308</u>	<u>41,398</u>	<u>40,948</u>
Lease liabilities			
Current	4,730	8,909	10,579
Non-current	819	34,135	32,366
	<u>5,549</u>	<u>43,044</u>	<u>42,945</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use Assets			
Buildings	<u>4,996</u>	<u>40,952</u>	<u>31,580</u>
Lease liabilities			
Current	4,506	8,544	8,155
Non-current	752	34,072	25,074
	<u>5,258</u>	<u>42,616</u>	<u>33,229</u>

(b) Amounts Recognized in the Consolidated Statements of Profit or Loss

The consolidated statements of profit or loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets:			
Buildings	<u>7,879</u>	<u>8,476</u>	<u>11,703</u>
Interest expense (included in finance cost)	348	794	1,724
Expense relating to short-term and low value leases not included in lease liabilities	998	757	994
	<u>1,346</u>	<u>1,551</u>	<u>2,718</u>

The total cash outflows for lease payments during the years ended December 31, 2023, 2024 and 2025, were approximately RMB9,176,000, RMB9,194,000 and RMB15,227,000, respectively.

See Note 38 for the other accounting policies relevant to lease.

18. INTANGIBLE ASSETS

The Group

	Trademark	Software	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023				
Cost	781	11,377	9,899	22,057
Accumulated amortization and impairment	(268)	(4,414)	—	(4,682)
Carrying amounts	<u>513</u>	<u>6,963</u>	<u>9,899</u>	<u>17,375</u>

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	Trademark	Software	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023				
Opening carrying amounts	513	6,963	9,899	17,375
Additions	609	181	—	790
Disposals	—	(715)	—	(715)
Amortization charges	(91)	(1,104)	—	(1,195)
Currency translation differences	—	—	186	186
Closing carrying amounts	1,031	5,325	10,085	16,441
At December 31, 2023 and January 1, 2024				
Cost	1,369	9,368	10,085	20,822
Accumulated amortization and impairment	(338)	(4,043)	—	(4,381)
Carrying amounts	1,031	5,325	10,085	16,441
Year ended December 31, 2024				
Opening carrying amounts	1,031	5,325	10,085	16,441
Additions	—	1,097	—	1,097
Disposals	(623)	(863)	—	(1,486)
Amortization charges	(71)	(967)	—	(1,038)
Currency translation difference	—	—	(905)	(905)
Impairment charges	—	—	(9,180)	(9,180)
Closing carrying amounts	337	4,592	—	4,929
At December 31, 2024 and January 1, 2025				
Cost	709	9,294	9,180	19,183
Accumulated amortization and impairment	(372)	(4,702)	(9,180)	(14,254)
Carrying amounts	337	4,592	—	4,929
Year ended December 31, 2025				
Opening carrying amounts	337	4,592	—	4,929
Disposals	(3)	—	—	(3)
Amortization charges	(70)	(879)	—	(949)
Closing carrying amounts	264	3,713	—	3,977
At December 31, 2025				
Cost	703	9,294	—	9,997
Accumulated amortization and impairment	(439)	(5,581)	—	(6,020)
Carrying amounts	264	3,713	—	3,977

Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
General and administrative expenses	900	219	282
Research and development expenses	295	819	667
	1,195	1,038	949

The Company

	Trademark	Software	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023			
Cost	62	11,194	11,256
Accumulated amortization and impairment	(26)	(4,396)	(4,422)
Carrying amounts	36	6,798	6,834

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	Trademark	Software	Total
	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023			
Opening carrying amounts	36	6,798	6,834
Additions	–	182	182
Disposals	–	(686)	(686)
Amortization charges	(7)	(1,086)	(1,093)
Closing carrying amounts	29	5,208	5,237
At December 31, 2023 and January 1, 2024			
Cost	62	9,222	9,284
Accumulated amortization and impairment	(33)	(4,014)	(4,047)
Carrying amounts	29	5,208	5,237
Year ended December 31, 2024			
Opening carrying amounts	29	5,208	5,237
Additions	–	1,097	1,097
Disposals	–	(863)	(863)
Amortization charges	(6)	(952)	(958)
Closing carrying amounts	23	4,490	4,513
At December 31, 2024 and January 1, 2025			
Cost	62	9,149	9,211
Accumulated amortization and impairment	(39)	(4,659)	(4,698)
Carrying amounts	23	4,490	4,513
Year ended December 31, 2025			
Opening carrying amounts	23	4,490	4,513
Amortization charges	(6)	(864)	(870)
Closing carrying amounts	17	3,626	3,643
At December 31, 2025			
Cost	62	9,149	9,211
Accumulated amortization and impairment	(45)	(5,523)	(5,568)
Carrying amounts	17	3,626	3,643

(a) Impairment Tests for Goodwill

Goodwill is not subject to amortization and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

The carrying amount of goodwill allocated to the cash generating units or group of cash generating units (“CGU” or “CGUs”) are as follows:

	Opening	Currency translation differences	Disposals	Impairment	Closing
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2025					
OASIS BEAUTY CGU (i)	–	–	–	–	–
Year ended December 31, 2024					
OASIS BEAUTY CGU (i)	10,085	(905)	–	(9,180)	–
Year ended December 31, 2023					
OASIS BEAUTY CGU (i)	9,899	186	–	–	10,085

- (i) The goodwill of OASIS BEAUTY CGU is generated from business combination of OASIS BEAUTY NZ LIMITED in 2019. Management has designated OASIS BEAUTY NZ LIMITED as OASIS BEAUTY CGU and reviews the business performance and monitors the goodwill on the CGU basis.

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Driven by the rapid development of the Company’s proprietary brands such as LYCOCELLE and FineNutri, the Company made a strategic adjustment in 2024. The management decided to concentrate the Company’s resources on the proprietary brands while reducing resource investment in the OASIS BEAUTY CGU. The management expects the scale of the OASIS BEAUTY CGU to remain stable or experience a slight decline in the future. As at December 31, 2024, according to the Management’s estimation of the recoverable amount of OASIS BEAUTY CGU, which was calculated based on its value-in-use, an impairment of RMB9,180,000 was recognized, resulting in a reduction in the carrying amount of goodwill of OASIS BEAUTY CGU to Zero.

The key assumptions used by management for value-in-use calculation for the impairment test of OASIS BEAUTY CGU goodwill as at December 31, 2023 and 2024, included:

	As at December 31,		
	2023	2024	2025
Revenue annual growth rates (A)	25%-65%	0.00%	N/A
Operating profit margin (B)	23.00%	16.40%	N/A
Perpetual annual growth rates	0.00%	0.00%	N/A
Pre-tax discount rates	10.59%	10.59%	N/A

(A) In 2023, the Company adjusted the production and sales strategies for OASIS BEAUTY CGU. Specifically, the production was shifted from being commissioned to overseas suppliers to being commissioned to domestic suppliers. Meanwhile, the Company has taken charge of developing the domestic market for these products. In the early stage of the forecast period, the sales scale was expected to recover to the pre-pandemic level with a growth rate of 65%, and a growth rate of 25% was projected to be maintained in the later stage of the forecast period.

In 2024, driven by the rapid development of the Company’s proprietary brands such as LYCOCELLE and FineNutri, the management decided to concentrate the Company’s resources on the proprietary brands while reducing resource investment in the OASIS BEAUTY CGU. The management expects the scale of the OASIS BEAUTY CGU to remain stable or experience a decline in the future. Therefore, the revenue annual growth rates were 0% for the forecast period.

In 2025, since the goodwill had been fully impaired by December 31, 2024, no impairment test was performed for the goodwill for the year ended December 31, 2025.

(B) The operating profit margin decreased significantly in 2024, since the Company would no longer invest resources in the OASIS BEAUTY CGU and would switch its business model from retail to distribution, which would lead to a decline in the operating profit margin.

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue annual growth rates	Revenue annual growth rate is estimated over the five-year forecast period. The management of the Group used a five-year period as the projection period for the cash flow forecast, which was in line with the period length used in the corresponding strategic planning and long-term budgeting purpose.
Operating profit margin	Based on past performance and management’s expectations for the future.
Perpetual annual growth rates	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are determined after making reference to long term inflation rate of the countries in which they operate. The perpetual annual growth rates remained stable which was due to the fact that the long-term inflation rates of the relevant countries were relatively stable during 2023, 2024 and 2025.
Pre-tax discount rates	Estimated by using the weighted average cost of capital (“WACC”) method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

For OASIS BEAUTY CGU, as at December 31, 2023, the recoverable amount calculated based on value-in-use calculation, exceeded the carrying amount of the tested CGU (including goodwill) of OASIS BEAUTY CGU by approximately RMB1,266,000. If the expected pre-tax discount rate had been 5% higher than management estimates as at December 31, 2023, the recoverable amount calculated would be lower than the carrying amount by approximately

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RMB511,000. The directors of the Company have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that would have resulted in a significant impairment against the goodwill of the Group. As at December 31, 2024, as impairment was fully provided against goodwill of OASIS BEAUTY CGU, no sensitivity analysis is needed.

(b) Amortisation Methods and Periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Trademark	10 years
Software	10 years

(c) Research and Development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use or sell it;
- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

19. FINANCIAL INSTRUMENTS BY CATEGORY

The detail information of financial instruments by category during the Track Record Period is as below:

Financial assets:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets measured at fair value			
Equity investment (<i>Note 3.6</i>)	<u>39,398</u>	<u>30,996</u>	<u>28,437</u>
Financial assets measured at amortised cost			
Trade receivables (<i>Note 22</i>)	120,807	130,407	86,593
Restricted cash (<i>Note 24</i>)	9,129	6,943	2,922
Cash and cash equivalents (<i>Note 24</i>)	336,326	600,138	855,982
Other receivables (<i>Note 23</i>)	96,220	113,867	128,183
	<u>562,482</u>	<u>851,355</u>	<u>1,073,680</u>

Financial liabilities:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities measured at amortised cost			
Trade payables (<i>Note 27</i>)	19,972	46,993	175,855
Accruals and other payables (excluding non-financial liabilities) (<i>Note 28</i>)	19,769	29,942	42,803
Lease liabilities (<i>Note 17</i>)	5,549	43,044	42,945
Borrowings (<i>Note 25</i>)	170,892	274,483	1,014,900
	<u>216,182</u>	<u>394,462</u>	<u>1,276,503</u>

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20. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes are related to the same authority. The net amounts of deferred tax assets and liabilities after offsetting are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Gross deferred tax assets	18,340	19,518	47,682
Offsetting against deferred tax liabilities	(2,162)	(7,251)	(6,252)
Net deferred tax assets	16,178	12,267	41,430

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities	2,162	7,252	6,256
Offsetting against deferred tax assets	(2,162)	(7,251)	(6,252)
Net deferred tax liabilities	–	1	4

The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) Deferred Tax Assets

	Impairment provisions and loss allowances	Unrealized profits	Lease liabilities	Share-based payment expenses	Tax losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023. . .	1,312	336	2,321	522	19,039	104	23,634
Credited to equity . . .	–	–	–	758	–	–	758
Credited/(debited) to profit or loss	544	(181)	(1,460)	1,330	(6,426)	141	(6,052)
At December 31, 2023.	1,856	155	861	2,610	12,613	245	18,340
At January 1, 2024. . .	1,856	155	861	2,610	12,613	245	18,340
Credited to equity . . .	–	–	–	4,835	–	–	4,835
Credited/(debited) to profit or loss	1,097	(155)	5,638	662	(11,293)	394	(3,657)
At December 31, 2024.	2,953	–	6,499	8,107	1,320	639	19,518
At January 1, 2025. . .	2,953	–	6,499	8,107	1,320	639	19,518
Debited to equity . . .	–	–	–	(3,793)	–	–	(3,793)
(Debited)/credited to profit or loss	(80)	–	(856)	29,122	(800)	4,571	31,957
At December 31, 2025.	2,873	–	5,643	33,436	520	5,210	47,682

(b) Deferred Tax Liabilities

	Depreciation	Right-of-use assets	Fair value changes	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	1,296	2,288	–	3,584
(Credited)/debited to profit or loss . . .	(318)	(1,460)	356	(1,422)
At December 31, 2023	978	828	356	2,162
At January 1, 2024	978	828	356	2,162
(Credited)/debited to profit or loss . . .	(318)	5,427	(19)	5,090
At December 31, 2024	660	6,255	337	7,252

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	Depreciation	Right-of-use assets	Fair value changes	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025	660	6,255	337	7,252
(Credited)/debited to profit or loss . . .	(306)	(873)	183	(996)
At December 31, 2025	354	5,382	520	6,256

(c) Deferred Tax Assets Not Recognized

The Group has not recognized deferred tax assets in respect of the items below, which were incurred by certain subsidiaries that were not likely to generate taxable profit:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	23,775	30,481	34,085
Deductible temporary differences	9,643	6,732	9,599
	33,418	37,213	43,684

The tax losses not recognized deferred tax assets can be carried forward in future years. As at December 31, 2023, 2024 and 2025, the following table shows unused tax losses based on its expected expiry year:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2024	29	29	29
2025	809	809	809
2026	7,853	6,113	6,113
2027	7,183	5,756	5,756
2028	7,901	4,769	4,767
2029	—	13,005	7,878
2030	—	—	8,733
	23,775	30,481	34,085

The Company

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Gross deferred tax assets	10,338	17,181	40,165
Offsetting against deferred tax liabilities	(2,083)	(7,140)	(5,612)
Net deferred tax assets	8,255	10,041	34,553

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities	2,083	7,140	5,612
Offsetting against deferred tax assets	(2,083)	(7,140)	(5,612)
Net deferred tax liabilities	—	—	—

