Upon [**REDACTED**], certain transactions between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following connected persons, which will constitute continuing connected transactions upon the [**REDACTED**]:

Name of our connected persons	Connected relationship
Heilan Investment	As of the Latest Practicable Date, Heilan Investment was the holding company of Heilan Group, one of our Controlling Shareholders. Therefore, Heilan Investment constitutes a connected person of our Company
Jiangyin Aijutu Clothing Co., Ltd. (江陰愛居兔服裝有限公司) ("**Jiangyin Aijutu**")	As of the Latest Practicable Date, Jiangyin Aijutu was held as to approximately 99.85% by a cousin of Mr. Zhou Lichen, our Director and member of Controlling Shareholders Group. Therefore, Jiangyin Aijutu constitutes a connected person of our Company
Jiangyin Taoyuan Shanzhuang Leisure Resort Co., Ltd. (江陰桃園山莊休閒度假有限公司) ("**Jiangyin Taoyuan Shanzhuang**")	As of the Latest Practicable Date, Jiangyin Taoyuan Shanzhuang was held as to 90% by Mr. Zhou Jianping, a member of our Controlling Shareholders Group. Therefore, Jiangyin Taoyuan Shanzhuang constitutes a connected person of our Company
Jiangyin New Ma'erdao Hotel Co., Ltd. (江陰新馬兒島酒店有限公司) ("**Jiangyin New Ma'erdao**")	As of the Latest Practicable Date, Jiangyin New Ma'erdao was wholly owned by spouse of Mr. Zhou Jianping, a member of our Controlling Shareholders Group. Therefore, Jiangyin New Ma'erdao constitutes a connected person of our Company

SUMMARY OF OUR CONNECTED TRANSACTIONS

No.	Nature of Transaction	Counterparty	Applicable Listing Rule	Waiver sought
Fully exempt Continuing Connected Transactions				
1	Sales of apparel by our Group to Heilan Investment and its associates	Heilan Investment and its associates	14A.76(1)	N/A
2	Leasing of properties by our Group to Heilan Investment and its associates	Heilan Investment and its associates	14A.76(1)	N/A
3	Procurement of apparel by our Group from Jiangyin Aijutu	Jiangyin Aijutu	14A.76(1)	N/A
4	Leasing of properties by our Group to Jiangyin Aijutu	Jiangyin Aijutu	14A.76(1)	N/A

No.	Nature of Transaction	Counterparty	Applicable Listing Rule	Waiver sought
5	Procurement of catering and accommodation services by our Group from Jiangyin Taoyuan Shanzhuang	Jiangyin Taoyuan Shanzhuang	14A.76(1) and 14A.81	N/A
6	Procurement of catering and accommodation services by our Group from Jiangyin New Ma'erdao	Jiangyin New Ma'erdao	14A.76(1) and 14A.81	N/A
7	Procurement of catering and accommodation services by our Group from Heilan Investment and its associates	Heilan Investment and its associates	14A.76(1) and 14A.81	N/A
Partially exempt Continuing Connected Transaction				
8	Leasing of properties by our Group from Heilan Investment and its associates	Heilan Investment and its associates	14A.35, 14A.76(2) and 14A.105	Announcement requirement

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Sales of apparel to Heilan Investment and its associates

During the Track Record Period, Heilan Investment and its associates have been purchasing apparel from our Group for their internal use from time to time, which is expected to continue after [**REDACTED**]. The sale price is the market price of such apparel.

The sales of apparel to Heilan Investment and its associates has been conducted in the ordinary and usual course of business and on normal commercial terms or better, and the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%. Therefore, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

2. Leasing of properties to Heilan Investment and its associates

During the Track Record Period, our Group has been leasing certain properties to Heilan Investment and its associates, which is expected to continue after [**REDACTED**]. The rents are determined on normal commercial terms after arm's length negotiations between both parties and with reference to the prevailing market rents of similar properties in the same or nearby area or similar locations and the conditions of the properties, which shall be in the best interests of our Company and our Shareholders as a whole. The other fees, including but not limited to water, sewage, and electricity charges, during the leasing term are at the prices prescribed by the government.

The leasing of properties to Heilan Investment and its associates has been conducted in the ordinary and usual course of business and on normal commercial terms or better, and the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%. Therefore, the leasing of properties to Heilan Investment and its associates will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

3. Procurement of apparel from Jiangyin Aijutu

During the Track Record Period, our Group has been procuring certain apparel from Jiangyin Aijutu from time to time, which is expected to continue after [**REDACTED**]. The consideration for the procurement was determined after arm's length negotiations between our Group and Jiangyin Aijutu, with reference to, among other things, the market price of such apparel.

The procurement of apparel from Jiangyin Aijutu has been conducted in the ordinary and usual course of business and on normal commercial terms or better, and the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%. Therefore, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

4. Leasing of properties to Jiangyin Aijutu

During the Track Record Period, our Group has been leasing certain properties to Jiangyin Aijutu, which is expected to continue after [**REDACTED**]. The rents are determined on normal commercial terms after arm's length negotiations between both parties and with reference to the prevailing market rents of similar properties in the same or nearby area or similar locations and the conditions of the properties, which shall be in the best interests of our Company and our Shareholders as a whole. The other fees, including water, sewage, and electricity charges, during the leasing term are at the prices prescribed by the government.

The leasing of properties to Jiangyin Aijutu has been conducted in the ordinary and usual course of business and on normal commercial terms or better, and the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%. Therefore, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

5. Procurement of catering and accommodation services from Jiangyin Taoyuan Shanzhuang

During the Track Record Period, our Group has been procuring catering and accommodation services from Jiangyin Taoyuan Shanzhuang, which is expected to continue after [**REDACTED**]. The consideration was determined after arm's length negotiations between our Group and Jiangyin Taoyuan Shanzhuang, with reference to, among other things, the market price of such services, and shall not be less favorable than those offered by Jiangyin Taoyuan Shanzhuang to Independent Third Parties.

The procurement of catering and accommodation services from Jiangyin Taoyuan Shanzhuang has been conducted in the ordinary and usual course of business and on normal commercial terms or better, and the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%. Therefore, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

6. Procurement of catering and accommodation services from Jiangyin New Ma'erdao

During the Track Record Period, our Company has procured catering and accommodation services from Jiangyin New Ma'erdao, which is expected to continue after [**REDACTED**]. The consideration was determined after arm's length negotiations between our Group and Jiangyin New Ma'erdao, with reference to, among other things, the market price of such services, and shall not be less favorable than those offered by Jiangyin New Ma'erdao to Independent Third Parties.

The procurement of catering and accommodation services from Jiangyin New Ma'erdao has been conducted in the ordinary and usual course of business and on normal commercial terms or better, and the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%. Therefore, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

7. Procurement of catering and accommodation services from Heilan Investment and its associates

During the Track Record Period, our Group has been procuring catering and accommodation services from Heilan Investment and/or its associates, which is expected to continue after [**REDACTED**]. The consideration was determined after arm's length negotiations between our Group and Heilan Investment and/or its associates, with reference to, among other things, the market price of such services, and shall not be less favorable than those offered by Heilan Investment and/or its associates to Independent Third Parties.

The procurement of catering and accommodation services from Heilan Investment and/or its associates has been conducted in the ordinary and usual course of business and on normal commercial terms or better, and the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%. Therefore, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

Further, as the continuing connected transactions in relation to the procurement of catering and accommodation services from Jiangyin Taoyuan Shanzhuang, Jiangyin New Ma'erdao and Heilan Investment and/or its associates are similar in nature, and taking into account the relationship among Jiangyin Taoyuan Shanzhuang, Jiangyin New Ma'erdao and Heilan Investment, each being controlled by Mr. Zhou Jianping or his spouse, such transactions should be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the transactions for the procurement of catering and accommodation services from Jiangyin Taoyuan Shanzhuang, Jiangyin New Ma'erdao and Heilan Investment and/or its associates have been conducted in the ordinary and usual course of business and on normal commercial terms or better, and the applicable percentage ratios, when calculated on an aggregate basis, will be less than 0.1%, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTION

8. Leasing of properties by our Group from Heilan Investment and its associates

Subject matter

On [●], we entered into a property lease framework agreement with Heilan Investment (the "**Property Lease Framework Agreement**"), pursuant to which our Group (as lessee) would, from time to time, lease properties (including both long-term and short-term leases) from Heilan Investment and/or its associates (as lessor) for store operation and office purposes as well as purchase ancillary property services, for which the lessee will pay rent (including both fixed rent and variable rent) and service fees to lessor.

Term

The term of the Property Lease Framework Agreement is three years from the [**REDACTED**] to December 31, 2028 (both days inclusive), subject to renewal upon the mutual agreement of both parties thereto.

Both parties or their respective subsidiaries/associates will, in the ordinary and usual course of business, enter into separate underlying agreements setting out the specific terms and conditions for the property lease according to the principles provided in the Property Lease Framework Agreement. For the avoidance of doubt, all specific agreements entered into prior to the date of the Property Lease Framework Agreement (to the extent which cover leases which will continue to be in force after the [**REDACTED**]) shall be treated as specific agreements made pursuant to the Property Lease Framework Agreement as from the [**REDACTED**]. If there is any conflict between any provision of a specific agreement and the relevant provision(s) of the Property Lease Framework Agreement, the provision(s) of the Property Lease Framework Agreement shall prevail.

Pricing terms

A. *Rents:*

The rent to be paid by the Group to Heilan Investment and/or its associates in respect of the property lease transactions contemplated under Property Lease Framework Agreement may include either one or a combination of the followings, and shall be on normal or more favourable commercial terms and in the best interests of our Company and our Shareholders as a whole:

1. *Fix rent*: a fixed amount of rent during the term of lease to be determined by the relevant parties through arm's length negotiation with reference to the prevailing market rents of similar properties in the same or nearby area or similar locations, taking into account the conditions of the properties; and/or

2. *Turnover rent*: a turnover rent calculated by a fixed ratio of the relevant store's monthly revenue (before tax), inclusive of property management charges. The fixed ratio is determined by such lessor, which is a shopping mall, and applies to all stores (including those of our Group) operated in such mall.