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The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) **Deferred Tax Assets**

	Impairment provisions and loss allowances	Lease liabilities	Share-based payment expenses	Tax losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	1,039	2,298	522	6,189	11	10,059
Credited to equity	–	–	758	–	–	758
Credited/(debited) to profit or loss	443	(1,509)	1,330	(783)	40	(479)
At December 31, 2023	1,482	789	2,610	5,406	51	10,338
At January 1, 2024	1,482	789	2,610	5,406	51	10,338
Credited to equity	–	–	4,835	–	–	4,835
Credited/(debited) to profit or loss	1,121	5,604	662	(5,406)	27	2,008
At December 31, 2024	2,603	6,393	8,107	–	78	17,181
At January 1, 2025	2,603	6,393	8,107	–	78	17,181
Debited to equity	–	–	(3,793)	–	–	(3,793)
(Debited)/credited to profit or loss	(964)	(1,407)	29,122	–	26	26,777
At December 31, 2025	1,639	4,986	33,436	–	104	40,165

(b) **Deferred Tax Liabilities**

	Depreciation	Right-of-use assets	Fair value changes	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	1,296	2,259	–	3,555
(Credited)/debited to profit or loss . . .	(318)	(1,510)	356	(1,472)
At December 31, 2023	978	749	356	2,083
At January 1, 2024	978	749	356	2,083
(Credited)/debited to profit or loss . . .	(318)	5,394	(19)	5,057
At December 31, 2024	660	6,143	337	7,140
At January 1, 2025	660	6,143	337	7,140
(Credited)/debited to profit or loss . . .	(306)	(1,406)	184	(1,528)
At December 31, 2025	354	4,737	521	5,612

21. INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finished goods	260,012	156,347	340,529
Goods in transit	57,183	62,295	65,427
Consigned materials for processing	7,971	12,541	62,283
	325,166	231,183	468,239
Less: provision for impairment	(6,586)	(5,469)	(6,442)
	318,580	225,714	461,797

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finished goods	108,567	75,129	77,416
Goods in transit	37,194	34,683	31,628
	<u>145,761</u>	<u>109,812</u>	<u>109,044</u>
Less: provision for impairment	(2,201)	(2,340)	(413)
	<u>143,560</u>	<u>107,472</u>	<u>108,631</u>

22. TRADE RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	127,629	137,532	91,453
Less: credit loss allowance	(6,822)	(7,125)	(4,860)
	<u>120,807</u>	<u>130,407</u>	<u>86,593</u>

Credit terms granted to our customers vary by customer type. We generally do not grant any credit terms to end consumers and require prepayments from retailers. For e-commerce platforms and key accounts, we generally grant a credit term of 5 to 90 days. For certain customers, we may extend longer credit terms to 120 days. The aging analysis of trade receivables based on the date of revenue recognition is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Up to 1 year	126,772	136,587	91,136
1 to 2 years	299	624	14
2 to 3 years	269	299	—
Over 3 years	289	22	303
	<u>127,629</u>	<u>137,532</u>	<u>91,453</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	91,112	377,365	718,416
Less: credit loss allowance	(3,628)	(5,493)	(3,708)
	<u>87,484</u>	<u>371,872</u>	<u>714,708</u>

The aging analysis of trade receivables based on the date of revenue recognition is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Up to 1 year	87,794	376,674	718,416
1 to 2 years	1,176	262	—
2 to 3 years	2,142	1	—
Over 3 years	—	428	—
	<u>91,112</u>	<u>377,365</u>	<u>718,416</u>

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23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current prepayments:	137,146	102,601	234,345
Other receivables:			
Rebates	52,081	76,736	74,071
Advance on behalf of clients	36,003	33,630	42,154
Deposits	14,340	14,135	19,602
Others	1,406	2,394	3,486
	240,976	229,496	373,658
Less: provision for impairment	(7,610)	(13,028)	(11,130)
	233,366	216,468	362,528
Other current assets:			
Deductible input VAT	15,614	5,356	31,640
Prepaid corporate income tax	3,264	118	880
Expected returns (Note 26)	2,398	3,479	3,333
[REDACTED] to be capitalized	[REDACTED]	[REDACTED]	[REDACTED]
	21,276	8,953	54,102
Non-current prepayments:			
Prepayments for non-current assets	1,097	515	785

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current prepayments:	108,020	63,163	51,842
Other receivables:			
Due from subsidiaries	349,883	182,003	419,308
Dividend receivables	–	25,000	118,000
Advance on behalf of clients	27,616	25,461	41,640
Rebates	17,312	54,613	41,518
Deposits	7,474	6,983	11,927
Others	744	728	3,158
	511,049	357,951	687,393
Less: provision for impairment	(4,049)	(9,519)	(6,805)
	507,000	348,432	680,588
Other current assets:			
Deductible input VAT	2,209	–	17,474
Expected returns (Note 26)	1,250	1,644	1,337
[REDACTED] to be capitalized	[REDACTED]	[REDACTED]	[REDACTED]
	3,459	1,644	37,060
Non-current prepayments:			
Prepayments for non-current assets	1,097	515	615

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24. CASH AND CASH EQUIVALENTS, RESTRICTED CASH

(a) Cash and Cash Equivalents

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	345,455	607,081	858,904
Less: restricted cash (i)	(9,129)	(6,943)	(2,922)
Cash and cash equivalents	336,326	600,138	855,982

- (i) As at December 31, 2023, the Group’s bank balances amounting to RMB6,765,000 were deposited as a guarantee for store operation; and RMB2,364,000 were temporarily frozen by the bank because the Company’s address information was not verified with the bank in a timely manner.

As at December 31, 2024, the Group’s bank balances amounting to RMB6,443,000 were deposited as a guarantee for store operation; and RMB500,000 were temporarily frozen by the bank because the Company’s address information was not verified with the bank in a timely manner.

As at December 31, 2025, the Group’s bank balances amounting to RMB1,921,000 were deposited as a guarantee for store operation; and RMB1,001,000 were temporarily frozen by the bank because the Company’s address information was not verified with the bank in a timely manner.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	104,873	160,090	158,351
Less: restricted cash	(552)	(142)	(229)
Cash and cash equivalents	104,321	159,948	158,122

(b) Cash and Bank Balances are denominated in:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
RMB	108,315	273,613	556,112
USD	194,577	285,353	151,972
EUR	1,022	960	56,719
HKD	4,713	23,056	44,233
AUD	1,780	1,108	1,214
JPY	22,745	12,151	38,009
SGD	168	166	170
NZD	12,039	10,179	9,965
GBP	—	409	425
KRW	96	86	85
	345,455	607,081	858,904

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25. BORROWINGS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Secured			
Bank loans	170,358	274,121	50,407
Unsecured			
Bank loans	—	—	964,062
Interest payables	534	362	431
Less: current-portion for long-term borrowings	—	—	(36,190)
Less: short-term borrowings	(170,892)	(274,483)	(663,710)
	<u>—</u>	<u>—</u>	<u>315,000</u>

As at December 31, 2023, 2024 and 2025, the Group’s borrowings were repayable as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	170,892	274,483	699,900
Between 1 and 2 years	—	—	36,000
Between 2 and 5 years	—	—	279,000
	<u>170,892</u>	<u>274,483</u>	<u>1,014,900</u>

- (a) As at December 31, 2023, 2024 and 2025, the annual interest rate of short-term borrowings was ranged from 1.55% to 3.50%, 0.20% to 3.20% and 0.54% to 2.80%, respectively.

As at December 31, 2025, the annual interest rate of long-term borrowings was 1.95%.

- (b) As at December 31, 2023, secured bank loans mainly included: (i) borrowings with a principal equivalent to approximately RMB170,358,000 guaranteed by Wang Yu and Wang Wenhui (Note 36 (c)).

As at December 31, 2024, secured bank loans mainly included: (i) borrowings with a principal equivalent to approximately RMB199,900,000 guaranteed by Wang Yu and Wang Wenhui (Note 36 (c)); (ii) borrowings with a principal equivalent to approximately RMB10,000,000 guaranteed by Wang Yu (Note 36 (c)); (iii) borrowings with a principal equivalent to approximately RMB25,154,000 guaranteed by Wang Yu, Wang Wenhui and the Company (Note 36 (c)); (iv) borrowings with a principal equivalent to approximately RMB39,067,000 guaranteed by the Company.

As at December 31, 2025, secured bank loans mainly included: (i) borrowings with a principal equivalent to approximately RMB50,407,000 guaranteed by the Company.

All the guarantee provided by the ultimate controlling persons was released in August, 2025.

- (c) **Fair value**

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either the interest payable on those borrowings is close to current market rates, or the borrowings are of a short-term nature.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Secured			
Bank loans	110,900	209,900	—
Unsecured			
Bank loans	—	—	964,062
Interest payables	506	346	404
Less: current-portion for long-term borrowings	—	—	(36,190)

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Less: short-term borrowings	(111,406)	(210,246)	(613,276)
	<u>—</u>	<u>—</u>	<u>315,000</u>

26. PROVISIONS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Provisions for refund liabilities (i)	<u>4,412</u>	<u>5,945</u>	<u>8,173</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Provisions for refund liabilities (i)	<u>1,591</u>	<u>2,166</u>	<u>2,034</u>

- (i) The Group and the Company recognise refund liabilities for the amount of consideration received for which it does not expect to be entitled. The Group and the Company also recognise a right to the goods expected to be returned measured by reference to the former carrying amount of the goods. The costs to recover the products are not material because the customers usually need to return the product in a saleable condition.

27. TRADE PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	<u>19,972</u>	<u>46,993</u>	<u>175,855</u>

The aging analysis of the trade payables based on the invoice date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	19,929	46,690	175,057
Over 1 year	<u>43</u>	<u>303</u>	<u>798</u>
	<u>19,972</u>	<u>46,993</u>	<u>175,855</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	<u>9,609</u>	<u>64,696</u>	<u>221,628</u>

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The aging analysis of the trade payables based on the invoice date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	9,574	64,696	170,406
Over 1 year	35	–	51,222
	<u>9,609</u>	<u>64,696</u>	<u>221,628</u>

28. ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages and benefits	21,858	23,366	42,606
Deposits payables	6,162	2,934	1,962
Payment on behalf of clients	11,631	22,440	39,270
Taxes other than income tax payables	2,038	13,427	81,226
[REDACTED] payable	[REDACTED]	[REDACTED]	[REDACTED]
Others	1,976	4,568	986
	<u>43,665</u>	<u>66,735</u>	<u>166,635</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due to subsidiaries	226,193	270,379	382,641
Salaries, wages and benefits	14,413	15,672	22,379
Deposits payables	602	467	98
Payment on behalf of clients	7,336	7,231	12,200
Taxes other than income tax payables	661	7,499	67,208
[REDACTED] payable	[REDACTED]	[REDACTED]	[REDACTED]
Others	1,353	4,325	615
	<u>250,558</u>	<u>305,573</u>	<u>485,726</u>

29. SHARE CAPITAL

The Group and The Company

	Year ended December 31,					
	2023		2024		2025	
	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares
	'000	'000	'000	'000	'000	'000
At the beginning of the year	121,700	121,700	122,329	122,329	164,031	164,031
Shares issued under share schemes . . .	629	629	1,878	1,878	3,515	3,515
Conversion of capital reserve into share capital (i)	–	–	45,837	45,837	152,332	152,332
Cancellation of shares repurchased (ii) .	–	–	(6,013)	(6,013)	(8,819)	(8,819)
At the end of the year	<u>122,329</u>	<u>122,329</u>	<u>164,031</u>	<u>164,031</u>	<u>311,059</u>	<u>311,059</u>

- (i) The Proposal on the 2023 Annual Profit Distribution and Capital Reserve Conversion into Share Capital was approved at the 2023 Annual General Meeting of Shareholders on May 28, 2024. It was agreed that the Company would take 114,591,000 shares as the base, which is derived from deducting 7,738,000 shares held in the Company's share repurchase special securities account as of the date of disclosure of the profit distribution proposal from the total share capital of 122,329,000 shares of the Company as of the end of 2023. The Company will convert capital reserve into share capital for all shareholders at a ratio of 4 shares for every 10 existing shares, with a total of 45,837,000 shares to be converted and issued.

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The *Proposal on the 2024 Annual Profit Distribution and Capital Reserve Conversion into Share Capital* was approved at the 2024 Annual General Meeting of Shareholders on May 22, 2025. It was agreed that the Company would take 158,644,000 shares as the base, which is derived from deducting 5,387,000 shares held in the Company’s share repurchase special securities account as of the date of disclosure of the profit distribution proposal from the total share capital of 164,031,000 shares of the Company as of the end of 2024. The Company will convert capital reserve into share capital for all shareholders at a ratio of 4 shares for every 10 existing shares, with a total of 63,457,000 shares to be converted and issued.

The *Proposal on the 2025 Interim Profit Distribution and Capital Reserve Conversion into Share Capital* was approved at the Third Extraordinary General Meeting of 2025 on September 4, 2025. It was agreed that the Company would take 222,185,000 shares as the base, to convert capital reserve into share capital for all shareholders at a ratio of 4 shares for every 10 existing shares, with a total of 88,875,000 shares to be converted and issued.

- (ii) Pursuant to the resolutions of the 26th Meeting of the third Session of the Board of Directors and the resolutions of the Third Extraordinary General Meeting of Shareholders of 2024, the purpose of the 6,013,000 shares held in the special securities account for share repurchase was changed to “for cancellation and corresponding reduction of registered capital”. The Company canceled 6,013,000 treasury shares, with a simultaneous reduction of RMB6,013,000 in share capital and RMB82,384,000 in capital surplus.

Pursuant to the resolutions of the 6th Meeting of the fourth Session of the Board of Directors and the resolutions of the second Extraordinary General Meeting of Shareholders of 2025, the purpose of the 8,819,000 shares held in the special securities account for share repurchase was changed to “for cancellation and corresponding reduction of registered capital”. The Company canceled 8,819,000 treasury shares, with a simultaneous reduction of RMB8,819,000 in share capital and RMB288,178,000 in capital surplus.

30. RETAINED EARNINGS

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	327,689	350,155	414,456
Profit for the year	54,290	105,636	194,401
Appropriations to statutory reserves	(1,523)	(6,958)	(19,304)
Dividends declared	(30,301)	(34,377)	(145,975)
At the end of the year	<u>350,155</u>	<u>414,456</u>	<u>443,578</u>

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	105,140	88,554	116,791
Profit for the year	15,238	69,572	193,042
Appropriations to statutory reserves	(1,523)	(6,958)	(19,304)
Dividends declared	(30,301)	(34,377)	(145,975)
At the end of the year	<u>88,554</u>	<u>116,791</u>	<u>144,554</u>

31. OTHER RESERVES

The Group

	Share premium	Other reserves	Statutory reserves	Other comprehensive income/(loss)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023	611,421	2,777	17,246	(84)	631,360
Currency translation differences	—	—	—	232	232
Share-based payment scheme:					
– Exercise of share schemes	7,615	—	—	—	7,615
– Share-based compensation expenses	—	11,522	—	—	11,522
– Others	3,130	(2,372)	—	—	758
Appropriations to statutory reserves	—	—	1,523	—	1,523
Balance at December 31, 2023	<u>622,166</u>	<u>11,927</u>	<u>18,769</u>	<u>148</u>	<u>653,010</u>

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	Share premium	Other reserves	Statutory reserves	Other comprehensive income/(loss)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2024	622,166	11,927	18,769	148	653,010
Currency translation differences	—	—	—	3,292	3,292
Share-based payment scheme:					
– Exercise of share schemes	15,310	—	—	—	15,310
– Share-based compensation expenses	—	10,142	—	—	10,142
– Others	10,780	(5,945)	—	—	4,835
Appropriations to statutory reserves	—	—	6,958	—	6,958
Conversion of capital reserve into share capital	(45,837)	—	—	—	(45,837)
Cancellation of shares repurchased	(82,384)	—	—	—	(82,384)
Balance at December 31, 2024	520,035	16,124	25,727	3,440	565,326
Balance at January 1, 2025	520,035	16,124	25,727	3,440	565,326
Currency translation differences	—	—	—	(89)	(89)
Share-based payment scheme:					
– Exercise of share schemes	18,215	—	—	—	18,215
– Share-based compensation expenses	—	6,072	—	—	6,072
– Others	10,407	(14,200)	—	—	(3,793)
Appropriations to statutory reserves	—	—	19,304	—	19,304
Conversion of capital reserve into share capital	(152,332)	—	—	—	(152,332)
Cancellation of shares repurchased	(288,178)	—	—	—	(288,178)
Balance at December 31, 2025	108,147	7,996	45,031	3,351	164,525

The Company

	Share premium	Other reserves	Statutory reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023	608,753	2,777	17,246	628,776
Share-based payment scheme:				
– Exercise of share schemes	7,615	—	—	7,615
– Share-based compensation expenses	—	11,522	—	11,522
– Others	3,130	(2,372)	—	758
Appropriations to statutory reserves	—	—	1,523	1,523
Balance at December 31, 2023	619,498	11,927	18,769	650,194
Balance at January 1, 2024	619,498	11,927	18,769	650,194
Share-based payment scheme:				
– Exercise of share schemes	15,310	—	—	15,310
– Share-based compensation expenses	—	10,142	—	10,142
– Others	10,780	(5,945)	—	4,835
Appropriations to statutory reserves	—	—	6,958	6,958
Conversion of capital reserve into share capital	(45,837)	—	—	(45,837)
Cancellation of shares repurchased	(82,384)	—	—	(82,384)
Balance at December 31, 2024	517,367	16,124	25,727	559,218
Balance at January 1, 2025	517,367	16,124	25,727	559,218
Share-based payment scheme:				
– Exercise of share schemes	18,215	—	—	18,215
– Share-based compensation expenses	—	6,072	—	6,072
– Others	10,407	(14,200)	—	(3,793)
Appropriations to statutory reserves	—	—	19,304	19,304

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	Share premium	Other reserves	Statutory reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Conversion of capital reserve into share capital	(152,332)	—	—	(152,332)
Cancellation of shares repurchased	(288,178)	—	—	(288,178)
Balance at December 31, 2025	105,479	7,996	45,031	158,506

32. TREASURY SHARES

The Group and The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	2,124	28,399	39,621
Repurchase of shares	26,275	99,619	457,378
Cancellation of shares repurchased	—	(88,397)	(296,997)
At the end of the year	28,399	39,621	200,002

33. EQUITY INCENTIVE PLAN

Pursuant to the 2022 Equity Incentive Plan approved at the 3rd Extraordinary General Meeting of Shareholders on June 13, 2022, the Company granted 7,150,000 share options to 145 incentive participants, which is the initial grant portion, and 1,780,000 share options was reserved for future grant. The grant date was July 15, 2022, and the exercise price was RMB13.39 per share. Under the 2022 Equity Incentive Plan, the share options are vested based on the service conditions and performance conditions.

The share options shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal:

Vesting date	Vesting portion	Vesting condition
The first anniversary from the vesting commencement date	10%	The net profit for 2022 of the Company shall not be less than RMB30 million
The second anniversary from the vesting commencement date	20%	The net profit for 2023 of the Company shall not be less than RMB60 million
The third anniversary from the vesting commencement date	30%	The net profit for 2024 of the Company shall not be less than RMB120 million
The fourth anniversary from the vesting commencement date	40%	The net profit for 2025 of the Company shall not be less than RMB180 million

Pursuant to the 17th meeting of the third session of the Board of the Company on June 6, 2023, the Company granted 1,755,000 share options to 83 incentive participants which was reserved in 2022 under the 2022 Equity Incentive Plan. The grant date was June 6, 2023, and the exercise price was RMB13.14 per share (the exercise price of the options granted in 2022 was also adjusted from RMB13.39 per share to RMB13.14 per share). Under the 2022 Equity Incentive Plan, the share options are vested based on the service conditions and performance conditions.

The share options granted in 2023 shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal:

Vesting date	Vesting portion	Vesting condition
The first anniversary from the vesting commencement date	20%	The net profit for 2023 of the Company shall not be less than RMB60 million
The second anniversary from the vesting commencement date	30%	The net profit for 2024 of the Company shall not be less than RMB120 million
The third anniversary from the vesting commencement date	50%	The net profit for 2025 of the Company shall not be less than RMB180 million

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The number of share options granted to the Group’s incentive participants is summarized as follows:

	Year ended December 31,		
	2023	2024	2025
	'000	'000	'000
At the beginning of the year	6,655	7,087	6,705
The impact of capital conversion (<i>Note 29</i>)	—	2,835	4,733
Granted	1,755	—	—
Exercised	(630)	(1,877)	(3,515)
Lapsed	(693)	(1,340)	(750)
At the end of the year	7,087	6,705	7,173

The weighted average remaining contractual life of the share options outstanding as at December 31, 2023, 2024 and 2025 was 2 years, 1 year and nil, respectively.

The fair value of the share options at grant date was independently determined using the Black-Scholes model by an independent qualified valuer. The significant inputs used in valuations were listed as below:

	2022 Equity Incentive Plan	2022 Equity Incentive Plan-reserved portion
Expected price volatility	21.10% to 23.37%	24.44%
Expected option life (year)	1 to 4 years	1 to 3 years
Risk free interest rate	1.88% to 2.40%	1.92% to 2.23%
Spot price of ordinary shares (RMB).	15.09	23.50

The volatility factor estimated was based on the historical daily share price volatility of the comparable companies for the period close to the expected time to exercise. The risk-free interest rate was referred to the market yield of government bond with similar issuing dates and maturity dates as of the respective grant dates.

The inputs listed above represent distinct key valuation parameters applied when separately recognizing tranches of a single-grant, multi-tranche equity incentive plan under phased vesting arrangements.

The total expenses arising from share-based payments during the Track Record Period are recorded as part of employee benefit expenses (*Note 9*).

34. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of Profit Before Income Tax to Net Cash Generated from Operations:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before income tax for the year	56,705	128,079	225,789
Adjustments for:			
Interest income	(7,160)	(12,103)	(11,173)
Finance cost	2,189	4,612	15,266
Depreciation and amortization of non-current assets	21,683	22,902	27,885
Net losses on disposal of property, plant and equipment and other long-term assets	743	683	234
Net gains on disposal of interest in associates	—	(188)	(2,272)
Net impairment losses/(reversals) on financial assets	4,980	6,284	(4,163)
Impairment provision for inventories and other non-current assets	1,379	8,062	973
Share of profit of associates, net	(276)	(1,218)	(621)
Fair value changes on financial instruments	(154)	5,402	1,095
Net foreign exchange differences	(8,137)	(6,208)	25,014
Share-based compensation expenses	11,522	10,142	6,072
Net gains on financial instruments	(2,121)	(64)	(841)
Change in working capital:			
(Increase)/Decrease in receivables	(66,835)	17,022	(121,898)
Increase in payables	13,544	47,553	241,405
(Increase)/Decrease in inventories	(126,424)	93,983	(237,056)
Cash (used in)/generated from operations	(98,362)	324,943	165,709

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(b) Non-Cash Activities

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Additions of right-of-use assets by way of leasing liabilities	413	44,566	11,253

(c) Net Debt Reconciliation

	Bank borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023	46,365	15,412	61,777
Financing cash flows	124,038	(7,830)	116,208
Interest paid	(1,352)	(348)	(1,700)
Interest accrued	1,841	348	2,189
Other non-cash movements	–	(2,033)	(2,033)
At December 31, 2023	170,892	5,549	176,441
At January 1, 2024	170,892	5,549	176,441
Financing cash flows	103,763	(7,643)	96,120
Interest paid	(3,990)	(794)	(4,784)
Interest accrued	3,818	794	4,612
Other non-cash movements	–	45,138	45,138
At December 31, 2024	274,483	43,044	317,527
At January 1, 2025	274,483	43,044	317,527
Financing cash flows	740,159	(12,509)	727,650
Interest paid	(13,284)	(1,724)	(15,008)
Interest accrued	13,542	1,724	15,266
Other non-cash movements	–	12,410	12,410
At December 31, 2025	1,014,900	42,945	1,057,845

35. CONTINGENCIES AND COMMITMENTS

35.1 Contingencies

The Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As at December 31, 2023, 2024 and 2025, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the Historical Financial Information.

35.2 Capital Commitments

As at December 31, 2023, 2024 and 2025, the Group did not have any material capital commitments.

36. RELATED PARTY TRANSACTIONS

(a) The ultimate controlling persons

The ultimate controlling persons of the Group are Mr. Wang Yu and Ms. Wang Wenhui.

(b) Names and Relationship with Related Parties

Related parties are those parties that have the ability, directly and indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control and common joint control in the controlling shareholder’s families. Members of key management and their close family member of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the years ended December 31, 2023, 2024 and 2025:

Name of the related parties	Relationship with the Group
Xiangmei Biotechnology (Beijing) Co., Ltd. (樣美生物科技(北京)有限公司)	An associate of the Group

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Name of the related parties	Relationship with the Group
Hangzhou Pure Pet Food Group Co., Ltd. (杭州純真寵物食品集團有限公司)	An associate of the Group
Guangzhou Meishen Biotechnology Co., Ltd. (廣州美神生物科技有限公司)	An associate of the Group
Langzi Co., Ltd. (朗姿股份有限公司)	A shareholder of the Company
Tianjin Yayi Biotechnology Limited Partnership (天津雅藝生物科技合夥企業(有限合夥))	A shareholder of the Company An entity controlled by the ultimate controlling persons
Guangzhou Mofan E-commerce Co., Ltd. (廣州市魔範電子商務有限公司)	An associate of the Group
Yutai (Shanghai) Biotechnology Co., Ltd. (予態(上海)生物科技有限公司)	An associate of the Group
Hangzhou Liemeng Program Brand Management Co., Ltd. (i) (杭州獵夢程式品牌管理有限公司)	An associate of the Group
Hangzhou Baixi Brand Management Co., Ltd. (ii) (杭州白惜品牌管理有限公司)	An associate of the Group

- (i) The Company obtained 10% interest of Hangzhou Liemeng Program Brand Management Co., Ltd in August, 2023, and disposed all the interest in August, 2024.
- (ii) The Company obtained 20.58% interest of Hangzhou Baixi Brand Management Co., Ltd in April, 2024, and disposed all the interest in March, 2025.

The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. In addition to those disclosed elsewhere in the Historical Financial Information, the Group has the following transactions with related parties:

(c) Material Transactions with Related Parties

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Purchase of goods and services:			
Associates of the Group	20,480	117,550	246,234
	<u>20,480</u>	<u>117,550</u>	<u>246,234</u>
	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of goods and rendering of services:			
Associates of the Group	894	1,531	261
A shareholder of the Company	620	–	–
	<u>1,514</u>	<u>1,531</u>	<u>261</u>
	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Guarantee provided by the ultimate controlling persons:			
Bank borrowings	170,892	274,483	–
	<u>170,892</u>	<u>274,483</u>	<u>–</u>

All the guarantee provided by the ultimate controlling persons was released in August, 2025.

(d) Balance with Related Parties

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables:			
Associates of the Group	187	48	–

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Less: credit loss allowance	(9)	(2)	—
	<u>178</u>	<u>46</u>	<u>—</u>

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables:			
Associates of the Group	258	—	—
	<u>—</u>	<u>—</u>	<u>—</u>

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayments and other receivables:			
Associates of the Group	—	1,500	—
Less: credit loss allowance	—	(75)	—
	<u>—</u>	<u>1,425</u>	<u>—</u>

All the balances with the related parties are trade in natures.

(e) Key Management Compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company’s directors and supervisors as disclosed in Note 9(a), was as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	300	301	300
Salaries, wages and bonuses	4,369	4,875	5,110
Share-based compensation expenses	1,230	1,473	984
Pension costs, housing fund, medical insurance and other social benefits	239	353	394
	<u>6,138</u>	<u>7,002</u>	<u>6,788</u>

As at December 31, 2023, 2024 and 2025, approximately RMB1,065,000, RMB918,000 and RMB520,000 of payroll payables which were unpaid as at period end were included in other payables and accruals.

37. EVENTS AFTER THE REPORTING PERIOD

On March 24, 2026, a final dividend in respect of the year ended December 31, 2025 of RMB3.00 per 10 shares (tax inclusive) has been proposed by the Board of Directors. On April 14, 2026, the proposed final dividend in respect of 2025 was approved by the Shareholders’ meeting. These financial statements do not reflect this dividend payable as it was not approved as at the balance sheet date.

In April 2026, the Group entered into share purchase agreements with Bespoke Global LP, to acquire its 100% of the equity interests in Bespoke Holding Corporation and Erno Laszlo Group Ltd (including their respective wholly-owned subsidiaries, collectively referred to as the “Target Companies”). The acquisition consideration of the transaction is approximately RMB299 million and the acquisition has been closed on April 13, 2026, after which, the financial results of the Target Companies are consolidated into the financial statements of the Group.

Except for the events mentioned above, the Group had no significant subsequent events after December 31, 2025 and up to the date of this report.

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38. SUMMARY OF OTHER ACCOUNTING POLICIES

(1) Principles of Consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- the size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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 of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group’s and the non-controlling interests’ proportionate interests.

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 owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and 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 and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IFRS 9* or, when applicable, the cost on initial recognition of an investment in an associate.

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(2) Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group like transactions and events in similar circumstances, unless allowed by other standards. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. When the Group’s share of losses of an associate exceeds the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group’s historical financial information only to the extent of interests in the associate that are not related to the Group.

The investments in associates are stated at cost less impairment in the consolidated statement of financial position. The results of associates are accounted for by the Group on the basis of dividends received and receivable.

Changes in the Group’s interests in associates

When the Group reduces its ownership interests in an associate but the Group continues to use the equity method (including situations that change of ownership interest in an associate due to capital increase of other shareholders to the associate), the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interests if that gain or loss would have been reclassified to profit or loss on the disposal of the related assets or liabilities.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

(3) Business Combinations

Business Combination not Under Common Controls

The acquisition method of accounting is used to account for all business combinations (except for the business combinations under common controls), regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group

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- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

(4) Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee’s net assets including goodwill.

(5) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is also the Company’s functional and the Group’s presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within other gains/(losses), net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

(iii) Group Companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group’s entities are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss of the Group’s entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

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On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(6) Property, Plant and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress mainly represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

(7) Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(8) Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Intellectual properties

Separately acquired intellectual properties are shown at historical cost. Intellectual properties acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

Software

Purchased software is stated at cost less any impairment losses and amortized on the straight-line basis over its estimated useful life.

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(9) Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

(ii) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses), net in the period in which it arises.
- FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable.

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(iv) *Impairment of Financial Assets*

The Group recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Details, please refer to credit risks in Note 3.2.

(10) **Financial Liabilities**

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at FVPL at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortized cost, including trade and note payables, other payables and accruals, borrowings and customer deposit. Such financial liabilities are initially recognized at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognized in profit or loss for the current period.

(11) **Inventories**

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost of inventories are determined on the first-in first-out method. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) **Trade Receivables**

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.2 for a description of the Group’s impairment policies.

(13) **Cash and Cash Equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(14) **Share Capital and Capital Reserve**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(15) **Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(16) **Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

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Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(17) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

(18) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(19) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Housing Funds, Medical Insurances and Other Social Insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iii) Post-Employment Benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group’s defined contribution plans mainly include basic pensions and unemployment insurance, while the defined benefit plans are certain overseas subsidiaries provide supplemental retirement benefits beyond the national regulatory insurance system.

(iv) Basic Pensions

The Group’s employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

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(20) Share-Based Payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each date of the end of the reporting period during the pending period. For details see Note 33.

No expense is recognized for awards that do not ultimately vest due to non-fulfillment of non-market conditions and/or vesting conditions. For the market or non-vesting condition under the share-based payments agreement, it should be treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that other performance condition and/or vesting conditions are satisfied.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument granted or is otherwise beneficial to the employee as measured at the date of modification.

(21) Dividend Distribution

Dividend distribution to the shareholders is recognized as a liability in the Historical Financial Information in the period in which the dividends are approved by the entities’ shareholders or directors, where appropriate.

(22) Interest Income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income from financial instruments is calculated by effective interest method and recognized in profit or loss for the current period. Interest income comprises premiums or discounts, or the amortization based on effective rates of other difference between the initial carrying amount and the due amount of interest-earning assets.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and the interest income or interest costs based on effective rates. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the financial instruments or applicable shorter period are discounted to the current carrying amount of the financial instruments. When calculating the effective interest rate, the Group estimates cash flows by considering all contractual terms of the financial instrument (e.g., early repayment options, similar options, etc.), but without considering future credit losses. The calculation includes all fees and interest paid or received that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income from impaired financial assets is calculated at the interest rate that is used for discounting estimated future cash flow when measuring the impairment loss.

(23) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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(24) Government Grant

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(25) Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable on the current period’s taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognized due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modification, that are not subject to initial recognition exemption are recognized on the date of remeasurement or modification.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

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(26) Leases

(i) Definition of a Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(ii) The Group as a Lessee

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Right-of-Use Assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, 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.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Land leases are also in the scope of IFRS 16. The Group recognizes any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

Refundable rental deposits paid are account under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease Liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

APPENDIX I

ACCOUNTANTS’ REPORT

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

(iii) *The Group as a Lessor*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term.

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

(27) **Related party**

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the ‘reporting entity’).

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - (i) has control or joint control of the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate of the other entity (or a associate of a member of a group of which the other entity is a member).
 - (iii) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (iv) The entity is controlled or jointly controlled by a person identified in (a).
 - (v) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (vi) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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ACCOUNTANTS’ REPORT

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2025 and up to the date of this report.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

ISSUANCE OF SHARES

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. Any unit or individual subscribing for shares shall pay the same price for each share.

INCREASE AND DECREASE OF CAPITAL AND REPURCHASE OF SHARES

Increase of Capital

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the share capital by the following ways upon approval of resolutions at the Shareholders’ meetings:

- (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 stipulated in laws, administrative regulations and by the securities regulatory authorities and stock exchanges of the places where the Company’s shares are listed.

Decrease of Capital

The Company may decrease the registered share capital. The Company shall comply with the procedures stipulated in the Company Law and other relevant regulations, and the Articles of Association for decreasing its registered capital.

When the Company reduces its registered capital, it shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days from the date of the approval of the resolution on reduction of the registered capital at the shareholders’ meeting, and shall publish an announcement within 30 days on the Company’s designated public information disclosure newspapers or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) and the HKEXnews website (www.hkexnews.hk). Creditors shall have the right to demand the Company to repay its debts or provide corresponding guarantees within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if no notice was received. When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the shares held by the shareholders, unless otherwise provided by law or these Articles of Association.

Repurchase of Shares

The Company shall not acquire its own shares, except under any of the following circumstances:

- (I) reducing the Company’s registered capital;
- (II) merging with other companies which hold the Company’s shares;
- (III) using the shares for an employee stock ownership plan or equity incentive;

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SUMMARY OF ARTICLES OF ASSOCIATION

- (IV) purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders’ meeting upon their request;
- (V) using the shares for conversion of convertible corporate bonds issued by the Company;
- (VI) necessary for the Company to maintain its value and protect the interests of the Shareholders.

The Company may acquire its own shares through open centralized trading, or other methods recognized by laws, administrative regulations, the securities regulatory authorities and stock exchanges of the places where the Company’s shares are listed.

The Company shall acquire its own shares through open centralized trading under the circumstances stipulated in items (III), (V) and (VI) of the first paragraph of Article 25 of these Articles of Association.

A resolution shall be passed at the Shareholders’ meeting when the Company is to acquire its own shares under the circumstances (I) and (II) set out in the first paragraph of Article 25 of these Articles of Association. In case of the circumstances stipulated in items (III), (V) and (VI) of the first paragraph of Article 25, the Company may, in accordance with the provisions of these Articles of Association or the authorization of the Shareholders’ meeting, and in compliance with the applicable securities regulatory rules of the place where the Company’s shares are listed, pass a resolution at a Board meeting attended by more than two-thirds of the Directors.

After the Company has acquired its own shares in accordance with the provisions of the first paragraph of Article 25, subject to the applicable securities regulatory rules of the place where the Company’s shares are listed, if it falls under circumstance (I), the acquired shares shall be cancelled within 10 days from the date of acquisition; if it falls under circumstances (II) or (IV), the acquired shares shall be transferred or cancelled within 6 months; if it falls under circumstances (III), (V), or (VI), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or cancelled within 3 years.

When the Company acquires its own shares, it shall fulfill its information disclosure obligations in accordance with the Securities Law and the securities regulatory rules of the place where the Company’s shares are listed.

Transfer of Shares

Shares of the Company shall be transferred in accordance with the laws. All transfers of H shares shall be effected by an instrument of transfer in common or ordinary form or in any other form acceptable to the Board (including the standard transfer form or transfer table as may be prescribed by the Hong Kong Stock Exchange from time to time); and such instrument of transfer may only be executed by hand or by affixing the valid seal of the Company (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house (hereinafter referred to as the “Recognized Clearing House”) or its agent as defined by the relevant ordinances in force in Hong Kong from time to time, the instrument of transfer may be signed by hand or by machine print. All instruments of transfer shall be kept at the Company’s registered address or at such other address as the Board may from time to time designate.

The Company shall not accept its own shares as collateral.

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SUMMARY OF ARTICLES OF ASSOCIATION

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Shareholders

The Company shall establish a register of shareholders based on the certificates provided by the securities registration and settlement institutions and in accordance with laws, administrative regulations, or securities regulatory rules of the place where the Company’s shares are listed. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company’s Shares. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

Rights and Obligations of Shareholders

The rights of our shareholders are as follows:

- (I) to receive dividends and other forms of interest distribution according to the number of shares held;
- (II) to legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the Shareholders’ meeting and exercise corresponding voting rights;
- (III) to supervise operational activities of the Company, provide suggestions or submit queries;
- (IV) to transfer, grant and pledge the shares held according to the provisions of the laws, administrative regulations and the Articles of Association;
- (V) to read and copy the Articles of Association, the register of shareholders, Shareholders’ meeting minutes, resolutions of meetings of the Board of Directors and financial and accounting reports; qualified shareholders may inspect the Company’s accounting books and accounting vouchers;
- (VI) to participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;
- (VII) to require our Company to acquire the shares from Shareholders voting against any resolutions adopted at the Shareholders’ meeting concerning the merger and division of the Company;
- (VIII) other rights conferred by laws, administrative regulations, regulations of the authorities, securities regulatory rules where our Company’s shares are listed, or the Articles of Association.

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 withdraw Shares unless prescribed otherwise in laws and administrative regulations;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- (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 of the Company 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) other obligations conferred by laws, administrative regulations, securities regulatory rules where our Company’s shares are listed, and the Articles of Association.

SHAREHOLDERS’ MEETINGS

General Provisions for Shareholders’ meetings

The Shareholders’ meeting consists of all shareholders. The Shareholders’ meeting is the organ of authority of the Company, which exercises its powers in accordance with laws:

- (I) to elect or remove the Directors and to decide on matters relating to the remuneration of Directors;
- (II) to examine and approve reports of the Board of Directors;
- (III) to examine and approve the Company’s proposals for profit distribution plans and loss recovery plans;
- (IV) to examine and approve amendments or changes to the Company’s profit distribution policy and long-term return plan;
- (V) to decide on any increase or decrease of the Company’s registered capital;
- (VI) to decide on or authorize the Board of Directors to decide on the issue of corporate bonds by the Company;
- (VII) to decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;
- (VIII) to amend the Articles of Association;
- (IX) resolution on appointment and dismissal of an accounting firm by the Company for auditing;
- (X) to examine and approve the provision of guarantees stipulated in Article 48;
- (XI) to examine matters relating to the purchases and disposals of the Company’s material assets within one year, which exceed 30% of the Company’s latest audited total assets;
- (XII) to examine and approve matters relating to changes in the use of proceeds;
- (XIII) to examine and approve the equity incentive plans and employee stock ownership plans;

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SUMMARY OF ARTICLES OF ASSOCIATION

- (XIV) the annual Shareholders’ meeting may authorize the Board of Directors to decide on issuance of shares to specific targets with the total financing amount not exceeding RMB300 million and not exceeding 20% of the net assets at the end of the latest fiscal year, and such authorization shall expire on the date of the next annual Shareholders’ meeting;
- (XV) to examine other matters that shall be decided by the Shareholders’ meeting as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association.

Convening of Shareholders’ Meetings

The Shareholders’ meeting shall be convened by the Board of Directors, which shall convene the Shareholders’ meeting within the time limit specified.

After obtaining the consent of a majority of all independent directors, an independent director has the right to propose to the Board of Directors to convene an extraordinary Shareholders’ meeting. Upon receiving such a proposal, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders’ meeting.

If the Board of Directors agrees to convene an extraordinary Shareholders’ meeting, it shall issue a notice of the Shareholders’ meeting within 5 days after making the board resolution. If the Board of Directors disagrees to convene an extraordinary Shareholders’ meeting, it shall state the reasons and make an announcement.

The Audit Committee has the right to propose to the Board of Directors to convene an extraordinary Shareholders’ meeting and shall submit such proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders’ meeting.

If the Board of Directors agrees to convene an extraordinary Shareholders’ meeting, it shall issue a notice of the Shareholders’ meeting within 5 days after making the board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee.

If the Board of Directors disagrees to convene an extraordinary Shareholders’ meeting, or fails to provide feedback within 10 days of receipt, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the Shareholders’ meeting. In such cases, the Audit Committee may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold more than 10% of the Company’s shares have the right to request the Board of Directors to convene an extraordinary Shareholders’ meeting and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, and the Company’s Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene an extraordinary Shareholders’ meeting.

If the Board of Directors agrees to convene an extraordinary Shareholders’ meeting, it shall issue a notice of the Shareholders’ meeting within 5 days after making the board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

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SUMMARY OF ARTICLES OF ASSOCIATION

If the Board of Directors disagrees to convene an extraordinary Shareholders' meeting, or fails to provide feedback within 10 days of receipt, shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Audit Committee to convene an extraordinary Shareholders' meeting and shall submit such request in writing to the Audit Committee.

If the Audit Committee agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days after receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

If the Audit Committee fails to issue a notice of the Shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the Shareholders' meeting. In such cases, shareholders who individually or collectively hold more than 10% of the Company's shares for a continuous period of 90 days or more may convene and preside over the meeting on their own.

If the Audit Committee or shareholders decide to convene a Shareholders' meeting on their own, they must notify the Board of Directors in writing, and at the same time, complete the necessary filings or announcements in accordance with the securities regulatory rules and the requirements of the stock exchange of the place where the Company's shares are listed.

Before the announcement of the resolution of the Shareholders' meeting, the proportion of shares held by the convening shareholders shall not be less than 10%.

The Audit Committee or the convening shareholders shall submit relevant supporting documents in accordance with the securities regulatory rules and the requirements of the stock exchange of the place where the Company's shares are listed when issuing the notice of the Shareholders' meeting and the announcement of the resolution of the Shareholders' meeting.

The Board of Directors and the secretary to the Board shall cooperate with the Shareholders' meeting convened by the Audit Committee or by the Shareholders themselves. The Board of Directors shall provide the register of shareholders on the record date for equity registration.

The expenses necessary for the Shareholders' meeting convened by the Audit Committee or the shareholders themselves shall be borne by the Company.

Notice of Shareholders' Meeting

The convener shall notify each Shareholder by announcement 20 days prior to the annual Shareholders' meeting, and 15 days prior to the extraordinary Shareholders' meeting.

The notice of a Shareholders' meeting includes the following:

- (I) the time, place and duration of the meeting;
- (II) the matters and proposals to be discussed at the meeting;
- (III) in plain language: all Shareholders have the right to attend the meeting of shareholders, and may entrust a proxy in writing to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company;
- (IV) the shareholding registration date of the Shareholders entitled to attend the meeting;
- (V) name and telephone number of the permanent contact person for conference affairs;

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- (VI) if the Shareholders’ meeting are held by other methods, the notice of the Shareholders’ meeting shall clearly state the voting time and procedures for other methods.

Resolutions of Shareholders’ Meeting

The resolutions of the Shareholders’ meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution at a shareholders’ meeting shall be passed by more than half of the voting rights held by the shareholders present at the shareholders’ meeting (including proxies).

A special resolution at a shareholders’ meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the shareholders’ meeting (including proxies).

The following matters shall be approved by the Shareholders’ meeting through ordinary resolutions:

- (I) work report of the Board of Directors;
- (II) plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;
- (III) appointment or dismissal of the members of the Board of Directors, and their payment and payment methods;
- (IV) resolution on appointment and dismissal of an accounting firm by the Company for auditing;
- (V) other matters other than those approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company’s Shares are listed or the Articles of Association.

The following matters shall be approved by special resolution at the Shareholders’ meeting:

- (I) the increase or reduction of the registered capital of the Company;
- (II) the division, spin-off, merger, dissolution and liquidation of the Company;
- (III) any amendment to the Articles of Association;
- (IV) purchase or sale of significant assets within a year or providing guarantees to others which exceeds 30% of the Company’s audited total assets for the latest period;
- (V) share option incentive plan;
- (VI) amendment or change to the Company’s cash dividend policy;
- (VII) other matters as required by the laws, administrative regulations, securities regulatory rules of the place where the Company’s Shares are listed and the Articles of Association, and matters approved by ordinary resolution of the Shareholders’ meeting which are believed could materially affect our Company and need to be approved by special resolution.

Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares they represent, and each share shall have one voting right.

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SUMMARY OF ARTICLES OF ASSOCIATION

The shares held by the Company itself shall have no voting rights, and such shares shall not be counted in the total number of voting shares present at the Shareholders’ meeting.

When the Shareholders’ meeting deliberates on related party transactions, the related shareholders shall not participate in the voting, and the number of voting shares they represent shall not be included in the total valid votes; the announcement of the resolution of the Shareholders’ meeting shall fully disclose the voting situation of the non-related shareholders.

DIRECTORS AND BOARD OF DIRECTORS

Directors shall be elected or replaced by the Shareholders’ meeting, and may be removed from office by the Shareholders’ meeting before the expiration of their terms of office. The term of office for directors shall be three years, and they may be re-elected upon expiration of their term of office.

Directors may concurrently serve as senior management personnel, but the total number of directors concurrently serving as senior management personnel and directors serving as employee representatives shall not exceed 1/2 of the total number of directors of the Company.

The Board of Directors shall consist of seven directors, including three independent directors, of whom at least one independent director shall be an accounting professional and possess appropriate professional qualifications or expertise in accounting or related financial management in accordance with the requirements of Rule 3.10 of the Hong Kong Listing Rules; the Board of Directors needs to have a person of a different gender serving as a director to meet the Hong Kong Listing Rules’ requirements for diversity.

There shall be employee representatives among the members of the Board of Directors. Employee representatives on the Board of Directors shall be democratically elected by the Company’s employees through a staff representative meeting, a staff meeting, or other forms, without being submitted to the Shareholders’ meeting for consideration.

The Board of Directors exercises the following powers:

- (I) to convene the general Shareholders’ meeting and report on work to the Shareholder’s meeting;
- (II) implement the resolutions of the Shareholder’s meeting;
- (III) determine the business and investment plans of our Company;
- (IV) devise the earnings distribution and loss offset plans of our Company;
- (V) formulate amendments to the Company’s profit distribution policy and long-term return plan;
- (VI) formulate the plans for increasing or decreasing our Company’s registered capital, the issuance of corporate bonds or other securities, as well as the listing proposals of the stock of our Company;
- (VII) formulate plans for major acquisitions of the Company, acquisition of the Company’s shares or corporate merger, separation, dissolution and changing the form of our Company;
- (VIII) 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 Shareholders’ meeting;

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- (IX) decide on the setup of our Company’s internal management organization;
- (X) to decide on matters such as appointment or dismissal of the Company’s general manager, secretary to the Board of Directors and other senior officers and on their compensation and incentives/disincentives; to decide on matters such as appointment or dismissal of the Company’s deputy general managers, chief financial officers and other senior management and on their compensation and incentives/disincentives based on the nominations by the general manager;
- (XI) set the basic management systems of our Company;
- (XII) make the modification plan to the Articles of Association;
- (XIII) manage the disclosure of company information;
- (XIV) request to the meeting of shareholders to hire or replace the accounting firm auditing for the company;
- (XV) attend to the work report of our Company’s general manager and review the work of the general manager;
- (XVI) decide to issue shares to specific targets with a total financing amount not exceeding RMB300 million and not exceeding 20% of the net assets at the end of the latest fiscal year, based on the authorization from the Company’s annual Shareholders’ meeting;
- (XVII) other powers and duties authorized by the laws, administrative regulations, departmental rules, the Articles of Association, the securities regulatory rules of the place where the Company’s shares are listed, or the Shareholders’ meeting.

The Board of Directors shall have one Chairman. The Chairman shall be elected by a majority of all Directors.

The Chairman exercises the following powers:

- (I) to preside over Shareholders’ meetings and convene and preside over meetings of the Board of Directors;
- (II) to supervise and inspect the implementation of resolutions of the Board of Directors;
- (III) to represent the Company in signing relevant documents, including but not limited to signing shares certificates, corporate bonds and other marketable securities issued by the Company, signing important documents of the Board of Directors and other documents that should be signed by the legal representative of the Company;
- (IV) to exercise the powers of the legal representative of the Company;
- (V) in the event of major natural disasters and other emergency situations beyond control, to exercise special disposal rights in compliance with legal provisions and in the interests of the Company over the Company’s affairs, and to report the same to the Company’s Board of Directors and Shareholders’ meeting afterwards;
- (VI) other powers and duties authorized by the Board of Directors.

The Board of Directors shall hold at least two meetings each year, which shall be convened by the Chairman, and all directors shall be notified in writing 10 days before the meeting.

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Shareholders representing more than 1/10 of the voting rights, more than 1/3 of the Directors, or the Audit Committee may propose to convene an extraordinary meeting of the Board of Directors. The Chairman shall convene and preside over the Board meeting within 10 days after receiving the proposal.

Resolutions of the Board of Directors may be adopted by written vote or by show of hands. Meetings of the Board of Directors shall not be held unless more than one-half of the Directors are present. Resolutions of the Board of Directors must be passed by a majority of all directors. Voting on resolutions of the Board of Directors shall be conducted on a one person, one vote basis.

GENERAL MANAGER

The Company shall have one General Manager, who shall be appointed or dismissed by the Board of Directors. The Company shall have several Deputy General Managers, who shall be appointed or dismissed by the Board of Directors.

The General Manager is accountable to the Board of Directors and exercises the following powers:

- (I) to be in charge of the Company’s production, operation and management, to perform duties within the scope authorized by the Board of Directors and the Chairman, to organize and implement the resolutions of the Board of Directors, and to report on works to the Board of Directors;
- (II) to organize and implement the Company’s annual business plan and investment proposals;
- (III) to draft plans for the establishment of the Company’s internal management organizations;
- (IV) to draft the fundamental management system of the Company;
- (V) to formulate specific rules and regulations for the Company;
- (VI) to propose to the Board of Directors on the appointment or dismissal of deputy general managers and chief financial officers;
- (VII) to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (VIII) other functions and powers conferred by the securities regulatory rules of the place where the Company’s shares are listed, the Articles of Association or the Board of Directors.

SECRETARY TO THE BOARD OF DIRECTORS

The Company shall have one Secretary to the Board of Directors, who shall be appointed or dismissed by the Board of Directors, and who shall be responsible for the preparation of Shareholders’ meetings and Board meetings, document custody, management of Company shareholder information, and handling information disclosure matters, among others. A Director or other senior management personnel of the Company may concurrently serve as the Secretary to the Board of Directors.

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SPECIAL COMMITTEES UNDER THE BOARD

Audit Committee

The Board of Directors shall establish an audit committee to exercise the powers of the Board of Supervisors stipulated by the Company Law. The audit committee shall consist of 3 members, who are directors not holding senior management positions in the Company, including 3 independent directors, with an accounting professional among the independent directors serving as the convener.

The audit committee is responsible for reviewing the Company’s financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for consideration after being approved by more than half of all members of the audit committee:

- (I) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
- (II) appointment or dismissal of the accounting firm by the Company for auditing;
- (III) appointment or dismissal of the Company’s chief financial officer;
- (IV) changes in accounting policies and accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards;
- (V) other matters stipulated by laws, administrative regulations, the securities regulatory authorities and stock exchanges of the places where the Company’s shares are listed, and the Articles of Association.

Nomination Committee

The Board of Directors shall establish a nomination committee, which shall be responsible for formulating the selection criteria and procedures for directors and senior management personnel, selecting and reviewing candidates for directors and senior management personnel and their qualifications, and making recommendations to the Board of Directors on the following matters:

- (I) nomination or removal of directors;
- (II) appointment or dismissal of senior management personnel;
- (III) other matters stipulated by laws, administrative regulations, the securities regulatory authorities and stock exchanges of the places where the Company’s shares are listed, and the Articles of Association.

Remuneration and Appraisal Committee

The Board of Directors shall establish a remuneration and appraisal committee, which shall be responsible for formulating the performance assessment standards for directors and senior management personnel and conducting the assessment, formulating and reviewing remuneration policies and schemes, including remuneration determination mechanisms, decision-making processes, payment and clawback arrangements, and making recommendations to the Board of Directors on the following matters:

- (I) remuneration of directors and senior management personnel;

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- (II) formulation of or amendment to equity incentive plans and employee stock ownership plans, and the achievement of conditions for the grant and exercise of rights by incentive participants;
- (III) shareholding arrangements for directors and senior management personnel in proposed spun-off subsidiaries;
- (IV) other matters stipulated by laws, administrative regulations, the securities regulatory authorities and stock exchanges of the places where the Company’s shares are listed, and the Articles of Association.

Strategy and ESG Committee

The Board of Directors shall establish a Strategy and ESG Committee, primarily responsible for researching and making recommendations on the Company’s long-term sustainable development strategy, major investment decisions, and ESG-related matters. Its main duties are as follows:

- (I) to research and propose recommendations and plans for the Company’s long-term development strategic planning, operational targets, and business plans;
- (II) to research and propose recommendations on significant investment and financing plans that require the Board of Directors approval as stipulated in the Articles of Association;
- (III) to research and propose recommendations on significant capital operation and asset management projects that require the Board of Directors approval as stipulated in the Articles of Association;
- (IV) to research and propose recommendations on other significant matters affecting the Company’s development;
- (V) to provide guiding opinions on the operational targets (including but not limited to annual revenue and profit targets) and business plans of the Company’s subsidiaries;
- (VI) to research and propose recommendations on the Company’s ESG-related strategies, planning, and major decisions, and to promote, guide, and recommend ESG work practices;
- (VII) to focus on ESG matters that have a significant impact on the Company’s business, identify and assess ESG risks and opportunities, supervise the annual performance of ESG matters, and make recommendations;
- (VIII) to review the Company’s annual ESG report and related information disclosure and make recommendations;
- (IX) to inspect the implementation of the above matters;
- (X) other matters authorized by the Board of Directors.

FINANCIAL ACCOUNTING SYSTEM

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant authorities of the PRC.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

The Company shall submit and disclose its annual reports to the relevant branch office of the CSRC and the stock exchange in the place where the Company’s shares are listed within 4 months from the end of each fiscal year, and its interim reports to the relevant branch office of the CSRC and the stock exchange in the place where the Company’s shares are listed within 2 months from the end of the first half of each fiscal year.

PROFIT DISTRIBUTION

The Company’s profit distribution policy is as follows:

(I) Principles of the Company’s Profit Distribution

The Company implements an active, continuous, and stable profit distribution policy. The Company’s profit distribution should prioritize reasonable returns to investors while taking into account the Company’s sustainable development, and establish a continuous and stable return mechanism for investors in conjunction with the Company’s profitability and future business development strategy needs.

(II) The Company’s Forms of Profit Distribution

The Company may distribute profits in cash, shares or a combination of cash and shares or other methods permitted by laws and regulations, and shall give priority to distributing profits in cash. Profit distribution shall not exceed the scope of accumulated distributable profits and shall not impair the Company’s sustainable operating capability. The Company may conduct interim cash dividends based on the Company’s profitability and capital requirements.

(III) Profit Distribution Policy

1. Unless there are major investment plans or significant cash expenditures, the Company shall distribute dividends in cash, with the annual cash distribution of profits being no less than 10% of the distributable profits achieved in that year. Significant investment plans or significant cash expenditures refer to one of the following circumstances: (1) The Company’s cumulative expenditure for proposed external investments, asset acquisitions, or equipment purchases within the next twelve months is expected to reach or exceed 50% of the Company’s latest audited net assets, and exceeds RMB30 million; (2) The Company’s cumulative expenditure for proposed external investments, asset acquisitions, or equipment purchases within the next twelve months is expected to reach or exceed 30% of the Company’s latest audited total assets.
2. Conditions for distributing share dividends: If the Company needs to expand its share capital scale, or if the Company deems it necessary otherwise, after comprehensively considering genuine and reasonable factors such as the Company’s growth, dilution of net assets per share, the Company may distribute share dividends in addition to the aforementioned cash dividends.
3. If the Board of Directors of the Company does not propose a cash profit distribution plan, it shall explain the reasons at the Shareholders’ meeting.
4. The profit distribution policies implemented by the Company’s controlling subsidiaries should ensure the issuer’s future ability to pay cash dividends.
5. The Board of Directors of the Company shall comprehensively consider factors such as industry characteristics, development stage, own business model, profitability, and whether there are significant capital expenditure arrangements, and differentiate between the following situations to implement differentiated cash dividend policies in accordance with the procedures stipulated in the Articles of Association: (1) If the

APPENDIX III

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Company is in a mature stage of development and has no significant capital expenditure arrangements, the proportion of cash dividends in this profit distribution should be at least 80%; (2) If the Company is in a mature stage of development and has significant capital expenditure arrangements, the proportion of cash dividends in this profit distribution should be at least 40%; (3) If the Company is in a growth stage of development and has significant capital expenditure arrangements, the proportion of cash dividends in this profit distribution should be at least 20%; (4) If the Company’s development stage is difficult to distinguish but it has significant capital expenditure arrangements, it may be handled in accordance with item (3) above. The specific development stage of the Company shall be comprehensively determined by the Board of Directors based on the Company’s actual development situation and development plan.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved for the following reasons:

- (I) the Shareholders’ meeting adopts a resolution to dissolve;
- (II) our Company needs to be dissolved for the purpose of merger or division;
- (III) the business license is revoked, or our Company is ordered to close or be eliminated according to applicable law;
- (IV) where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of all voting rights of the Company’s shareholders may request the People’s Court to dissolve the Company;
- (V) expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association.

Where any cause for dissolution as provided in the preceding paragraph occurs, the Company shall publicize the cause for dissolution within 10 days on the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統).

If the company is dissolved due to the provisions mentioned in items (I), (III), (IV), and (V) above, a liquidation shall be conducted. The directors shall be the obligors for the company’s liquidation and must form a liquidation group within 15 days from the date the cause for dissolution arises to carry out the liquidation. The liquidation group shall be composed of directors or persons determined by the shareholders’ meeting.

If the liquidation group is not established within the prescribed period to conduct the liquidation, creditors may apply to the People’s Court to appoint relevant personnel to form a liquidation group to conduct the liquidation.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and announce it in the Company’s designated public information disclosure newspapers or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice.

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After the liquidation group has sorted out the company’s assets, prepared the balance sheet and inventory of assets, it shall formulate a liquidation plan and submit it to the Shareholders’ meeting or the court for confirmation.

After sorting out the Company’s assets and preparing the balance sheet and inventory of assets, the liquidation group finds that the Company’s assets are insufficient to repay the debts, it shall apply to the court for bankruptcy liquidation in accordance with the law.

After the court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator appointed by the court.

Upon the completion of the Company’s liquidation, the liquidation group shall prepare a liquidation report, submit it to the shareholders’ meeting or the court for confirmation, and file it with the company registration authority to apply for the cancellation of the company registration.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

- (I) after amendments are made to the Company Law or other relevant laws, administrative regulations or regulatory rules at the place where the shares of the Company are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations or regulatory rules at the place where the shares of the Company are listed;
- (II) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;
- (III) the Shareholders’ meeting has resolved to amend the Articles of Association.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Establishment of our Company

Our Company was established as a limited liability company in the PRC on May 10, 2011 and was converted into a joint stock limited company with limited liability on May 31, 2015 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB311,059,476.

Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on September 4, 2025. Our principal place of business in Hong Kong is at 40th Floor, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong. Ms. Zheng Hongyi (鄭泓懌) has been appointed as the authorized representative in Hong Kong and our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Summary of Articles of Association” in Appendix III to this document. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in the section headed “Regulatory Overview” in this document.

2. Changes in Share Capital of Our Company and subsidiaries of our Company

Save as disclosed in the section headed “History, Development and Corporate Structure — Corporate Development and Major Changes in Share Capital and Shareholdings” in this document, there has been no other alteration in the share capital of our Company and subsidiaries during the two years immediately preceding the date of this document.

3. Resolutions of our Shareholders

At the extraordinary general meeting of our Company held on September 4, 2025, the following resolutions, among other things, were duly passed:

- (a) the [REDACTED] by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Hong Kong Stock Exchange;
- (b) the number of H Shares to be issued before the exercise of the [REDACTED] shall not exceed [REDACTED]% of the enlarged share capital of our Company upon completion of the [REDACTED] and granting the [REDACTED] the [REDACTED] of no more than [REDACTED]% of the above number of H Shares to be [REDACTED];
- (c) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on [REDACTED]; and
- (d) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [REDACTED], the [REDACTED] and [REDACTED] of H Shares on the Hong Kong Stock Exchange.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contract (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

- (a) [REDACTED].

2. 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.

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Registration Number	Registration Date	Expiry Date	Registered Owner	Place of registration
1. . .		35	55766062	December 14, 2021	December 13, 2031	The Company	PRC
2. . .		35	55762667	December 28, 2021	December 27, 2031	The Company	PRC
3. . .		35	55753745	December 28, 2021	December 27, 2031	The Company	PRC
4. . .		16	43925904	November 7, 2020	November 6, 2030	The Company	PRC
5. . .		5	41921467	August 7, 2020	August 6, 2030	The Company	PRC
6. . .		3	41937528	August 14, 2020	August 13, 2030	The Company	PRC
7. . .		16	41937715	August 14, 2020	August 13, 2030	The Company	PRC
8. . .		29	41920244	August 7, 2020	August 6, 2030	The Company	PRC
9. . .		18	41913342	August 7, 2020	August 6, 2030	The Company	PRC
10. .		35	303496672	August 6, 2015	August 5, 2035	Dreamie International	Hong Kong
11. .	FineNutri 斐萃	5, 35	306631498	August 5, 2024	August 4, 2034	Lily Buyer	Hong Kong
12. .	FineNutri 斐萃	3	306794236	January 23, 2025	January 22, 2035	Lily Buyer	Hong Kong
13. .	斐萃	6	79921305	April 21, 2025	April 20, 2035	Lily Buyer	PRC
14. .	斐萃	8	79918166	January 28, 2025	January 27, 2035	Lily Buyer	PRC

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No.	Trademark	Class	Registration Number	Registration Date	Expiry Date	Registered Owner	Place of registration
15.	斐萃	16	79918892	January 28, 2025	January 27, 2035	Lily Buyer	PRC
16.	斐萃	20	79924403	January 28, 2025	January 27, 2035	Lily Buyer	PRC
17.	斐萃	21	79913443	January 28, 2025	January 27, 2035	Lily Buyer	PRC
18.	斐萃	5, 35	306619960	July 23, 2024	July 22, 2034	Lily Buyer	Hong Kong
19.	斐萃	3	306728770	March 25, 2025	November 17, 2034	Lily Buyer	Hong Kong
20.	FineNutri	5	60919586	May 14, 2022	May 13, 2032	Lily Buyer	PRC
21.	FineNutri	35	60928135	May 28, 2022	May 27, 2032	Lily Buyer	PRC
22.	FineNutri	5, 35	306542307	April 30, 2024	April 29, 2034	Lily Buyer	Hong Kong
23.	FineNutri	5	1201423	January 31, 2022	January 31, 2032	Lily Buyer	New Zealand
24.	FineNutri	35	1206387	March 28, 2022	March 28, 2032	Lily Buyer	New Zealand
25.	綻家	3, 5, 35	2445596	March 18, 2024	March 18, 2034	Moa's Ark	Australia
26.	綻家	3, 5, 16, 35	1146129	April 24, 2020	April 24, 2030	Moa's Ark	New Zealand
27.	綻家	3-5, 7, 14, 16, 27, 31	73147655	May 7, 2024	May 6, 2034	Moa's Ark	PRC
28.	綻家	7	77573050	September 7, 2024	September 6, 2034	Moa's Ark	PRC
29.	綻家	38	77576142	September 14, 2024	September 13, 2034	Moa's Ark	PRC
30.	綻家	41	77567621	September 7, 2024	September 6, 2034	Moa's Ark	PRC
31.	綻家	3, 16, 35	42787624	September 7, 2020	September 6, 2030	Moa's Ark	PRC
32.	綻家	3, 5	62441938	July 28, 2022	July 27, 2032	Moa's Ark	PRC
33.	綻家	35	77586636	September 7, 2024	September 6, 2034	Moa's Ark	PRC
34.	綻家	19	77596380	September 28, 2024	September 27, 2034	Moa's Ark	PRC
35.	綻家	5	57892519	January 28, 2022	January 27, 2032	Moa's Ark	PRC
36.	綻家	3	49566549	April 28, 2021	April 27, 2031	Moa's Ark	PRC
37.	綻家	3	77588053	September 21, 2024	September 20, 2034	Moa's Ark	PRC
38.	綻家	42	77591019	September 14, 2024	September 13, 2034	Moa's Ark	PRC

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No.	Trademark	Class	Registration Number	Registration Date	Expiry Date	Registered Owner	Place of registration
39.		3	68187684	May 7, 2023	May 6, 2033	Moa's Ark	PRC
40.		7, 8, 11, 22	1196354	November 26, 2021	November 26, 2031	Moa's Ark	New Zealand
41.	LYCOCELLE	3, 5	62429944	August 7, 2022	August 6, 2032	Moa's Ark	PRC
42.	LYCOCELLE	41	77643667	September 21, 2024	September 20, 2034	Moa's Ark	PRC
43.	LYCOCELLE	20	77640960	September 21, 2024	September 20, 2034	Moa's Ark	PRC
44.	LYCOCELLE	3-5, 7, 14, 16, 27, 31	73130152	January 28, 2024	January 27, 2034	Moa's Ark	PRC
45.	LYCOCELLE	5	57865119	January 28, 2022	January 27, 2032	Moa's Ark	PRC
46.	LYCOCELLE	3	68174972	May 7, 2023	May 6, 2033	Moa's Ark	PRC
47.		3	58479406	February 21, 2022	February 20, 2032	Moa's Ark	PRC
48.	LYCOCELLE	3, 16, 35	44421004	November 28, 2020	November 27, 2030	Moa's Ark	PRC
49.	LYCOCELLE	42	77634345	September 21, 2024	September 20, 2034	Moa's Ark	PRC
50.	LYCOCELLE	35	77635487	September 21, 2024	September 20, 2034	Moa's Ark	PRC
51.	Lycocelle	3, 16, 35	44155012	November 21, 2020	November 20, 2030	Moa's Ark	PRC
52.	LYCOCELLE	7	77638366	September 21, 2024	September 20, 2034	Moa's Ark	PRC
53.	LYCOCELLE	3	49579337	April 28, 2021	April 27, 2031	Moa's Ark	PRC
54.	LYCOCELLE	7, 8, 11, 22	1196357	November 26, 2021	November 26, 2031	Moa's Ark	New Zealand
55.	LYCOCELLE	3, 5, 35	1145785	April 22, 2020	April 22, 2030	Moa's Ark	New Zealand
56.	LYCOCELLE	3, 5, 35	1141643	February 24, 2020	February 24, 2030	Moa's Ark	New Zealand
57.	 LYCOCELLE®	3, 5, 35	1143259	March 12, 2020	March 12, 2030	Moa's Ark	New Zealand
58.	LYCOCELLE	3	1060194	February 9, 2017	February 9, 2027	Moa's Ark	New Zealand
59.	MOA'S ARK	3, 18, 35	44415751A	November 21, 2020	November 20, 2030	Moa's Ark	PRC
60.		3, 35	59039414	February 28, 2022	February 27, 2032	Moa's Ark	PRC
61.		3, 5, 35	1145782	April 22, 2020	April 22, 2030	Oasis Beauty NZ Limited	New Zealand
62.	NuiBay	41	78508663	January 7, 2025	January 6, 2035	Moa's Ark	PRC
63.	NuiBay	42	78503285	October 28, 2024	October 27, 2034	Moa's Ark	PRC

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No.	Trademark	Class	Registration Number	Registration Date	Expiry Date	Registered Owner	Place of registration
64.	NuiBay	5	40722984	April 14, 2020	April 13, 2030	Moa's Ark	PRC
65.	Nui Bay	5, 35	38806399	May 7, 2020	May 6, 2030	Moa's Ark	PRC
66.	NuiBay	35	40722984	April 14, 2020	April 13, 2030	Moa's Ark	PRC
67.	NuiBay	5, 30, 32, 35	306571891	June 4, 2024	June 3, 2034	NUIBAY Health Limited	Hong Kong
68.	NuiBay	3	306728761	November 18, 2024	November 17, 2034	NUIBAY Health Limited	Hong Kong
69.	NuiBay	5	1136971	December 16, 2019	December 16, 2029	NUIBAY Health Limited	New Zealand
70.	NuiBay	5, 29	1143959	March 24, 2020	March 24, 2030	NUIBAY Health Limited	New Zealand
71.	NuiBay	5	1136970	December 16, 2019	December 16, 2029	NUIBAY Health Limited	New Zealand
72.	Nui Bay	5	1110248	December 20, 2019	December 20, 2028	NUIBAY Health Limited	New Zealand
73.	NuiBay	5	02422073	December 16, 2024	December 15, 2034	NUIBAY Health Limited	Taiwan Region
74.	NuiBay	5, 29	1143959	March 24, 2020	March 24, 2030	NUIBAY Health Limited	New Zealand
75.	纽益倍	5, 16, 29, 35	1138924	January 17, 2020	January 17, 2030	Moa's Ark	New Zealand
76.	纽益倍	29	39705801	May 21, 2020	May 20, 2030	Moa's Ark	PRC
77.	纽益倍	5	39711921	May 21, 2020	May 20, 2030	Moa's Ark	PRC
78.	vitaocean	5	81254801	May 7, 2025	May 6, 2035	NZ-RYC Co., Limited	PRC
79.	vitaocean	35	81266698	May 7, 2025	May 6, 2035	NZ-RYC Co., Limited	PRC
80.	VitaOcean	5, 35	1278421	November 13, 2024	November 13, 2034	NZ-RYC Co., Limited	New Zealand
81.	VitaOcean	5, 35	306854185	March 28, 2025	March 27, 2035	VITA Ocean Brand Management Limited	Hong Kong

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(b) 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	Owner	Patent category	Date of Application*	Place of registration
1. . .	An Intelligent Product Selection Management Method and System Based on Machine Learning (一種基於機器學習的智慧選品管理方法及系統)	The Company	Invention Patent	December 13, 2024	PRC
2. . .	An E-commerce Product Recommendation Method and Device Based on Artificial Intelligence (一種基於人工智慧電商產品導購方法及裝置)	The Company	Invention Patent	May 8, 2024	PRC
3. . .	Spray Bottle (LYCOCELLE Fragrance Delicate Spray) (噴霧瓶 (綻家香氛護理噴霧))	Guangzhou Moya Ark	Design Patent	December 15, 2022	PRC
4. . .	A Composition with Blood Stain Removal Function and Its Preparation Method (一種具有去血漬作用的組合物及其製備方法)	Guangzhou Moya Ark	Invention Patent	October 17, 2022	PRC
5. . .	Deodorizing Box (LYCOCELLE Essential Oil Fragrance Deodorizing Capsule) (除臭盒 (綻家精油香氛除臭蛋))	Shanghai Moya Ark	Design Patent	September 27, 2024	PRC
6. . .	Bottle (LYCOCELLE Four-Season Bloom Enzyme Fragrance Laundry Detergent) (瓶子 (綻家四季繁花酵素香氛洗衣液))	Shanghai Moya Ark	Design Patent	September 18, 2024	PRC
7. . .	Milk Jug (LYCOCELLE) (奶壺(綻家))	Shanghai Moya Ark	Design Patent	April 22, 2024	PRC

Note:

* Pursuant to Article 42 of the Patent Law of the PRC (2020 Amendment), the term of protection for invention patents shall be 20 years, and the term of protection for design patents shall be 15 years, both commencing from the date of application.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

(c) Copyrights

As of the Latest Practicable Date, we have registered the following copyrights which we consider to be or may be material to our business in the PRC:

No.	Copyright Name	Type of Copyright	Registered Owner	Registration Number	Date of Registration*
1.	RUO YU CHEN	Copyright of Artistic Works	The Company	國作登字-2020-F-01036826	July 29, 2020
2.	LYCOCELLE Blue Eucalyptus Essential Oil Laundry Capsules — Osmanthus & Sake Scent Set (綻家藍桉葉精油洗衣凝珠套組-桂花與清酒)	Copyright of Artistic Works	Guangzhou Moya Ark	國作登字-2023-F-00287137	December 1, 2023
3.	Moa's Ark Product Packaging — Ocean Series (摩亞方舟產品包裝(海洋系列))	Copyright of Artistic Works	Guangzhou Moya Ark	國作登字-2023-F-00269045	November 10, 2023
4.	LYCOCELLE Blue Eucalyptus Essential Oil Laundry Capsules — Prune & Ceylon Black Tea Scent Set (綻家藍桉葉精油洗衣凝珠套組-話梅與錫蘭紅茶)	Copyright of Artistic Works	Guangzhou Moya Ark	國作登字-2023-F-00190502	August 31, 2023
5.	LYCOCELLE Blue Eucalyptus Essential Oil Laundry Capsules — Dutch Grape & Pomelo Scent Set (綻家藍桉葉精油洗衣凝珠套組-荷蘭葡萄與柚子)	Copyright of Artistic Works	Guangzhou Moya Ark	國作登字-2023-F-00182954	August 23, 2023
6.	Ruoyuchen OMS Proprietary System (若羽臣OMS自研專案系統)	Software Copyright	The Company	2023SR0191691	February 2, 2023
7.	Ruoyuchen Financial Automation Collaboration Platform (若羽臣財務自動化協同系統)	Software Copyright	The Company	2021SR1780694	November 18, 2021
8.	Ruoyuchen Business Management Analytics Platform (若羽臣經營管理分析平臺)	Software Copyright	The Company	2021SR1772371	November 17, 2021
9.	Ruoyuchen Intelligent Data System for Large Commodities (若羽臣大商品資料智慧系統)	Software Copyright	The Company	2020SR0002639	January 2, 2020

Note:

- * Pursuant to Article 23 of the Copyright Law of the PRC (2020 Amendment) and Article 14 of the Regulations on Computer Software Protection (2013 Amendment), the term of protection for copyright owned by a legal person or unincorporated organization shall be 50 years, expiring on December 31 of the 50th year after the date of its first publication; provided, however, that such copyright shall no longer be protected if it has not been published within 50 years from the date of its completion.

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(d) Domain Name

As of the Latest Practicable Date, we have registered the following internet domain name which we consider to be or may be material to our business:

No.	Domain name	Owner	Expiration Date
1. . .	www.gzruoyuchen.com	The Company	April 6, 2031

Save as the above, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

C. [REDACTED] AND SUBSTANTIAL SHAREHOLDERS

1. Interests and short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

Save as disclosed below, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no further A Shares are issued under the 2022 Equity Incentive Plan), so far as our 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 Listing Rules:

Name	Position	Capacity/Nature of interest	Description of Shares	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the A Shares immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised) ⁽²⁾	Approximate percentage of shareholding in the total Share capital immediately after completion of the [REDACTED] ⁽²⁾
Mr. Wang ⁽³⁾	Executive Director, chairman of the Board and president	Beneficial interest	A Shares	93,864,140	[REDACTED]%	[REDACTED]%
		Interest of spouse	A Shares	13,335,840	[REDACTED]%	[REDACTED]%
		Interest in controlled corporation	A Shares	26,342,400	[REDACTED]%	[REDACTED]%
Ms. Wang ⁽³⁾	Non-executive Director	Beneficial interest	A Shares	13,335,840	[REDACTED]%	[REDACTED]%
		Interest of spouse	A Shares	93,864,140	[REDACTED]%	[REDACTED]%
		Interest in controlled corporation	A Shares	26,342,400	[REDACTED]%	[REDACTED]%
Ms. Xu Qing	Executive Director and vice president	Beneficial interest	A Shares	5,693,800	[REDACTED]%	[REDACTED]%

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Notes:

- (1) All interests stated are long positions in the Shares.
- (2) The calculation is based on the total number of 311,059,476 A Shares and [REDACTED] H Shares in [REDACTED] immediately after completion of the [REDACTED], assuming that the [REDACTED] is not exercised and no further A Shares are issued under the 2022 Equity Incentive Plan.
- (3) Mr. Wang and Ms. Wang are spouses. As such, under the SFO, Mr. Wang is deemed to be interested in the equity interests held by Ms. Wang; and Ms. Wang is deemed to be interested in the equity interests held by Mr. Wang.

Tianjin Yayi is a limited partnership established in the PRC. The general partner of Tianjin Yayi is Ms. Wang (holding 1% partnership interest in Tianjin Yayi) and the only limited partner in Tianjin Yayi as of the Latest Practicable Date is Mr. Wang, holding 99% partnership interest in Tianjin Yayi. As such, under the SFO, each of Mr. Wang and Ms. Wang is deemed to be interested in the entire equity interests held by Tianjin Yayi.

2. Interests of the substantial shareholders in the Shares

Save as disclosed in “Substantial Shareholders,” immediately following the completion of the [REDACTED] and without taking into account any Shares which may be issued pursuant to the exercise of 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.

3. Interests of the substantial shareholders in other members of our Group

So far as our Directors are aware, no 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.

4. 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).

5. Remuneration of Directors

Save as disclosed in “Directors and Senior Management” and Note 9 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.

6. Disclaimers

Save as disclosed in this document:

- (a) Other than as disclosed in the section headed “Substantial Shareholder”, 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

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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 Shareholder”, 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) as disclosed in the section headed “Business”, none of our Directors, their respective close associates (as defined under the 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;
- (d) as disclosed in the section headed “Business” and Appendix IV, none of our Directors or any of the parties listed in “— Qualifications of Experts” in this Appendix IV 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; and
- (e) none of the persons listed in “— Qualifications of Experts” in this Appendix has any shareholding in any member of our Group 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; and
- (f) save as disclosed in Appendix IV, none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

D. 2022 EQUITY INCENTIVE PLAN

1. Summary of Principal Terms

As of the date of this document, options representing 7,496,608 A Shares under the 2022 Equity Incentive Plan remained outstanding. No options under the 2022 Equity Incentive Plan will be further granted and all granted options have been granted to specific individuals under the 2022 Equity Incentive Plan. Pursuant to Rule 17.02(1)(b) of the Listing Rules, the 2022 Equity Incentive Plan does not need to be approved by the Shareholders after [REDACTED]. In addition, given the 2022 Equity Incentive Plan will not involve the grant of options over new Shares after [REDACTED] and given all material terms of the 2022 Equity Incentive Plan have been clearly set out in this document, the options granted to specified participants before [REDACTED] as set out above may continue to be valid after [REDACTED], although the terms of the 2022 Equity Incentive Plan do not comply with the provisions of Chapter 17 of the Listing Rules, as provided for under Rule 17.02(1)(b) of the Listing Rules.

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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 Listing Rules. For more details, see “Waivers and Exemptions — Waiver and Exemption in relation to the 2022 Equity Incentive Plan.”

The following is a summary of the principal terms of the 2022 Equity Incentive Plan.

(a) Purpose

In order to further improve the corporate governance structure of the Company, establish and improve the Company’s long-term incentive and restraint mechanism, attract and retain the Company’s core management personnel and key talents, fully mobilize their enthusiasm and creativity, effectively enhance the cohesion of the core team and core competitiveness of the Company, effectively combine the interests of the shareholders, the Company and the core team, so as to enable all parties to pay attention to the Company’s long-term development, and to ensure the realization of the development strategy and business objectives of the Company. On the premise of fully safeguarding the interests of shareholders and in accordance with the principle of reciprocity between earnings and contributions, the plan is formulated in accordance with the PRC Company Law, the PRC Securities Law, the Administrative Measures on Equity Incentives for Listed Companies and other relevant laws, administrative regulations and standardized documents, as well as the provisions of the Articles of Association of the Company.

(b) Type of Awards

The 2022 Equity Incentive Plan provides for awards of share options.

(c) Scope of Participants

Directors, senior management and core employees serving in the Company (including its subsidiaries). For those who fall within the scope of the incentive targets under the 2022 Equity Incentive Plan, the Remuneration and Appraisal Committee shall draw up a list of names, which shall be verified and determined by the supervisory committee (the power and obligation was later taken over by the Remuneration and Appraisal Committee after its cancellation).

(d) Administration

The Shareholders’ meeting is the highest authority of the 2022 Equity Incentive Plan. The Board is the managing authority of the 2022 Equity Incentive Plan. The supervisory committee (the power and obligation was later taken over by the Remuneration and Appraisal Committee after its cancellation) and independent non-executive Directors are the supervising authorities of the 2022 Equity Incentive Plan.

(e) Source of Shares

The source of the underlying shares of the 2022 Equity Incentive Plan shall be A Shares of the Company issued by the Company to the incentive recipients.

(f) Maximum Number of Shares

The total number of options of the 2022 Equity Incentive Plan is 9,000,000, representing 9,000,000 A Shares accounting for 7.40% of the total A Shares in issue on the date of publication of this plan. The total number of A Shares involved with all incentive plans of the Company shall not exceed 10% of the total outstanding share capital of our Company. The maximum number of Shares granted to any participant under the 2022 Equity Incentive Plan shall not exceed 1% of the total outstanding share capital of our Company.

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(g) Date of Grant

After the 2022 Equity Incentive Plan has been considered and approved by the general meeting of the Company, the Company will convene the Board meeting to make the initial grant of options to the incentive recipients in accordance with the relevant regulations and complete the registration, announcement and other relevant procedures within 60 days (if there are conditions for the granting of options, the period shall be counted from the fulfillment of such conditions). If the Company fails to complete the aforesaid work within 60 days, it shall promptly disclose the reasons for such failure and announce the termination of the implementation of the 2022 Equity Incentive Plan, and the period during which interests may not be granted under the Administrative Measures on Equity Incentives for Listed Companies promulgated by the CSRC shall not be counted as part of the 60 days.

The authorization date of the reserved portion of stock options shall be confirmed by the Board of the Company within 12 months after the Shareholders’ meeting.

The authorization date shall be determined by the Board after the 2022 Equity Incentive Plan had been considered and approved by the Shareholders’ meeting, and the authorization date must be a trading day. If the date determined in accordance with the above principles is a non-trading day, the authorization date shall be postponed to the first trading day thereafter.

(h) Vesting Period

The vesting period for the initial grant of options under the 2022 Equity Incentive Plan is below:

- as to 10% of the aggregate number of options between the first trading day following the 12th month after the registration date (the “**Registration Date**”) and the first trading day following the 24th month after the Registration Date;
- as to 20% of the aggregate number of options between the first trading day following the 24th month after the Registration Date and the first trading day following the 36th month after the Registration Date;
- as to 30% of the aggregate number of options between the first trading day following the 36th months after the Registration Date and the first trading day following the 48th month after the Registration Date; and
- as to 40% of the aggregate number of options between the first trading day following the 48th months after the Registration Date and the first trading day following the 60th month after the Registration Date.

The vesting period for the reserved grant of options under the 2022 Equity Incentive Plan is below:

- as to 20% of the aggregate number of options between the first trading day following the 12th month after the Registration Date and the first trading day following the 24th month after the Registration Date;
- as to 30% of the aggregate number of options between the first trading day following the 24th months after the Registration Date and the first trading day following the 36th month after the Registration Date; and
- as to 50% of the aggregate number of options between the first trading day following the 36th months after the Registration Date and the first trading day following the 48th month after the Registration Date.

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After the vesting period, the options granted under the 2022 Equity Incentive Plan are exercisable on a trading day, other than: (i) within thirty days before the publication of the Company’s annual report or interim report, or if the publication is postponed, within thirty days before the original scheduled publication date; (ii) within ten days prior to the publication of the Company’s quarterly report, earnings forecast and preliminary results; (iii) within the period from the date of occurrence of a significant event that may have a significant impact on the trading price of the Company’s A Shares and its derivatives or the date of entering the decision-making process to the date of disclosure in accordance with the law; and (iv) other periods stipulated by CSRC and Shenzhen Stock Exchange.

(i) Exercise Price

The initial exercise price of the options granted under the 2022 Equity Incentive Plan (including the reserved options) is RMB13.59 per A Share. The exercise price will be adjusted upon the occurrence of certain events, including among others, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares, issue of new shares or payment of dividends. As of the Latest Practicable Date, the exercise price is RMB4.21 per A Share.

(j) Rights and Obligations of our Company

- (1) The Company has the right to interpret and implement the 2022 Equity Incentive Plan and evaluate the grantees according to the relevant provisions of the 2022 Equity Incentive Plan;
- (2) The Company has the right to require the incentive recipients to work for the Company in accordance with the requirements of the positions for which they have been hired. If the incentive recipients are unable to perform the jobs for which they have been hired or fail to pass the assessment, or if the incentive recipients have seriously harmed the Company’s interests or reputation due to violating the law, breach of professional ethics, disclosure of the Company’s confidentiality, violation of the Company’s rules and regulations, or breach of duty or malfeasance of duty, the Board of the Company may, with the approval of the Board of the Company, cancel the incentive recipients’ unexercised stock options;
- (3) The Company withholds and pays on behalf of the incentive recipients the personal income tax and other taxes payable by the incentive recipients in accordance with the relevant provisions of related tax laws and regulations;
- (4) The Company undertakes not to provide loans and any other form of financial assistance, including guaranteeing loans, to the participants for the purpose of acquiring the relevant options under the 2022 Equity Incentive Plan;
- (5) The Company shall fulfill the declaration and disclosure obligations in relation to the 2022 Equity Incentive Plan in a timely manner according to the relevant regulations;
- (6) The Company shall actively cooperate with the grantees who meet the exercise conditions to exercise their options in accordance with the 2022 Equity Incentive Plan and the relevant regulations of the CSRC, the Shenzhen Stock Exchange and securities depository and clearing institution. However, if the grantee fails to exercise his/her options for the reasons that are attributable to the CSRC, the Shenzhen Stock Exchange or securities depository and clearing institution, our Company shall not be liable for the losses caused to such grantee; and
- (7) Other rights and obligations stipulated by laws, regulations, departmental rules, normative documents and the 2022 Equity Incentive Plan.

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Details of the Outstanding Options granted

As of the Latest Practicable Date, our Company has granted outstanding options under the 2022 Equity Incentive Plan to 93 grantees (the “**Grantees**,” each a “**Grantee**”) for an aggregate of 7,496,608 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), which included options granted to (i) one Director of the Company with respect to 617,400 underlying A Shares; (ii) one member of senior management of the Company with respect to 219,520 underlying A Shares; (iii) 91 other Grantees (who are not Directors or senior management of the Company) with respect to 6,659,688 A Shares.

Details of the outstanding Share options granted as of the Latest Practicable Date are set out below:

Name	Title	Address	Number of A Shares underlying the options	Date of grant	Vesting period	Exercise price	Approximate shareholding percentage immediately following the [REDACTED]
Director							
Ms. Xu Qing (徐晴)	Executive Director and vice president	No. 668 West Huangpu Avenue, Tianhe District, Guangzhou, Guangdong Province, PRC	617,400	July 15, 2022 and June 6, 2023	<i>Note 1</i>	<i>Note 2</i>	[REDACTED]%
Senior Management							
Ms. Luo Zhiqing (羅志青)	Vice president, finance director and Board secretary	Room 602, No. 6 Yuemingxuan 5th Street, Qifu New Country, Shiguang Road, Panyu District, Guangzhou, Guangdong Province, PRC	219,520	July 15, 2022	<i>Note 1</i>	<i>Note 2</i>	[REDACTED]%
91 Other Grantees	–	–	6,659,688	July 15, 2022 and June 6, 2023 (whichever applicable)	<i>Note 1</i>	<i>Note 2</i>	[REDACTED]%
Total			<u>7,496,608</u>				[REDACTED]%

Notes:

- (1) There are two types of vesting periods applicable to these grantees pursuant to the 2022 Equity Incentive Plan.

For options granted on July 15, 2022, the outstanding options granted shall be vested in accordance with the vesting period as follows: (i) as to 10% of the aggregate number of options between the first trading day following the 12th month after the Registration Date and the first trading day following the 24th month after the Registration Date; (ii) as to 20% of the aggregate number of options between the first trading day following the 24th month after the Registration Date and the first trading day following the 36th month after the Registration Date; (iii) as to 30% of the aggregate number of options between the first trading day following the 36th months after the Registration Date and the first trading day following the 48th month after the Registration Date; and (iv) as to 40% of the aggregate number of options between the first trading day following the 48th months after the Registration Date and the first trading day following the 60th month after the Registration Date.

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STATUTORY AND GENERAL INFORMATION

For options granted on June 6, 2023, the outstanding options granted shall be vested in accordance with the vesting period as follows: (i) as to 20% of the aggregate number of options between the first trading day following the 12th month after the Registration Date and the first trading day following the 24th month after the Registration Date; (ii) as to 30% of the aggregate number of options between the first trading day following the 24th months after the Registration Date and the first trading day following the 36th month after the Registration Date; and as to 50% of the aggregate number of options between the first trading day following the 36th months after the Registration Date and the first trading day following the 48th month after the Registration Date.

- (2) As of the Latest Practicable Date, the exercise price is RMB4.21 per A Share. Pursuant to the terms of 2022 Equity Incentive Plan, the exercise price is subject to adjustment by the Board upon the occurrence of certain events, including among others, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares, issue of new shares or payment of dividends.

Such A Shares underlying the share options represent approximately [REDACTED]% of the total Shares in issue immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no new Shares are issued under pursuant to the exercise of share options granted). Assuming full vesting and exercise of all outstanding options granted under the 2022 Equity Incentive Plan, the dilution effect on the shareholding of our Shareholders immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) and on our earnings per Share would be approximately [REDACTED]%.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

2. Joint Sponsors

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, we have agreed to pay the Joint Sponsors a total fee of US\$800,000, to act as the sponsors of our Company in connection with the proposed [REDACTED] of H Shares on the Hong Kong Stock Exchange.

3. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

4. Promoter

The promoters of the Company are all of the then Shareholders of our Company as of May 31, 2015 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.

5. 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.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

6. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial, operational or trading positions or prospects since December 31, 2025 (being the date to which the latest consolidated financial statements of our Group were prepared).

7. Restriction on Share Repurchase

For details of the restrictions on share repurchases by our Company, please refer to “Summary of Articles of Association” in Appendix III.

8. Qualifications of Experts

The qualifications of the experts (as defined under the 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 Securities (International) Corporate Finance Company Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
GF Capital (Hong Kong) Limited.	Licensed to conduct Type 6 (advising on corporate finance) of regulated activity as defined under the SFO
Confucius International CPA Limited.	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Guangdong Tianjian Taxation Firm Co., Ltd.	Transfer pricing advisor
Zhonglun Law Firm	PRC legal advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

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.

9. Consents of Experts

Each of the experts as referred to “— Qualifications of Experts” in this Appendix IV 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 respectively included.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

10. 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.

11. 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).

12. Miscellaneous

Save as otherwise disclosed in this document:

- (a) Save as disclosed in the section headed “Share Capital,” 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) save as disclosed in the subsection headed “Equity Incentive Plan” under the section of “Share Capital” and Appendix IV, no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) save as disclosed in the subsection headed “Equity Incentive Plan” under the section of “Share Capital” and Appendix IV, we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) as disclosed in the subsection headed “Dividends” under the section of “Financial Information”, there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) as disclosed in the section headed “[REDACTED]”, there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) as disclosed in the section headed “Business”, 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) as disclosed in the section headed “Financial Information” and Appendix II, 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) as disclosed in the section headed “Regulatory Overview”, there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

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- (i) save for the A Shares of our Company that are listed on the Shenzhen Stock Exchange, and save for the H Shares to be [REDACTED] in connection with the [REDACTED] and as disclosed in the section headed “History, Development and Corporate Structure”, none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (j) as disclosed in the subsection headed “Indebtedness” under the section of “Financial Information” to this Document, our Company has no outstanding convertible debt securities or debentures; and
- (k) as disclosed in Appendix IV “Statutory and General Information”, our Company is a joint stock limited company and is subject to the PRC Company Law.

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 the material contract referred to in “Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contract” in Appendix IV; and
- (b) the written consents referred to in “Statutory and General Information — E. Other Information — 10. Consents of Experts” in Appendix IV.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.gzruoyuchen.com during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the audited consolidated financial statements of our Group for the three years ended December 31, 2025;
- (c) the Accountants’ Report from Confucius International CPA Limited, the text of which is set out in Appendix I to this document;
- (d) the report from Confucius International 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 “Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contract” in Appendix IV to this document;
- (f) the written consents referred to in “Statutory and General Information — E. Other Information — 10. Consents of Experts” in Appendix IV to this document;
- (g) the service contracts and letters of appointment referred to in “Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 4. Particulars of Directors’ Service Contracts” in Appendix IV to this document;
- (h) the legal opinions issued by Zhonglun Law Firm, 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 Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in “Industry Overview;”
- (j) the report issued by Guangdong Tianjian Taxation Firm Co., Ltd. in respect of the transfer pricing assessment;

APPENDIX V

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY**

- (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 2022 Equity Incentive Plan.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of all the grantees under the 2022 Equity Incentive Plan will be made available for public inspection at our Company’s Hong Kong legal advisor’s office in Hong Kong at 35/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this document.