B. *Ancillary fees:*

Ancillary fees (mainly including the property management fees) shall be determined by the relevant parties through arm's length negotiation with reference to the prevailing market price of such items.

Reasons for the transaction

We have been leasing certain properties from Heilan Investment and/or its associates for store operation and office purposes and purchasing ancillary services (such as property management services) accordingly. Compared to Independent Third Parties, Heilan Investment and its associates have better understanding of our Group's requirements for office properties. Moreover, based on its business layout and operational needs, our Group has deployed stores in shopping malls, some of which are owned by Heilan Investment and/or its associates.

Historical amounts

Set out below are the historical transaction amounts paid by our Group to Heilan Investment and/or its associates for the abovementioned transactions during the Track Record Period:

	Year ended December 31,		
	2023	**2024**	**2025**
		(RMB in millions)	
Fees paid by our Group to Heilan Investment and/or its associates[(1)(2)]	9.15	12.24	21.80

Notes:

(1) Property lease transactions conducted under the Property Lease Framework Agreement may include both long-term and short-term leases, and the rents paid by the Group may contain different components. Accordingly, under HKFRS 16, different accounting treatments were applied. The historical transaction amounts did not include the amounts relating to the leases that were recognised as right-of-use assets of our Group.

(2) The fees include rents and fees paid for ancillary services (such as property management services).

Annual caps

The following table sets forth the maximum amounts payable by our Group to Heilan Investment and/or its associates for the abovementioned transactions for each of the three years ending December 31 and 2028:

	Year ending December 31,		
	2026	2027	2028
	(RMB in millions)		
Fees to be paid by our Group to Heilan Investment and/or its associates(1)(2)	40	40	40

Notes:

(1). For the avoidance of doubt, the leasing of properties by the Group which would be recognised as right-of-use assets in accordance with HKFRS 16 will not be included for the utilisation of the annual caps proposed in respect of the Property Lease Framework Agreement. Our Company will comply with then applicable approval and disclosure requirements under relevant laws and regulations (including Chapter 14A of the Hong Kong Listing Rules) if we intend to enter into or renew such property lease agreement(s) with Heilan Investment and/or its associates after the [**REDACTED**].

(2) The annual caps include rents and fees paid for ancillary services (such as property management services).

The proposed annual caps are determined based on:

(i). the historical transaction amounts for the abovementioned transactions during the Track Record Period and the terms, such as rent, under existing property lease agreements which remain effective after the [**REDACTED**];

(ii). the estimated rental fees relating to newly leased properties by our Group from Heilan Investment and/or its associates for office and store operation purposes;

(iii). the unit rental stipulated in separate property lease agreements between the Group and Heilan Investment and its associates, which is normally adjusted by Heilan Investment and/or its associates on an annual basis with reference to the prevailing market conditions of similar properties in the same or nearby area or similar locations, taking into account the conditions of the properties;

(iv). the estimated business expansion and revenue to be generated by relevant stores and accordingly the expected increase in turnover rents payable under the relevant lease arrangements; and

(v). possible rental adjustments with reference to prevailing market conditions, and additional leasing demand that may arise from our Group's business expansion during the relevant period.

WAIVER APPLICATION

In respect of the transactions under the Property Lease Framework Agreement, since the highest applicable percentage ratio calculated for the purposes of Chapter 14A of the Hong Kong Listing Rules for the three years ending December 31, 2028 is expected to exceed 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the transactions under the Property Lease Framework Agreement are expected to continue on a recurring and continuing basis and have been fully disclosed in this Document, our Directors consider that it would be impractical for us to strictly comply with the announcement requirement for such partially exempt continuing connected transactions upon [**REDACTED**], and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of such continuing connected transaction, subject to the condition that the respective aggregate amounts of the continuing connected transaction for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this Document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION BY DIRECTORS

Our Directors (including independent non-executive Directors) are of the view that the continuing connected transactions under the Property Lease Framework Agreement have been and will continue to be carried out in our ordinary and usual course of business and on normal commercial terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the transactions contemplated under the Property Lease Framework Agreement are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONFIRMATION BY THE SOLE SPONSOR

The Sole Sponsor has (i) reviewed the relevant documents and information provided by the Company in relation to the above partially exempt continuing connected transactions; (ii) obtained necessary representations and confirmations from the Company and the Directors, and (iii) made reasonable enquiries in relation to the above partially exempt continuing connected transactions.

Based on the above, the Sole Sponsor is of the view that the above partially exempt continuing connected transactions of the Group, have been entered into in the ordinary and usual course of business on normal commercial terms or better and is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the proposed annual caps in respect of such partially exempt continuing connected transactions are fair and reasonable and in the interests of the Company and Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions contemplated under the Property Lease Framework Agreement:

- We have adopted a connected transactions management policy for the purpose of ensuring that connected transactions of our Group will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;

- We have put in place a series of internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transaction to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Hong Kong Listing Rules; and

- Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions contemplated under the Property Lease Framework Agreement. In accordance with the requirements under the Hong Kong Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions contemplated under the Property Lease Framework Agreement have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap.