

BUSINESS

OVERVIEW

Who We Are

Our business primarily consists of the sale of maternal, infant and child products, the provision of child development and parenting services across all age groups, and the sale and provision of scalp and hair care products and services. Since our incorporation, we have cumulatively attracted over 98.0 million registered members as of December 31, 2025, with over 12.0 million active members, and our GMV exceeded RMB15.0 billion in 2025.

We have built a business model that integrates products, services, social engagement and sales channels around consumer needs. Our brands, “Kidswant (孩子王),” “Leyou (樂友)” and “Hairology (絲域)” are widely recognized across the Chinese Mainland. As of December 31, 2025, our offline sales and service network comprised 3,821 stores, covering all provincial-level administrative regions in the Chinese Mainland.

The diagram below shows our business highlights:



Notes:

- (1) We ranked first in 2025 in China’s maternal, infant and child products and services market, in terms of GMV in 2025, according to Frost & Sullivan. Hairology Group, which we acquired in July 2025, ranked first in China’s scalp and hair care market in terms of GMV in 2025, according to the same source.
- (2) As of December 31, 2025.
- (3) As of December 31, 2025, including our self-operated stores and franchised stores.
- (4) We are the only company in China’s maternal, infant and child products and services market with a store network covering all provincial-level administrative regions in the Chinese Mainland, according to Frost & Sullivan.
- (5) We ranked first in 2025 in China’s maternal, infant and child products and services market in terms of the cumulative investment in digitalization and the size of the digital transformation team, according to Frost & Sullivan.

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How We Operate

With the rising trend of refined parenting and holistic wellness, families with children are increasingly seeking professional guidance, interactive engagement and health-focused care. However, traditional sales scenarios remain constrained by narrow product assortments, weak in-store experiences, limited digital capabilities and a lack of professional support, making it difficult to meet the evolving expectations for both quality products and professional services.

In response, we have built a consumer-centric business model focused on customer relationship management, integrating products, services, social engagement and sales channels into a unified ecosystem. By redefining interactions among products, employees and consumers, and fostering connections within consumer communities, we enhance customer stickiness and deliver personalized, lifecycle-based solutions. Our professionally trained staff act as trusted advisors, strengthening long-term relationships and driving word-of-mouth growth, while our community engagement initiatives further reinforce emotional connections and brand loyalty. Supported by an industry-leading supply chain and a strong portfolio of proprietary and channel-exclusive customized products, we address diverse consumer needs. At the same time, our omni-channel network and large-format store model transform retail spaces into experiential and social hubs, complemented by our self-operated online platforms that enable seamless online-offline integration. Leveraging significant investments in digitalization and AI, including proprietary data systems and intelligent tools, we deliver highly personalized services, enhance operational efficiency and sustain long-term growth.

Where We Play

In the maternal, infant and child products and services market, parenting philosophies are shifting from basic care to more scientific and refined approaches. Consumers increasingly value quality, safety, personalization and holistic experiential engagement. The consumption lifecycle now extends from prenatal care to parenting across all ages, driving rising demand for professional parenting services. At the same time, with the advancement of urbanization and the improvement of regional consumption capacity, the incremental market is shifting from higher-tier cities to lower-tier cities, where the demand of families with children is being released at an accelerated pace. Collectively, these trends are propelling the maternal, infant and child products and services market into a new phase of upgrade and development.

In the scalp and hair care segment, demand is driven by the appearance and self-care economy, with consumers seeking “healthy aesthetics.” Preferences are shifting from basic cleansing toward scalp health management, alongside rising expectations for products with reliable ingredients and professional, systematic services. On the supply side, technology-driven scalp and hair care is transforming the industry from single-product sales to comprehensive solutions integrating science-based formulations with smart devices. The market is evolving from basic cleansing toward more refined and science-based care, further expanding the overall market potential.

See “Industry Overview” for details.

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OUR STRENGTHS

We believe the following eight competitive strengths have underpinned our rapid growth and will continue to drive our development:

Brand Strengths: A Leading Player in China’s Maternal, Infant and Child Products and Services Market and Scalp and Hair Care Market

We have established a leading position in China’s maternal, infant and child products and services market. We have been listed among the “China TOP100 Chain Stores (中國連鎖TOP100榜單)” for nine consecutive years from 2016 to 2024, and remain the only company from the maternal, infant and child products and services sector to be recognized. We ranked first in China’s maternal, infant and child products and services market in terms of GMV in 2025, according to Frost & Sullivan. Leveraging our large member base, extensive sales and service network, and deep service capabilities, we believe we are well positioned to continue capturing growth opportunities in this expanding market.

China’s scalp and hair care market is expected to grow from RMB75.1 billion in 2026 to RMB102.7 billion in 2029, representing a CAGR of 11.0%. We expanded into the scalp and hair care sector during the Track Record Period through the acquisition of Hairology Group, which was the largest scalp and hair care service provider in China in terms of GMV in 2025, according to Frost & Sullivan. This acquisition meaningfully broadened our service ecosystem. Hairology Group pioneered the separation of scalp and hair care services from traditional salon services and established a product-driven integrated model that combines products, services and sales channels. Supported by robust in-house R&D and manufacturing capabilities, Hairology Group has established its full value-chain advantage. The acquisition of Hairology Group unlocks significant synergies across member engagement, market layout, channel sharing, collaboration and business format development.

Membership Strengths: A Business Model Focusing on Consumer Relationships Management

We believe that the essence of user relationships lies in emotional resonance fostered through human connection and trust, something that goes beyond transactions or service delivery and ultimately shapes loyalty, engagement and long-term companionship. In 2025, GMV contributed by our members exceeded 13.7 billion.

We believe interactions with consumers foster emotional connections, which in turn drive loyalty, cultivate high-value members, and generate positive word-of-mouth that attracts potential new consumers. This approach represents a fundamental shift from managing products to managing relationships with consumers. Centering around consumer lifecycles and evolving needs, our solutions integrated products and services, spanning maternity care, infant feeding, mobility, and other parenting essentials, supporting families throughout pregnancy and early childhood.

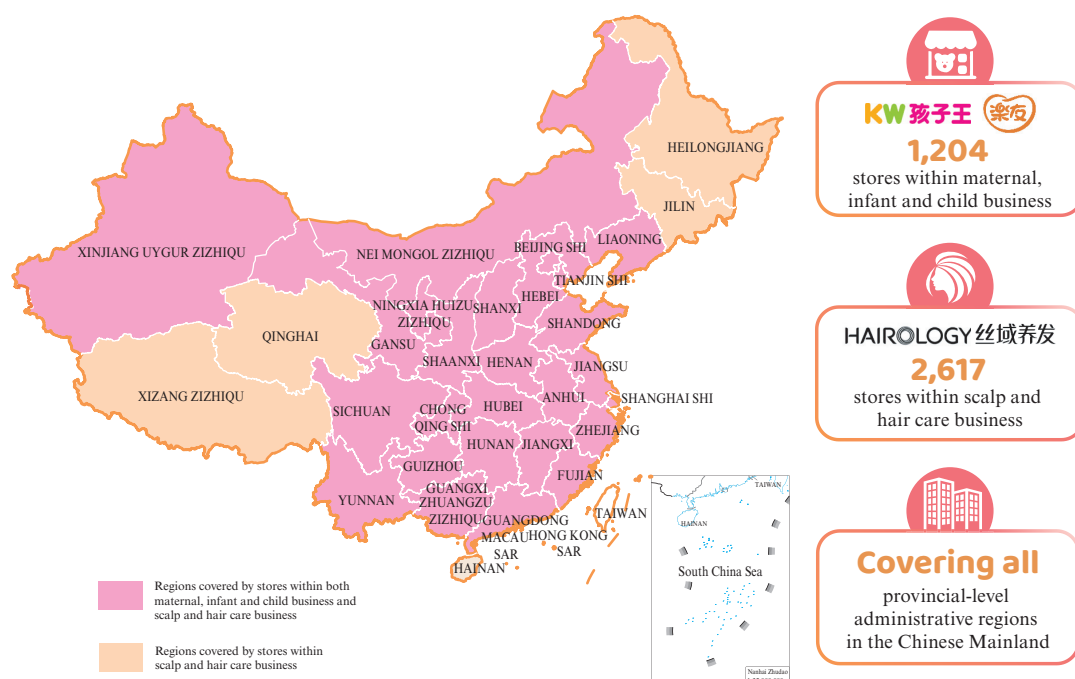
To support families’ needs for interaction and social connection, we have developed a variety of community touchpoints both online and offline. In our offline stores, we engaged over 3 million participants annually. In 2025, members who took part in these activities spent more than six times as much as other members, significantly boosting individual consumer’s value. We have built interactive communities online that reflect the sharing and communication habits of today’s parents. Through these initiatives, families gain both emotional and practical benefits, deepening their sense of belonging and attachment to our brand.

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Sales Channel Strength: Omni-Channel Network Enabling Consumer Reach Across Diverse Consumption Scenarios

With the rapid development of internet and AI technologies, we have established a fully integrated omni-channel operating model across diverse consumption scenarios. Consumers can access our offerings through multiple channels, including various formats of offline stores, our Kidswant App, WeChat mini-programs and others, enjoying a smooth, convenient and efficient shopping experience. Our omni-channel experiential business model was selected as a national exemplary case of new consumption scenarios in the 2024 report issued by China’s National Development and Reform Commission.

Guided by the consumption patterns of different consumer segments, we have strategically developed a diverse store network and created a wide range of offline store scenarios.



In terms of site selection, our self-operated stores are primarily located in tier 1 and tier 2 cities. Since 2024, we have actively captured the structural growth opportunities in lower-tier markets by accelerating our expansion through a franchise model. Leveraging our operational experience, we empowers franchisees across brand building, product selection, operations management, supply-chain collaboration, service enablement and in-store experience design, helping them improve operational efficiency. As of December 31, 2025, 173 franchised stores within our maternal, infant and child business had commenced operation, covering over 100 cities across 23 provinces, including Henan province, Hubei province and Anhui province. Additionally, we have 232 franchised stores under decoration or preparation.

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In terms of store formats, we have developed a multi-tiered store matrix across diverse scenario that includes our self-operated large-format stores, children’s lifestyle stores, Ultra stores and franchised select stores. In addition, through the acquisition of Hairology Group, we further expanded our store formats to include technology-driven scalp and hair care stores. Together, these formats enable us to serve different market tiers and consumption scenarios with precision.



Kidswant 10th Generation Digital Store



Kidswant All-Age Children's Lifestyle Store



Kidswant Ultra Store



Kidswant Franchised Select Store



Hairology Scalp & Hair Care Store

We have built a comprehensive online channel ecosystem centered on our Kidswant App, WeChat mini-programs and WeChat communities, creating connectivity between our digitally enabled offline stores and our online touchpoints such as APPs and WeChat mini-programs. This omni-channel integration allows consumers to access our high-quality services anytime, anywhere and in any scenario. In private domain, our proprietary Kidswant App provides convenient shopping and functions as a comprehensive parenting platform with specialized tools and a knowledge-sharing community. In public domain, we have also expanded consumer reach through major third-party platforms, further solidifying our leading position of our online channels.

We leverage digitalization to drive deep channel integration and build industry-leading local service capabilities, positioning us as the preferred local gateway for families with children. In local on-demand retail, we have rolled out multiple delivery offerings supported by our advanced digital systems, which enabled shared inventory across stores to significantly improve delivery efficiency and store turnover. In local lifestyle services, we have launched parent-child experiential programs, from educational excursions to urban exploration activities, across nearly 100 cities. By connecting families with museums, zoos, aquariums and other cultural and tourism resources, we have created customized and self-operated activities under the theme “Inspiring Every Child to Fall in Love with Their City (讓每個孩子愛上這座城),” meeting families’ growing demand for diverse and personalized experiences. In local lifestyle content development, our omni-channel and multi-touchpoint presence enables us to build an integrated content sharing platform where parenting insights converge with local family-life services further reinforcing our position as a trusted destination for families.

Supply Chain Strengths: A Carefully Selected and Diversified Supply Chain

Guided by a deep understanding of consumer needs, we leverage a carefully selected supply chain to refine and customize our product offerings. Through the execution of our proprietary brand strategy, we have continued to build a supply chain matrix that delivers diverse, distinctive, high-quality and cost-effective products to consumers.

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We maintain long-term and stable partnerships with leading maternal, infant and child product brands and continue to enhance our supply chain system. Our product portfolio spans all major lifestyle scenarios of families with children, including apparel, food, home, mobility, entertainment, learning and daily necessities. Supported by a product selection team of more than 300 professionals, we formulate selection and procurement strategies based on omni-channel sales data, consumer insights, inventory distribution, and procurement plans. This allows us to precisely meet consumers’ diverse needs and develop integrated solutions that combine products and services, covering the full spectrum of family consumption scenarios. As of December 31, 2025, we had partnered with over 500 brands in our offline stores and over 1,000 brands across our omni-channels. By introducing vendors to our online platform, we further broadened our product assortment and established a comprehensive merchandise ecosystem that integrates both self-operated and platform-based offerings.

Our proprietary product portfolio comprises more than 15 brands, including, among others, “*Hairology* (絲域),” “*greatfamily* (歌瑞家),” “*BETOBEHO* (貝特倍護),” “*Huidiantang* (慧殿堂),” covering children’s apparel, underwear and home textiles, daily necessities, toys, skincare and beauty products, and AI-enabled smart products. Proprietary brand products allow us to significantly shorten the path from production to consumers, improving supply chain efficiency and cost-effectiveness while ensuring product quality and competitive pricing. In addition, we collaborate with leading brands to launch channel-exclusive customized products. We offer channel-exclusive customized products across multiple categories, including infant formula, snacks and complementary foods and durables and consumables. The aggregate GMV of our proprietary brands and channel-exclusive customized product accounted for 16.3% of total GMV of products in 2025, representing an increase of 5.9% compared to that in 2024.

With over 20 years of industry experience, Hairology Group has established strong R&D capabilities and modernized manufacturing facilities, ensuring full-process quality control and product safety and efficacy from R&D to production. As of December 31, 2025, through continuous R&D investment, Hairology Group has obtained more than 50 patents, offering complete hair health products and solutions for hair nourishment, anti-hair-loss, hair strengthening and pigmentation, addressing conditions including hair loss, greying, oiliness, dandruff and scalp sensitivity.

Service Strengths: A Professional Service System

Aligned with the diverse needs of members across different lifecycle stages, we have established three service platforms, namely Maternity PLUS, Growth PLUS and Parent-Child PLUS, delivering comprehensive child development and parenting services for all age groups through partnerships with over 1,200 third-party service providers as of December 31, 2025.

- Maternity PLUS, offering professional services for mothers, including postpartum care, postnatal care center, babysitters and postnatal recovery programs;
- Growth PLUS, providing services for children of all age groups, including online education, arts and music, physical fitness programs and parent-child photography;
- Parent-Child PLUS, delivering tailored services for parents and children, including local exploration, educational play and parent-child bonding activities for families with children of all age groups.

Our acquisition of Hairology Group creates a vertically integrated service offering that addresses both children’s growth and parental well-being. This has allowed us to establish a comprehensive parent-child lifestyle ecosystem that integrates parenting services with health and wellness aesthetics.

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Unlike traditional retail businesses that rely primarily on sales staff, we employ over 5,000 certified parenting consultants, who hold professional qualifications such as infant care specialists, first-aid practitioners, nutritionists and lactation consultants. They possess both in-depth parenting knowledge and a strong understanding of consumer needs, enabling them to provide services including product recommendations, pregnancy consultations, newborn and postpartum care, parenting guidance and lactation support, which serve as effective contact points for us to perceive user needs and recommend products and services to users. During the Track Record Period, the top-performing parenting consultant achieved a GMV exceeding RMB4.0 million in one year, illustrating how our parenting consultants effectively generate customer value and form a distinctive competitive advantage for our Company.

Digital and Intelligent Capabilities: Strengths that fully Empower Business Development

We have long prioritized building a scalable, intelligence-enabled digital backbone to support the growth of our business. Since 2015, we have assembled a dedicated digital transformation team and invested over RMB1.2 billion in our digital capabilities as of December 31, 2025. Drawing on in-house R&D, we have developed self-operated online platforms serving families with children, anchored by several front-end user systems, including our Kidswant App, WeChat mini-programs and cloud POS, supported by a three-layer middle-office architecture, which centered on business and data middle platforms, supplemented by an AI middle platform, seven back-end systems, as well as integrated employee-facing and supplier-facing terminals. With over 1,300 digital production tools, they empower our business growth and operational efficiency. Together, these systems and more than 1,300 digital tools enable full digitalization and intelligent management, providing a strong foundation for scalable growth and more efficient execution.

Leveraging the massive volume of user data generated through our services and our advanced digital infrastructure, we have developed more than 1,500 user tags and over 700 intelligent models. This allows us to match resources precisely with consumer needs. We have also embedded automated DTC precision marketing deeply into our operations, enabling data-driven engagement journeys that deliver the right benefits, care, reminders, information, or promotional offerings to the right consumer at the right time through the right touchpoint. This real-time, targeted engagement enhances user satisfaction and creates measurable value. For the year ended December 31, 2025, GMV generated through automated DTC precision marketing accounted for more than 26% of our GMV of maternal, infant and child products under “*Kidswant*” brand, underscoring the effectiveness of our data-driven operating model.

We have developed KidsGPT Intelligent Advisor, the LLM in the maternal, infant and child sector, and have built more than 10 AI agents on top of this model, including, among others, AI parenting advisor, AI marketing assistant and AI IT operations. These AI agents are embedded across the full business cycle, from member services, product selection and ordering to delivery, quality control and marketing, enhancing both consumer experience and operational efficiency.

Our AI parenting advisor provides round-the-clock professional support, offering real-time guidance on breastfeeding, early childhood development and other parenting needs, enabling us to meet user expectations with both technological excellence and empathetic service. Our AI marketing tools, “Whirlpool (漩涡)”, support short video production and distribution through a hybrid model combining automation with human participation. While AI automates tasks such as editing, subtitling and multi-platform distribution, human personnel are responsible for topic selection, content review, quality control, strategy and compliance monitoring. Since the launch of “Whirlpool (漩涡)” in April 2025, the system has produced more than 500,000 short videos, which have generated over 90 million views across social platforms, significantly improving our marketing efficiency.

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Warehousing and Logistics Strengths: An Extensive Intelligent Warehousing and Logistics Footprint

We have built and operated three fully automated central distribution centers (CDCs) in Nanjing, Chengdu and Tianjin, equipped with industry-leading logistics automation systems. There are regional distribution centers (RDCs) and front distribution centers (FDCs) in Wuhan, Foshan, Xi'an, Shenyang, Qingdao, Chongqing and other places, forming a three-level warehousing system including CDCs, RDCs and FDCs that matches the store layout and online sales network, building an intelligent warehousing and logistics layout with the widest coverage in the maternal, infant and child products and services industry. As of December 31, 2025, our cumulative investment in smart logistics exceeded RMB1.2 billion.

We have developed five proprietary intelligent logistics systems that provide visibility across order scheduling, inventory management, warehouse operations, in-transit logistics and return tracking. These systems significantly enhance warehousing and logistics efficiency and improve fulfillment timeliness. Building on our extensive warehouse network and advanced logistics technology, we have capitalized on the rise of local on-demand retail. Through our self-developed digital system for on-demand fulfillment, we integrate our efficient supply chain management systems with advanced logistics and warehousing system to enhance instant fulfillment performance. We have launched one-hour delivery for customers within a three to five kilometer radius of our self-operated stores. For the year ended December 31, 2025, 23% of our product deliveries achieved one-hour delivery, and our on-demand retail fulfillment rate in core regions reached 95%, placing us among the industry leaders.

Management Strengths: An Exceptional Management Team and a Young, Professional Organization

Our Chairman and founder, Mr. Wang Jianguo, is a highly respected entrepreneur in China with a long track record of successfully building and scaling businesses across different market cycles. He founded Five Star Appliance (五星電器), which grew into one of China's top three home-appliance retail chains, and later successfully founded two listed companies, including our Company and Huitongda Network Co., Ltd. (匯通達網絡股份有限公司) (stock code: 9878), by capturing opportunities arising from consumption upgrades and industry transformation and deeply cultivating different subdivisions, showing his keen business insight and industrial layout ability. Our co-founder and CEO, Mr. Xu Weihong, is an innovative management with extensive experience across home-appliance retail and consumption market for families with children. With deep expertise in brand strategy and new retail operations, he has played a pivotal role in shaping and executing our business model. Together, supported by a management team with strong execution capabilities, they have established a distinctive business model, injecting core impetus into our past rapid development. Our senior leaders bring broad professional experience in areas such as financial management, industry M&A, supply chain management, franchise operations, channel development and human resources, providing a solid foundation for our sustainable and high-quality growth.

We have cultivated a young, capable, professional and mission-aligned workforce. We have also established comprehensive systems for talent selection, development and career advancement to unlock employees' potential and creativity and support the Company's growth across all business lines. Nearly 55% of our employees were born after 1990, and approximately 80% of our staff based at headquarters hold a bachelor's degree or above.

We continue to optimize our organizational structure, enhance employee wellbeing, and foster an inclusive, diverse and innovative working environment. Through a wide range of cultural activities, we strengthen employees' sense of belonging and alignment with our core values, which include love, integrity, inclusion, knowledge and action, and advance our mission of delivering love and joy to families worldwide.

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OUR STRATEGIES

We will continue to advance our core strategy in the market for families with children by executing our “Triple Expansion Strategy” to broaden our product offerings, enter adjacent business segments and diversify our business models.

To achieve this goal, we have formulated the following initiatives:

Continued Store Network Expansion and Upgrade to Advance a Nationwide Footprint

We will continue to expand the market presence of both our maternal, infant and child products and services and scalp and hair care business across China and, over time, in selected international markets. By further optimizing our store network and executing the “1,000 Cities, 10,000 Stores” plan with greater operational precision, we aim to strengthen brand influence.

For our “*Kidswant* (孩子王)” brand, we plan to accelerate our penetration into lower-tier markets through a standardized franchise model. According to Frost & Sullivan, the market size of China’s maternal, infant and child products and services market in tier 3 and lower tier cities in China is expected to increase from RMB2,758.4 billion in 2026 to RMB3,192.2 billion in 2029, representing a CAGR of 5.0%. Despite this growth potential, these markets continue to face structural gaps, including weaker supply chain capabilities, limited professional services, underdeveloped digital infrastructure and a narrow range of consumer scenarios.

For our “*Hairology* (絲域)” brand, we plan to strengthen our presence in key regions such as East China, Central China and Northern China, while accelerating expansion in Hong Kong and Southeast Asia, especially in Singapore, Thailand and Indonesia. We aim to broaden its store footprint and market share, enhance brand influence, and continue leading the scalp and hair care market with a technology-driven approach.

In parallel, we will explore new hybrid formats that integrate stores within our two major business lines under “*Kidswant* (孩子王)” and “*Hairology* (絲域)”, including “store-within-a-store” concept. By leveraging cross-selling among members, supply chain synergies and integrated channel scenarios, we seek to drive mutual growth across both brands, create complementary advantages, and shape a second growth curve for our Company.

Deepen Our Proprietary Brand Strategy to Strengthen Our Role as a Value Chain Orchestrator

Our proprietary brand strategy is a core driver of profitability, consumer loyalty and product quality control, while also enabling us to build differentiated brand equity. By advancing this strategy, we aim to create shared value across the family consumption value chain, driving holistic improvements in product quality, operating efficiency and cost structure. These efforts will support our long-term ambition to establish ourselves as the orchestrator of the value chain.

We plan to further expand and diversify our proprietary brand portfolio, scale its contribution, and enhance brand resonance among our members. Leveraging member insights and feedback, we will continue developing and introducing new products to meet the increasingly personalized, differentiated and refined needs of families with children. In addition, drawing on the leading R&D capabilities of Hairology Group, we will continue driving product innovation and iteration in the scalp and hair care category. We also plan to explore upstream material R&D to further strengthen the core competitiveness of Hairology Group and reinforce its market leadership.

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Accelerating Our Local Lifestyle Business to Become the Preferred Choice for Families with Children

Compared with centralized e-commerce, local, distributed commerce brings services closer to consumers, enables faster fulfillment, and ensures more reliable quality. Building on our nationwide offline sales and service network, together with our leading online channels, we will continue to scale our local lifestyle business and create an integrated local ecosystem that connects products, services and content.

Leveraging our strengths in member insights, scenario, services, supply chain capabilities and digital infrastructure, we will accelerate the build-out of a rapid fulfillment network to capture growth opportunities and steadily expand our market share in local on-demand retail. We plan to deepen strategic collaboration with more leading service providers and connect with local cultural and tourism resources to offer families with children comprehensive one-stop service solutions, while promoting greater standardization and refinement across our local lifestyle services. We will continue to develop local content communities for families with children that feature regional relevance and emotional resonance, forming an integrated online-offline content ecosystem. This will enable families to access peer experiences and localized consumption guidance within our ecosystem, creating a virtuous cycle of content, engagement and transactions that converts traffic into sustained loyalty.

Driving Business Growth Through Artificial Intelligence

Leveraging our self-operated online platforms, we will advance the in-depth application and integrated innovation of AI across content production, membership services, new business formats and operational management, fostering closer collaboration between business teams and digital transformation teams. By building a comprehensive AI agent toolkit covering all key scenarios, we aim to accelerate omni-channel integration, enhance user experience and unlock new drivers of business growth and operational efficiency.

In terms of membership management, we will continue to upgrade the KidsGPT Intelligent Advisor and iterate AI-based tools to deliver more efficient, professional and precise services. These capabilities will deepen our understanding of user needs and enable more accurate matching of products and services, thereby strengthening user engagement and lifetime value. We will also enhance our digital systems for franchisees and broaden the application of AI tools across end-to-end operating processes, helping franchise partners improve management capabilities and cost efficiency. In addition, in terms of AI terminal applications, we plan to deepen collaboration with leading large-model and product companies. By leveraging high-quality, vertically specialized data from our industry and operations, we aim to progressively build an integrated portfolio of AI-powered products, spanning apparel, food, home, mobility, entertainment, learning and emotional companionship, that combines both hardware and software capabilities.

Accelerating International Expansion to Serve Families with Children

We plan to further extend our brand internationally, with a focus on markets that demonstrate strong consumption potential. This strategy will help diversify our revenue base and enhance our brand presence in overseas markets. Southeast Asia represents a particularly attractive opportunity, given its young demographic profile, high proportion of young families, and consumer preferences for maternal, infant and child products as well as scalp and hair care services, patterns that closely resemble those in China. At the same time, these markets continue to face structural supply shortages, offering substantial long-term growth headroom.

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Through a combination of strategic acquisitions and self-built sales and service network, we aim to bring our innovative business model and carefully selected and diversified supply chain to overseas markets. This will enable us to capture growth opportunities abroad and strengthen the presence of our “Kidswant” brand in overseas markets serving families with children.

OUR BUSINESS MODEL AND KEY FEATURES

During the Track Record Period, we primarily engaged in the maternal, infant and child business, comprising (i) sale of maternal, infant and child products, including food, footwear and apparel, consumables and durables, and (ii) the provision of child development and parenting services across all age groups, mainly including interactive events, membership services and children’s play zones. We acquired Hairology Group in July 2025, a leading player in China’s scalp and hair care market that engages in the production and sale of scalp and hair care products and operates scalp and hair care service chains across China under the brand “Hairology (絲域)”, to enrich our offerings. Additionally, we provide various sales and marketing services to our corporate customers. See “— Our Products and Services” for details.

We believe our distinctive business model sets us apart from industry peers:

Consumer-centric Model Built on Membership System

Our sales are deeply rooted in a robust membership system, which serves as the cornerstone of our consumer-centric model, allowing us to manage consumer relationships systematically and deliver services tailored to each stage of a family’s evolving needs. Our consumer-centric model is built on three types of interactions: between products and consumers, between employees and consumers, and among consumers themselves. Broad portfolio of products and services meets the diverse needs of families and leverages member data to deliver more targeted recommendations and solutions. Our employees act as professional advisors that help us build trust and strengthen loyalty among our members. We also create opportunities for families to interact with one another through online and offline communities. During the Track Record Period, we hosted more than 130,000 events annually and supported active online forums, enabling parents to share experiences and learn from each other. These efforts, together with our membership system, enhance consumer engagement and deepen consumer value.

Set forth below are key metrics of our membership system:

	Year ended December 31,		
	2023	2024	2025
Maternal, infant and child business			
Number of active members ⁽¹⁾⁽²⁾	12,630,227	12,392,319	11,515,714
Revenue contributed by members (RMB in million) ⁽¹⁾	9,239	7,555	7,879
Sales volume from members ('000)	103,765	105,264	102,348
Average selling price (RMB) ⁽³⁾	89	72	77
Repeated purchase rate (%) ⁽⁴⁾	20.7	16.5	19.3
Scalp and Hair Care Business			
Number of active members ⁽⁵⁾	—	—	822,510
Revenue contributed by members (RMB in million) ⁽⁵⁾	—	—	160
Sales volume from members ('000)	—	—	696
Average selling price (RMB) ⁽³⁾	—	—	230
Repeated purchase rate (%) ⁽⁶⁾	—	—	30.9

Notes:

- (1) The number of active members and the revenue contributed by members for our maternal, infant and child business include the relevant contributions from Leyou Group after the completion of our acquisition in August 2023.
- (2) The number of active members represents the number of registered members who made at least one purchase for products or services during the given year.

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- (3) Average selling price is calculated by dividing the total revenue contributed by members during the given year by the sales volume from members for the same year.
- (4) Repeated purchase rate for our maternal, infant and child business is calculated by dividing the number of active members who made purchases during the given year by the number of members who made their first purchase with us for the preceding year.
- (5) The number of active members and the revenue contributed by members for our scalp and hair care business only cover the relevant contributions from Hairology Group starting from July 1, 2025, following the completion of our acquisition in July 2025.
- (6) Repeated purchase rate for our scalp and hair care business is calculated by dividing the number of active members who made purchases during the given year by the number of members who made their first purchase with us for the preceding year.

The decrease in the number of active members of the maternal, infant and child business for the year ended December 31, 2025 is primarily because we pivoted from broad-based member acquisition to a high-value member retention strategy in 2025. By focusing resources on nurturing members with higher-value, the Company observed a natural moderation in the number of active members in 2025.

Curated Product Selection and Diverse Proprietary Brands

Our product selection strategy is designed to meet the diverse needs of families with children.

We have established a diverse proprietary brand portfolio consisting of 21 brands for our maternal, infant and child products, such as “greatfamily (歌瑞家),” “BETOBEHO (貝特倍護)” “Huidiantang (慧殿堂)”, offering diverse products tailored to the needs of families with children. The following picture sets forth examples of our proprietary brand matrix:



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As of December 31, 2025, we had 465,407 SKUs. Our products covered 1,468 third-party brands, including 1,198 local brands and 270 overseas brands. Among these, 187 brands are channel-exclusive customized brands, under which we procure products customized by third-party manufacturers in accordance with our specifications and sell them exclusively through our self-operated online and offline stores and franchised stores. For example, we have cooperated with a third-party brand owner for diaper products. At our request, such diapers feature a thinner product design, an enhanced waistband design with a higher number of ultra-fine elastic strands to improve comfort and pressure distribution, and customized packaging sizes to better suit specific consumer usage scenarios such as short family trips.

Channel-exclusive customized products typically delivered higher gross margins as compared to standard third-party brand products. The customized nature and exclusive distribution enhance our differentiation and competitive position, thereby strengthening our pricing power over end customers. They also allow us to leverage the brand recognition of established third-party brands while maintaining flexibility to adjust product offerings in response to market trends. The following table sets forth a breakdown of our revenue, gross profit and gross profit margin of the sale of products by brands for the years indicated:

	Year ended December 31,								
	2023			2024			2025		
			Gross			Gross			Gross
	Revenue	Gross profit	profit margin	Revenue	Gross profit	profit margin	Revenue	Gross profit	profit margin
	RMB'000		%	RMB'000		%	RMB'000		%
Proprietary brand	431,659	155,327	36.0	629,280	226,959	36.1	1,000,809	534,374	53.4
Channel-exclusive customized brand	—	—	—	62,019	20,855	33.6	238,922	81,127	34.0
Third-party brand ⁽¹⁾									
Local	2,965,361	707,689	23.8	3,322,642	792,000	23.8	3,842,184	682,066	17.8
Overseas	4,178,771	643,920	15.4	4,144,182	678,823	16.4	3,832,735	563,836	14.7
Sub-total	7,144,132	1,351,609	18.9	7,466,824	1,470,823	19.7	7,674,918	1,245,902	16.2
Total	7,575,791	1,506,936	19.9	8,158,122	1,718,637	21.1	8,914,650	1,861,402	20.9

Notes:

(1) Representing revenue contribution solely from standard third-party brand products.

The following table sets forth the sales volume and average selling price of our products by types of brands for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Proprietary brand			
Sales volume ('000)	21,604	26,682	26,598
Average selling price ⁽¹⁾ (RMB)	20	24	32
Channel-exclusive customized brand			
Sales volume ('000)	—	5,964	12,002
Average selling price ⁽¹⁾ (RMB)	—	10	20
Third-party brand			
<i>Local</i>			
Sales volume ('000)	51,760	51,371	58,410
Average selling price ⁽¹⁾ (RMB)	57	65	84
<i>Overseas</i>			
Sales volume ('000)	28,996	24,804	23,058
Average selling price ⁽¹⁾ (RMB)	144	167	125

Note:

(1) Calculated based on the corresponding revenue divided by the sales volume.

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The following table illustrates details of different types of brands:

	Proprietary brand products	Channel-exclusive customized products	Third-party brand products
Brand type of the products	Our proprietary brands	Third-party brand	Third-party brand
Business model	We have full control over product initiation, R&D and pricing, and outsource production to OEM suppliers	We cooperate with brand owners on joint product development, under which products are manufactured by brand owners in accordance with our specific requirements	We also procure standard off-the-shelf products independently developed, produced and priced by third-party brand owners
Exclusivity	Our products are sold exclusively through our sales channels	The products are sold exclusively through our sales channels.	N/A
Type of agreements	N/A	Customized development agreement and exclusive distribution agreement	Standard procurement agreement
Pricing	Fully controlled by us	Negotiated between us and third-party brand owners	Subject to brand owner’s price control policy
Promotion expense	We bear full promotion expenses	Shared by both parties as agreed	Third-party brand owners bear the majority of promotion expenses
Overall profit level	Higher than other two types of products	Higher than third-party brand products	Lower than other two types of products
Company’s role	Brand owner	Partners for product development and sole distributor for such products	We act as one of the distribution channels for such products

In our scalp and hair care business, product development focuses on safety and efficacy, leveraging scientific methods to extract active ingredients from plant-based materials, thereby providing customers with healthy and effective scalp and hair care solutions.

Omni-channel Sales and Service Network

Our omni-channel sales and service network comprises an extensive offline store network complemented by multiple online touchpoints. As of December 31, 2025, our offline sales and service network for our maternal, infant and child business was represented by four major store formats designed to meet different family needs and consumption scenarios. Our self-operated large-format stores, each with an average GFA of over 2,000 sq.m., serve as one-stop destinations that offer a full range of products and services for families with children. Our children’s lifestyle stores provide expanded activity areas for older children and are designed to meet the needs of families with two children of different ages. Our Ultra stores are next-generation experiential stores that integrate trendy IP content and the “goods economy (谷子經濟)” to create interactive and immersive retail environments. Our franchised select stores focus on essential, high-demand products and provide convenient, community-based access for families, particularly in lower-tier markets.

There are no rigid distinctions in product category coverage or brand coverage across our offline store network, including among different store formats and between self-operated and franchised stores. Instead, product and brand selection is adjusted flexibly based on factors such as store size, customer preferences, and regional demand. For instance, our self-operated stores typically carry a wider range of brands and SKUs to meet the diverse and personalized needs of consumers in tier 1 and tier 2 cities and to provide a one-stop shopping experience. In contrast, our Kidswant franchised select stores, which are primarily located in tier 3 and lower-tier cities and have smaller average store area, tend to adopt a more focused product mix. These stores place greater emphasis on channel-exclusive customized brands and proprietary brands, creating supply chain differentiation and helping to mitigate price competition in the more price-sensitive markets, while supporting our market penetration and

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catering to local demand for quality and value. As of December 31, 2025, our scalp and hair care business mainly operates in tier 1 and tier 2 cities. Our offline sales and service network for our scalp and hair care business consists of 2,617 stores, primarily located in shopping malls and community-based areas.

Consumers can also engage with us through our own online platforms including Kidswant App and WeChat mini-programs, as well as various third-party e-commerce platforms. Our online channels offer a broader range of SKUs and brands without the space constraints faced by physical stores.

Strong Digital Capabilities and Comprehensive Digital Infrastructure

Digitalization plays a central role in our business model. It strengthens how we engage consumers, how our employees deliver services and how we manage our operations, creating a more efficient and scalable foundation for growth.

Our user-facing digital capabilities are built on our self-operated Kidswant App and WeChat mini-programs, which offer direct ordering and convenient access to our product portfolio. The Kidswant App also serves as an all-in-one parenting platform, providing practical tools and community features that support families from pre-conception through childcare. Operating our own platforms allows us to capture timely consumer feedback and adjust our offerings accordingly. Powered by over 1,500 user tags and more than 700 intelligent models, our system delivers personalized experiences and precise content and service matching.

We provide frontline staff with a suite of digital tools that support efficient customer services. Our platform for employees includes 11 modules and more than 150 tools that offer real-time insights into customer profiles and automate task assignments. These tools help employees tailor their interactions, respond to needs more effectively and contribute to a more consistent member-focused experience.

Our business, data and AI middle platforms form the backbone of our digital infrastructure. The business platform’s microservices architecture supports key functions such as membership, product management, inventory and transaction processing. The data platform incorporates machine-learning models for smart marketing, sales forecasting and automated replenishment. In warehousing and logistics, integrated data and predictive algorithms enable more efficient replenishment and improve overall operational performance. Building on this foundation, we developed KidsGPT, the first large language model in the maternal, infant and child products and services industry and a suite of AI agents, including AI parenting advisor, AI marketing assistant and AI IT operations, further enhancing our ability to anticipate and meet consumer needs.

OUR PRODUCTS AND SERVICES

During the Track Record Period, we primarily engaged in the (i) maternal, infant and child business, (ii) scalp and hair care business, and (iii) provision of sales and marketing services to customers.

Maternal, Infant and Child Business

Our maternal, infant and child business includes the (i) sale of maternal, infant and child products, covering food, footwear and apparel, consumables and durables, and (ii) provision of child development and parenting services, mainly including interactive events, membership services, parenting services and children’s play zone services to families with children. In 2023, 2024 and 2025, our revenue generated from maternal, infant and child business was RMB7,886.7 million, RMB8,433.3 million and RMB8,929.5 million, respectively.

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Sale of Maternal, Infant and Child Products

The maternal, infant and child products we sell mainly include foods, footwear and apparel, consumables and durables. As of December 31, 2025, our maternal, infant and child product portfolio comprised 50,443 SKUs under our proprietary brands, 8,301 SKUs under channel-exclusive customized brands, and 406,663 SKUs under third-party brands. The table below sets forth further details of such portfolio.

Subcategory	Representative products and brands	Retail price range (RMB)	Franchise price range (RMB)	As of December 31, 2025	
				Number of SKUs	Number of brands
<i>Foods</i>					
Formula.	Formula products for expectant mothers and children aged 0–6, featuring brands such as “ <i>Mead Johnson</i> ” and “ <i>A2</i> ”	102 to 488	30 to 415	729	30
Snacks and complementary foods.	Rice cereal, noodles, dried meat floss, fruit puree and biscuits, featuring brands such as “ <i>Enoulite</i> ” and “ <i>Rivsea</i> ”, alongside our proprietary brands “ <i>Great Baby</i> ” and “ <i>Kidswant</i> ”	12 to 129	10 to 178	2,917	411
Nutrition and health supplements. . . .	Vitamins and probiotics for expectant mothers, mothers and infants, featuring brands such as “ <i>Nature's Bay</i> ” and “ <i>Neurio</i> ”, alongside our proprietary brands “ <i>Dclever</i> ” and “ <i>Kidswant</i> ”	125 to 938	11 to 645	432	109
<i>Footwear and apparel</i>					
Underwear and home textiles.	Baby sleep sack, nursing pillow and baby soft goods, featuring brands such as “ <i>L-Liang</i> ” and “ <i>Winbetter • mini</i> ”, alongside our proprietary brands “ <i>greatfamily</i> ”, “ <i>Chuyimeng</i> ”, “ <i>Cutie Homie</i> ” and “ <i>Plant Kingdom</i> ”	15 to 149	9 to 736	363,396	137
Outerwear and children’s footwear.	Baby and child clothing, pre-walker shoes and footwear, maternity dress featuring brands such as “ <i>Ginoble</i> ” and “ <i>Bobdog</i> ”, alongside our proprietary brands “ <i>greatfamily</i> ”, “ <i>Chuyimeng</i> ”, “ <i>Vivi Bear</i> ” and “ <i>Youmiyou</i> ”	68 to 239	13 to 280	84,519	139

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Subcategory	Representative products and brands	Retail price range (RMB)	Franchise price range (RMB)	As of December 31, 2025	
				Number of SKUs	Number of brands
Consumables					
Diapers	Baby diapers, pull-up pants, and diaper pads, featuring brands such as “GOO.N” and “Huggies”, alongside our proprietary brands “BETOBEHO” and “Ubee”	39 to 125	10 to 91	1,523	76
Wash and care products	Baby shampoo, kids’ toothpaste and maternity skincare products, featuring brands such as “Pigeon” and “Babycare”, alongside our proprietary brands “BETOBEHO”, “Ubee”, “OANA”, “YESX” and “BDIRO”	15 to 378	11 to 1,277	4,286	252
Durables					
Toys	Children’s toys, featuring brands such as “HAPE” and “Auby”, alongside our proprietary brands “Huidiantang” and “KW Toys”	39 to 299	10 to 431	4,930	285
Educational and smart learning products	Children’s comic books, study desks and chairs, and reading pens, featuring brands such as “Haiyue Time” and “Alpha Egg”	4.9 to 99	11 to 100	1,911	153
Strollers, cribs and car seats	Baby strollers, cribs, car seats featuring brands such as “Britax” and “Bebebus”	199 to 5,480	57 to 3,895	764	82

Our wholesale prices to franchisees are generally set at 70% of the retail prices. As of the Latest Practicable Date, the durables category focuses exclusively on infant and child products, while our other product categories cover the full maternal, infant and child customer base. We maintain offline and online presence across all product categories. Footwear and apparel are not sold through the distribution channel due to the complexity of SKU management and inventory control. We have not yet fully extended durable goods into our distribution network, but are gradually expanding their coverage through this channel.

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The following table sets forth a breakdown of our revenue, gross profit and gross profit margin generated from sale of maternal, infant and child products by product sub-categories for the years indicated:

	Year ended December 31,								
	2023			2024			2025		
			Gross			Gross			Gross
	Revenue	Gross profit	profit margin	Revenue	Gross profit	profit margin	Revenue	Gross profit	profit margin
	RMB'000		%	RMB'000		%	RMB'000		%
Foods									
Formula	4,633,427	785,518	17.0	5,067,336	945,775	18.7	5,336,700	885,673	16.6
Snacks and complementary foods	487,662	83,655	17.2	381,131	75,498	19.8	320,579	58,963	18.4
Nutrition and health supplements	108,461	33,660	31.0	117,297	37,240	31.8	138,146	39,926	28.9
Sub-total	5,229,550	902,833	17.3	5,565,765	1,058,513	19.0	5,795,426	984,562	17.0
Footwear and apparel									
Underwear and home textiles	213,981	95,699	44.7	303,855	101,261	33.3	420,699	130,389	31.0
Outerwear and children's footwear	227,561	123,203	54.1	332,948	145,008	43.6	324,373	127,418	39.3
Sub-total	441,542	218,902	49.6	636,803	246,269	38.7	745,072	257,807	34.6
Consumables									
Diapers	853,584	161,442	18.9	810,306	134,574	16.6	824,494	126,740	15.4
Wash and care products	424,293	75,546	17.8	437,897	115,265	26.3	556,482	159,053	28.6
Sub-total	1,277,877	236,988	18.5	1,248,203	249,838	20.0	1,380,976	285,793	20.7
Durables									
Toys	271,970	66,754	24.5	249,982	72,645	29.1	250,943	63,015	25.1
Educational and smart learning products	68,114	14,282	21.0	37,853	8,589	22.7	21,193	5,651	26.7
Strollers, cribs and seats	286,737	67,177	23.4	419,517	82,782	19.7	477,066	81,850	17.2
Sub-total	626,821	148,213	23.6	707,352	164,016	23.2	749,201	150,516	20.1
Total	7,575,791	1,506,936	19.9	8,158,122	1,718,636	21.1	8,670,675	1,678,679	19.4

The following table sets forth the sales volume and average selling price of our products by product sub-categories for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Food			
Formula			
Sales volume ('000)	19,068	21,198	31,995
Average selling price ⁽¹⁾ (RMB)	243	239	167
Snacks and complementary foods			
Sales volume ('000)	26,567	25,597	26,971
Average selling price ⁽¹⁾ (RMB)	18	15	12
Nutrition and health supplements			
Sales volume ('000)	789	1,182	725
Average selling price ⁽¹⁾ (RMB)	137	99	191
Footwear and apparel			
Underwear and home textiles			
Sales volume ('000)	6,299	9,472	11,277
Average selling price ⁽¹⁾ (RMB)	34	32	37
Outerwear and children's footwear			
Sales volume ('000)	4,647	5,834	5,398
Average selling price ⁽¹⁾ (RMB)	49	57	60
Consumables			
Diapers			
Sales volume ('000)	24,165	25,225	25,094
Average selling price ⁽¹⁾ (RMB)	35	32	33
Wash and care products			
Sales volume ('000)	14,888	14,762	12,847
Average selling price ⁽¹⁾ (RMB)	28	30	43

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	Year ended December 31,		
	2023	2024	2025
Durables			
Toys			
Sales volume ('000)	4,530	4,292	4,432
Average selling price ⁽¹⁾ (RMB)	60	58	57
Educational and smart learning products			
Sales volume ('000)	1,109	921	813
Average selling price ⁽¹⁾ (RMB)	61	41	26
Strollers, cribs and car seats			
Sales volume ('000)	297	339	399
Average selling price ⁽¹⁾ (RMB)	964	1,239	1,194

Note:

(1) Calculated based on the corresponding revenue divided by the sales volume.

Provision of Child Development and Parenting Services

Our child development and parenting services cover a range of offerings designed to support child development and family needs. These include children’s play zones, which provide specially designed play areas for children, along with themed activity programs such as the “Growth Camps” (成長繽紛營) that combines play with structured learning experiences. We also host various interactive events at our physical stores, including classes for new mothers and crawling competitions, fostering community engagement and family participation. In addition, we provide parenting and childcare services, such as lactation consulting, infant massage, baby haircuts, and lactation services. These services are typically provided by our employees acting as professional parenting advisors who hold both Childcare Qualification Certificates (育嬰師證) and Health Certificates (健康證). While only the Health Certificate is mandatory under PRC laws and regulations for providing parenting and childcare services, as advised by our PRC Legal Advisors, we require our employees to obtain Childcare Qualification Certificates to ensure they possess the requisite knowledge and skills to deliver such services.

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Our premium membership service grants members access to free parent-child activities, parenting resources and exclusive discounts. In 2023, 2024 and 2025, the number of our active premium members is 1,306,842, 1,269,517 and 1,061,407, respectively.

The charging mechanisms of our services vary by type: (i) child development services are charged on one-time play cards and stored-value cards with time-based credits or usage-based credits; (ii) interactive events are subject to a one-off service fee; (iii) parenting and childcare services can be billed on a per-session basis or through bundled service packages; and (iv) premium member access is granted via a one-time annual fee. Despite the use of varied charging mechanisms, revenue from our child development and parenting services is recognized at a point in time when the services are rendered. Where the outcome of a service cannot be reliably measured, revenue is recognized only to the extent of costs incurred that are expected to be recoverable until such time as progress can be reasonably measured. Our costs are recognized in profit or loss when the related revenue is recognized. For details of the revenue recognition and cost recognition of such services, see Note 2.3 to the Accountants’ Report set out in Appendix I to this document.

Our child development and parenting services strengthen customer engagement and diversify our revenue streams. These services are offered at our self-operated stores and at franchised stores through our franchisees. In the latter case, such franchisees provide services independently and we do not charge fees related to such services.

In addition to the services we or our franchisees provide directly, customers can access offerings from third-party service providers through our platform. Some of these third-party services are similar to ours, while others, such as nanny services (月嫂服務), maternity centers (月子中心) for post-partum recuperation and organization of summer camp activities, are not. Presence of similar third-party services provides customers with greater flexibility in timing and location, while the wider variety of third-party offerings increases the selection available on our Kidswant App and helps sustain its overall appeal.

Set forth below is a summary of the key terms of our agreements with third-party service providers:

<i>Terms</i>	Generally one year
<i>Fees and deposits</i>	We typically charge three types of fixed fees, including (i) an annual platform usage fee of RMB1,200, (ii) an annual digital tool fee of RMB400, and (iii) security deposit of RMB5,000, which is refundable after agreement expires without renewal, provided that the third-party provider has fulfilled all contractual obligations and there are no product issues or pending refund requests from customers. In addition, we charge a technical service fee, which includes information system integration fees, data storage and processing fees, and transaction service fees. Such fee is calculated based on the transaction amount conducted on our platform at an agreed fee rate, typically ranging from 5% to 9% for information system integration fees, 3% to 6% for data storage and processing fees and 2% to 5% for transaction service fees.
<i>After-sales services and liabilities</i>	Third-party service providers are solely responsible for providing after-sales services and for any disputes, claims or legal proceedings arising from the services they provide.
<i>Termination</i>	We have the right to terminate the agreements in the event of any material breach thereof.

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To ensure that third-party service providers possess the requisite qualifications, we have implemented a strict supervision mechanism. Third-party service providers must upload necessary credentials, such as business licenses, food operation permits and health certificates, based on their business scope for review before onboarding. We will monitor qualification validity and identify third-party service providers with expiring or expired licenses. In addition, our store managers along with parenting consultants conduct on-site inspections to verify that the actual operations of third-party service providers align with certified credentials and meet our safety, hygiene and customer experience standards.

Scalp and Hair Care Business

Our scalp and hair care business includes (i) the sale of scalp and hair care products, and (ii) the provision of scalp and hair care services. We marched into this sector following our acquisition of Hairology Group in July 2025, which operates scalp and hair care service chain stores in China and develops and sells scalp and hair care products. We operate all our scalp and hair care business under the brand “*Hairology* (絲域).” We did not have any revenue from this sector in 2023 and 2024. In 2025, our revenue generated from scalp and hair care business was RMB379.4 million, which mainly comprised (i) revenue from our self-operated scalp and hair care service chain stores, (ii) revenue from the retail sale of scalp and hair care products, (iii) revenue from the wholesale of scalp and hair care products to our franchisees, and (iv) franchise-related income, including software management fees, brand usage fees and pre-opening fees charged to franchisees. For the details of our arrangements with franchisees, see “— Our Sales and Services Network — Our Offline Store Network — Franchised Stores — Key Terms of Our Franchise Agreements”. We believe the acquisition brings the following synergies:

- **Shared customer base:** According to Frost & Sullivan, approximately 17% of the population experiences hair loss concerns, and the prevalence is even higher among postpartum women. Our large membership base, primarily consisting of parents and expectant parents, has strong demand for hair care services. We can attract new members through data analysis, member benefit design, resource allocation and cross-marketing to create natural cross-selling opportunities.
- **Expanding product and service offerings:** The acquisition further expands our product and service portfolio. While our existing offerings of personal care products targeting female and children, the products and services of Hairology Group extend our coverage to a broader range of family members. This enables us to build a more comprehensive family-oriented product portfolio, which helps enhance customer loyalty and strengthen our brand influence.
- **Complementary sales channels:** Our large-format stores for maternal, infant and children business can dedicate space to the provision of scalp and hair care services, while the offline stores under the “*Hairology*” brand can enhance our consumer outreach and serve as a localized service touchpoint, helping us strengthen customer connections in cities where our existing business presence is absent. The aforementioned hybrid store is scheduled to open in June 2026.

Sale of Scalp and Hair Care Products

Hairology Group offers products that fall into two main categories, professional salon-use products and home-use products. Our offerings span scalp and hair care, styling treatments, and nutritional supplements, designed to support overall scalp and hair health. The retail price of our scalp and hair care products varies from RMB98 to RMB960, with an average selling price of RMB256. Such retail prices are standardized nationwide and apply uniformly to both our self-operated and franchised stores. Our wholesale prices to franchisees are generally set at 25% of the relevant retail prices.

- ***Scalp care products.*** Our scalp care line includes cleansing lotions, essences, and nutrient solutions that help purify, soothe, and revitalize the scalp.

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- *Hair care products.* Our hair care products range from daily shampoos and conditioners to intensive masks and nourishing treatments. We have also developed a series of home-use products such as self-heating coloring masks and protective hair films, combining salon-grade performance with ease of use.
- *Styling and treatment series.* Our styling and treatment products allow users to achieve lasting smoothness and manageability while keeping the scalp healthy and comfortable.
- *Hairology black-hair series.* This product line is formulated with food-grade ingredients and free of chemical additives and has passed safety inspections by authorized authorities. Through an enzymatic process that helps preserve the hair’s natural color, leaving locks luminous, hydrated, and radiating with healthy shine. This line serves as a strategic pillar for addressing the growing hair care demand in the “silver economy.”

Hairology Group obtained the Registration Certificate for Special Cosmetics (the “**Registration Certificate**”) issued by the National Medical Products Administration for three of its products, and secured over 50 patents in the PRC as of December 31, 2025. Unlike ordinary cosmetics, which only require filing, these products undergo more rigorous safety, efficacy and technical reviews prior to obtaining the Registration Certificate, which competitors cannot bypass without substantial time and investment. The Registration Certificate provides third-party validation of product safety and effectiveness, enhancing consumer trust. The over 50 patents developed by Hairology Group cover proprietary formulations, manufacturing processes, and packaging, preventing replication by competitors and reinforcing technological leadership, premium positioning, and market differentiation.

Provision of Scalp and Hair Care Services

We offer professional scalp and hair care services at chain stores under the “*Hairology*” brand. Our service combines traditional scalp and hair care expertise with advanced technologies to deliver personalized, data-driven, and measurable solutions for scalp and hair health. This approach transforms scalp and hair care from a subjective experience into a standardized, science-based service process. The price of our scalp and hair care services varies from RMB120 to RMB1,263, with an average selling price of RMB310.

Our scalp and hair care services comprise several key processes, each supported by specialized devices and standardized techniques to ensure consistent and effective customer experience:

- *Examination and Assessment.* Our service begins with a comprehensive scalp examination using a high-definition scalp analyzer, which magnifies the scalp and hair follicles to examine and conduct assessments covering scalp type, oil balance, sensitivity, and hair density. This examination allows potential issues such as follicular blockage, abnormal sebum secretion, and scalp inflammation to be visualized and analyzed, providing the foundation for a tailored care plan.
- *Personalized Treatment Design.* Based on our professional knowledge base, the stylist designs an individualized treatment plan tailored to the specific scalp conditions of each consumer, such as dryness, sensitivity or hair loss, with the most suitable products and care protocols.
- *Targeted Treatment and Instrument Application.* During treatment, we focus on the synergy of product formulation, professional device and technical techniques. Using professional instruments, key active ingredients are efficiently delivered deep into the scalp to enhance absorption and treatment results. This achieves a level of precision and efficacy far beyond conventional at-home care.
- *Relaxation and Sensory Experience.* We integrate relaxation and well-being into the scalp and hair care process. Treatments often include standardized head, neck and shoulder massages, which promote scalp blood circulation while helping customers unwind. Combined with soothing fragrances and a calm atmosphere, the service delivers both functional and sensory satisfaction.

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- *Results Tracking and Home-Care Guidance.* After treatment, stylists provide before-and-after comparisons, along with personalized home-care recommendations to help customers maintain and reinforce the results. This extends professional care beyond the salon, building long-term relationships and sustainable scalp health habits.

Pricing for our services varies depending on the specific treatment goals and the products used in each session. Our services are generally charged on a per-session basis or through bundled service packages, such as a three-session package, which offer consumers flexibility and better value according to their individual needs and care frequency. Despite the use of varied charging mechanisms, revenue from our hair care services is recognized at a point in time when the services are rendered, with the corresponding cost of sales recognized simultaneously. See Note 2.3 to the Accountants’ Report set out in Appendix I to this document for details.

Provision of Sales and Marketing Services

The sales and marketing services we offer primarily target our suppliers, along with other brand owners seeking to benefit from our sales and marketing capabilities. Leveraging our large membership base and integrated offline and online sales channels, we aggregate a targeted audience of parent-child families. Brand owners that engage our services are able to access one-stop, performance-oriented marketing solutions, including precise audience targeting, combined offline and online reach, and data-driven promotion. This helps improve marketing efficiency and conversion outcomes. At the same time, as a leading brand in the maternal, infant and child products and services market, our brand recognition also helps new products quickly build consumer trust. For example, in 2025, we provided sponsorship opportunities for interactive events to a well-known formula brand, supporting its customer acquisition across our offline and online channels. In 2023, 2024 and 2025, around 500, 800 and 800 brand owners had procured our sales and marketing services, respectively.

Services to Suppliers

To reinforce our long-term strategic partnerships with suppliers, we offer a suite of sales and marketing services leveraging our brand influence and member resources. These services primarily include (i) member acquisition and engagement programs, which help suppliers to identify customers who have purchased or are likely to purchase their products, enabling precise and effective marketing, (ii) offering sponsorship opportunities for our interactive events, such as naming rights for crawling competitions, to increase brand exposure, (iii) product marketing and promotional campaigns across online and offline channels, as well as the (iv) provision of digital tools, such as automated reconciliation, settlement, invoicing and order data processing, and electronic price tags. The fees we charge suppliers vary depending on the specific services we provide. For instance, with respect to promotional campaigns targeting premium members, the service fee is charged as a percentage of the transaction value of orders placed by these members. In addition, we charge suppliers an annual fee for our electronic signature service, which enables legally valid digital signing through our procurement process. The service uses image processing to replicate the appearance of traditional signatures, while cryptography and related technologies ensure the signer’s identity, protect the integrity of the content, and prevent repudiation. It can be used for online contract signing, online account reconciliation, and payment confirmation, helping suppliers save time and reduce logistics costs.

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Platform Services

We offer online platform services to maternal, infant and child product brand owners, vendors, and related service providers that have joined our self-operated online sales platforms, such as Kidswant App. These services mainly include assistance in online store operation, product display and promotion, and other platform-based operational support to broaden the sales channels of such brand owners, vendors, and related service providers. We charge both fixed platform maintenance fees and transaction-based service fees. Fixed platform maintenance fees generally consist of: (i) digital tool service fees of RMB400 per year; and (ii) annual service fees of RMB10,000 per year, both of which are typically waived for newly signed customers; and (iii) platform usage fees of RMB500 per month. In addition, we charge transaction-based service fees calculated as a percentage of the transaction value of products or services sold through the platform. Such rates generally range from 2% to 15%.

Vendors and brand owners benefit from our platform services because of our established consumer reach and brand presence. Our extensive offline store network enhances brand visibility, while our membership system provides direct access to a large and engaged consumer base. In addition, our broad product assortment across maternal, infant and child categories creates natural cross-selling opportunities, enabling vendors and brand owners to reach consumers with diverse and complementary needs. Through product promotion and sales on our online platform, vendors and brand owners can reach these consumers within via our platform and facilitate transactions more efficiently. For example, when consumers view promotions on our Kidswant App, they can complete purchases within the same system, creating a seamless link between marketing and sales. This integrated approach improves conversion efficiency compared with traditional advertising channels and standalone brand-operated sales channels.

Others

During the Track Record Period, we also generated a very limited portion of our revenue from other businesses, such as promotion and rental services. Revenue from our other businesses was RMB143.9 million, RMB137.3 million and RMB151.2 million in 2023, 2024 and 2025, respectively, accounting for 1.6%, 1.5% and 1.5% of our total revenue in the same year.

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OUR SALES AND SERVICE NETWORK

Our sales and service network consists of both online and offline channels. Through our offline channels, consumers are able to interact directly with products, immerse themselves in thoughtfully designed spaces that reflect our brand identity, and form meaningful connections with our staff. Online channels, such as our Kidswant App, provide consumers with convenience, speed and access to a broad product selection. The following table sets forth a breakdown of our revenue generated from product sales by sales channel for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Offline Sales						
Self-operated stores ⁽¹⁾	4,129,186	54.5	4,180,158	51.2	4,454,000	50.0
Franchised stores	—	—	17,052	0.2	539,402	6.1
Distributors	149,610	2.0	216,393	2.7	337,156	3.8
Sub-total	4,278,795	56.5	4,413,603	54.1	5,330,557	59.8
Online sales						
Kidswant App	2,400,906	31.7	2,661,827	32.6	2,762,738	31.0
WeChat mini-programs	417,629	5.5	373,631	4.6	260,916	2.9
Third-party platforms	478,461	6.3	709,062	8.7	560,439	6.3
Sub-total	3,296,995	43.5	3,744,520	45.9	3,584,093	40.2
Total	7,575,791	100	8,158,122	100	8,914,650	100

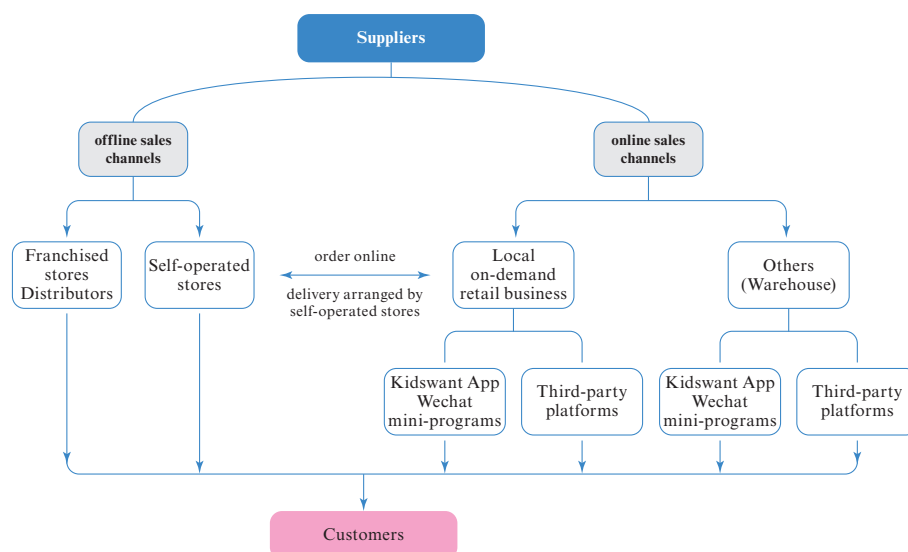
Note:

- (1) The revenue contributed by self-operated stores includes revenue from few franchised stores which were managed by us. See “— Our Offline Store Network — Franchise Stores — Franchisee and Franchised Store Movement.”

Following the launch of our franchise business in 2024, we adopted a tiered expansion strategy for our maternal, infant and child business: self-operated stores are primarily located in tier-1 and tier-2 cities, while franchised stores are mainly established in tier-3 and lower tier cities to accelerate market penetration. According to Frost & Sullivan, incremental growth in the maternal, infant and child products market is increasingly shifting from higher-tier cities to lower-tier cities, where demand from families with children continues to grow. Under a self-operated model, opening new stores would require us to undertake site selection, store establishment and day-to-day operations ourselves, which would involve significant capital investment and management resources and could limit the speed of our expansion. By adopting a franchised model, franchisees bear the costs of store rental, renovation and daily operations, enabling us to pursue an asset-light expansion strategy and accelerate our market penetration with lower capital requirements. In addition, franchisees generally have a better understanding of local market conditions and consumer preferences, which helps us expand more effectively into lower-tier cities and strengthen customer relationships in those markets.

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The diagram below illustrates the sales model applicable to our different sales channels:



We provide counters or display shelves within our offline self-operated stores to third-party merchants for the sale of maternal, infant and child products and charge fees based on their transaction amounts. In such arrangements, we act as an agent and recognize the related fees as revenue of RMB811.3 million, RMB543.2 million and RMB369.0 million in 2023, 2024 and 2025, respectively, on a net basis. Except for the foregoing arrangements, revenue generated from our maternal, infant and child products business and scalp and hair care business is recognized on a gross basis. Costs of sales are recognized in profit or loss when the related revenue is recognized.

As we operate an integrated omni-channel sales network, we are mindful of the potential cannibalization between online and offline channels. To mitigate such risks, we adopt the following measures:

- Our online channels typically offer a broader selection of products, as they are not constrained by the physical display space of offline stores. In contrast, our offline stores focus on curated product assortments and service-oriented offerings, including in-store consultation and experiential services. This differentiation encourages customers to choose channels based on their purchasing needs rather than purely on price.
- Our online and offline channels operate in a coordinated manner to direct traffic to each other. We conduct brand promotion through public domain traffic such as *Douyin*, and direct customers to redeem offers at physical stores. Meanwhile, physical stores guide in-store members to complete online registration, enabling them to enjoy online ordering and timely fulfillment services via our Kidswant App and WeChat mini-programs, so as to achieve full coverage of diverse consumer needs. Through mutual traffic interoperability and aligned channel collaboration, we realize traffic complementarity rather than internal competition.
- During the Track Record Period, we continuously expanded our local on-demand retail business, which integrates offline and online channels. When customers place orders through online channels such as the our Kidswant App, orders are generally picked and packed by the nearest store, realizing integrated online-offline instant fulfillment, breaking down channel barriers, and forming an efficient and collaborative omni-channel operation model.

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Among our offline sales network, we have implemented the following management measures to mitigate potential cannibalization risks:

- **Market segmentation and site planning.** We manage store expansion through a structured site selection process based on business district characteristics and population density. Under our maternal, infant and child business, self-operated stores are primarily located in tier-1 and tier-2 cities, while franchised stores mainly operate in tier-3 and lower-tier cities. In addition, when approving site selections provided by the franchisees, we will assess whether there are existing or planned self-operated stores in the same commercial area, and will approve the opening of the franchised stores prudently.
- **Disciplined expansion controls.** We adopt a prudent approach to store expansion to prevent excessive market concentration. For example, in our scalp and hair care business, franchisees are generally required to achieve stable operations in their first store before opening additional stores.
- **Unified pricing framework.** We maintain unified guidance on retail pricing across channels. Franchisees and distributors are not permitted to adjust retail prices without authorization, which helps maintain orderly market pricing and reduces the risk of price competition.
- **Compliance monitoring.** Our headquarters monitors compliance with our policies through supervisory visits, product serial numbers and traceability QR codes. Violations may result in penalties including deposit deductions, suspension of product supply or in the case of franchisees, termination of cooperation.
- **Customer data governance.** To prevent competition for the same customer base, franchised stores and distributors are not permitted to access our member database without our authorization.

Our Offline Store Network

As of December 31, 2025, our offline store network consists of 1,206 self-operated stores and 2,615 franchised stores.

In terms of operational management, we exercise full direct control over our self-operated stores. For franchised stores, although they are operated by franchisees, we implement a structured and comprehensive control framework covering product selection guidelines, pricing policies, supplies chain coordination, and operational supervision. For instance, all franchisees under our maternal, infant and child business are required to procure products from our Franchise Platform (加盟平台), and only such products may be displayed and sold in franchised stores, ensuring consistency in product mix across the network. In addition, we maintain operational oversight through on-site inspections and Franchise Platform, which tracks critical performance metrics, including sales data and pricing compliance.

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Self-operated stores

As key physical touchpoints, our self-operated stores function as integrated physical destinations, combining product sales with children’s entertainment, interactive engagements and parenting services to create an interactive social hub. The following table sets forth the movement in the number of our self-operated stores for the years indicated:

	Year ended December 31,		
	2023	2024	2025
At the beginning of the year:	508	1,025	1,046
Maternal, infant and child business	508	1,025	1,046
Scalp and hair care business	—	—	—
Increase:	574	96	273
Maternal, infant and child business	574 ⁽¹⁾	96	92
Scalp and hair care business	—	—	181 ⁽²⁾
Decrease:	(57)	(75)	(113)
Maternal, infant and child business	(57)	(75)	(107)
Scalp and hair care business	—	—	(6)
At the end of the year⁽³⁾	1,025	1,046	1,206
Maternal, infant and child business ⁽³⁾	1,025	1,046	1,031
Scalp and hair care business	—	—	175

Notes:

- (1) Additions in 2023 consist of 520 stores consolidated into our Group after the completion of acquisition of Leyou Group in August 2023 and 54 stores newly launched by us in 2023.
- (2) Additions in 2025 consist of 176 stores consolidated into our Group after the completion of acquisition of Haiology Group in July 2025 and 5 stores newly launched by us in 2025.
- (3) The number of self-operated stores includes the few franchised stores which were managed by us.

During the Track Record Period, our self-operated store network expanded, aligning with our strategic plan to strengthen our market presence. In 2024, we shifted our focus toward a capital-light franchise model to accelerate penetration in tier 3 to tier 4 cities and county-level markets, which naturally led to a moderated growth rate of self-operated stores. Moving forward, we will continue to expand our footprint primarily through franchising. See “Future Plans and [REDACTED]” for details. We voluntarily terminated certain underperforming self-operated stores located in struggling shopping malls to strategically optimize the portfolio to exit locations where diminished mall foot traffic no longer supports a profitable operation.

The following table sets forth the revenue and number of self-operated stores that remained open as of the end of each of the Track Record Period by geographical location for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Revenue (RMB'000)			
Tier 1 cities	370,907	478,379	591,025
Tier 2 cities	3,151,244	3,143,080	3,312,557
Tier 3 cities and lower tier cities	1,361,968	1,370,964	1,461,602
Number of offline stores			
Tier 1 cities	115	116	220
Tier 2 cities	664	677	713
Tier 3 and lower tier cities	246	253	273

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The following table sets forth the key operational data of our self-operated stores for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Maternal, Infant and Child Business			
GMV (RMB'000)	7,072,049	7,043,286	6,852,898
Average GMV per store (RMB'000)	6,900	6,733	6,647
Average revenue per store (RMB'000)	4,765	4,773	5,055
Number of transactions ⁽¹⁾ ('000)	45,477	43,988	39,951
Average spending per transaction ⁽²⁾ (RMB)	156	160	172
Sales volume ⁽³⁾ ('000)	74,454	75,342	75,358
Scalp and Hair Care Business			
GMV ⁽¹⁾ (RMB'000)	—	—	218,550
Average GMV per store (RMB'000)	—	—	1,246
Average revenue per store (RMB'000)	—	—	841
Number of transactions ⁽¹⁾ ('000)	—	—	281
Average spending per transaction ⁽²⁾ (RMB)	—	—	777
Sales volume ⁽³⁾ ('000)	—	—	501

Notes:

- (1) Representing the number of orders for which customers have completed payment.
- (2) Calculated based on the GMV divided by the number of transactions.
- (3) Sales volume is larger than the number of transactions because an order may involve multiple products and services.

Our stores typically require a ramp-up period following opening, during which customer traffic, brand recognition and operational efficiency gradually improve, and performance stabilizes over time. The following table sets forth the average GMV and revenue per store of our self-operated stores that remained open as of the end of each of the Track Record Period at different development stages for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Maternal, Infant and Child Business			
<i>Average GMV per store (RMB'000)</i>			
Less than one year	1,184	1,571	1,325
one year to two years	2,685	3,723	3,470
two years to four years	5,488	4,773	4,367
More than four years	8,543	8,168	7,706
<i>Revenue per store (RMB'000)</i>			
Less than one year	890	1,035	1,113
one year to two years	2,023	2,751	2,569
two years to four years	3,917	3,396	3,410
More than four years	6,031	5,985	6,086
Scalp and Hair Care Business			
<i>Average GMV per store (RMB'000)</i>			
Less than one year	—	—	692
one year to two years	—	—	853
two years to four years	—	—	1,120
More than four years	—	—	1,293
<i>Revenue per store (RMB'000)</i>			
Less than one year	—	—	608
one year to two years	—	—	608
two years to four years	—	—	797
More than four years	—	—	867

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The following table sets forth the number of our self-operated stores that recorded net loss for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Number of lossmaking stores	288	284	228

Some of our self-operated stores recorded net loss during the Track Record Period, primarily due to the following reasons: (i) certain lossmaking stores in core business districts have relatively high rental and labor costs but are strategically important for enhancing brand awareness and attracting potential customers; (ii) lossmaking stores acquired as part of the acquisition of Leyou Group in 2023; (iii) upfront investments in newly opened stores during their preparation and ramp-up stages; and (iv) lossmaking stores acquired as part of the acquisition of Hairology Group in 2025. To mitigate the impact of loss-making self-operated stores, we regularly review store performance and adopt various optimization measures before resorting to store closures. These measures include closing underperforming stores where commercially justified, negotiating rental reductions with lessors, reducing leased areas to lower occupancy costs and, where appropriate, relocating stores to premises with lower rental costs. In 2023, 2024 and 2025, we closed 15, 35 and 27 loss-making stores, respectively, after considering the costs of early lease termination. During the same periods, we negotiated rental reductions for 184, 117 and 125 loss-making stores, respectively, and reduced the leased areas of nine, 13 and 36 loss-making stores, respectively. In 2025, we also relocated six loss-making stores to locations within the same shopping malls that carried lower rental expenses.

Site Selection

We identify high-potential markets among tier 1 to tier 2 cities, top 100 counties or our existing store network. We target locations in shopping malls and commercial street with affluent customer traffic and sales performance. Following the initial screen, we conduct on-site visits and assessment of the target location, covering customer traffic, surroundings, expected rental terms and construction conditions. We then collaborate among various departments internally: the design and construction department refines the layout and budget, the operations department provides sales forecasts, the financial department estimates projected returns and the legal department reviews and negotiates the contract terms. Upon completion of the above procedures, a written report of such analysis will be presented to our president for final review and approval. Once a certain site has been approved, we proceed to finalize the agreements with landlords.

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Set forth below is a summary of the key terms of our typical lease agreements:

	Maternal, infant and child business	Scalp and hair care business
Terms	10 to 12 years under “Kidswant” brand and three to five years under “Leyou” brand	two to three years
Rental fee	<i>Rental fee of “Kidswant”:</i> A. Fixed fee: RMB20 to RMB50/sq.m./month plus property management fee of RMB16 to RMB20/sq.m./month; or B. The higher of: - RMB20 to RMB50/sq.m./month plus property management fee of RMB16 to RMB20/sq.m./month; or 4% to 5% of the monthly after-tax sales amount or C. Turnover rent: 4% to 5% of the monthly after-tax sales amount; <i>Rental fee of “Leyou”:</i> A. Fixed fee for stores located in commercial street: RMB60 to RMB200/sq.m./month plus property management fee of RMB30 to RMB90/sq.m./month; or B. The higher of: - RMB60 to RMB200/sq.m./month plus property management fee of RMB30 to RMB120/sq.m./month; or 4% to 7% of the monthly after-tax sales amount	A. Fixed fee: RMB125 to RMB435/sq.m./month (with property management fee included); or, B. The higher of: - RMB100 to RMB352/sq.m./month (with property management fee included); or 10% to 15% of the monthly pre-tax sales amount
Promotion fee	N/A	RMB10 to RMB15/sq.m./month
Deposit	RMB100 thousand to RMB200 thousand for “Kidswant” brand and RMB30 thousand to RMB100 thousand for “Leyou” brand	For stores located within a community, the deposit is typically equal to two months’ rent. For stores located within a shopping mall, the deposit is usually equal to three months’ rent, plus property management fee and promotion fee.
Exclusivity arrangements	Under “Kidswant”, the vast majority landlords of our self-operated large-format stores undertake that within the same shopping mall, where the leased premises are located, they shall not, in any way, engage with any lessee whose business compete or is likely to compete with our business.	N/A
Renewal	We may renew the lease by giving written notice at least six months before expiry.	

We ensure compliance with exclusivity arrangements through both contractual and operational measures. Lease agreements include legally binding exclusivity provisions that explicitly restrict competitors from entering the same premises. Our store staff conduct inspections of the properties, focusing on new store openings to monitor compliance with the exclusivity provisions, which allows us to promptly identify potential breaches.

Store Design

We have a multi-format portfolio of self-operated stores under our maternal, infant and child business, strategically designed to align with diverse urban profiles and consumer needs. On the other hand, we adopt unified store design under our scalp and hair care business.

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- Self-operated large-format stores: with an average GFA of 2,000 sq.m. and offering over 800 product assortments, these stores integrate a full range of offerings designed to provide a complete one-stop shopping and service experiences for expectant mothers and children aged 0–14.
- Children’s lifestyle stores: serving as a large-scale experiential flagship providing an expanded range of products and services for older children and teenagers with an average GFA of approximately 3,000 sq.m., and offering more than 900 product assortments.
- Ultra stores: our next-generation flagship stores with an average GFA of approximately 1,000 sq.m. and offering across over 600 product assortments. Ultra store features a contemporary design aesthetic and comprehensive integration of pop toy IP, goods economy and AI technology.

Across all store formats, we maintain design consistency and service standardization. A unified visual identity and spatial layout reinforce our brand’s premium positioning, while staff training and digital management platforms ensure every customer receives the same high-quality experience.

Measures for Mitigating Cannibalization Risks

We have established a comprehensive framework to prevent cannibalization among our self-operated stores:

- Spatial segregation and geographic optimization: We comprehensively evaluate the site selection for our self-operated stores based on the local consumption level and the characteristics of the customer base in the commercial area, calibrated through analysis of population density, traffic patterns, and competitive landscapes. This creates protected catchment areas, preventing direct competition while maintaining market coverage.
- Uniform Pricing: Our uniform pricing policy mandates that all products maintain identical selling prices across stores within a designated geographic area. This centralized pricing control is designed to eliminate price-based competition within our store network.
- Multi-format portfolio strategy: We operate stores with different formats under our maternal, infant and child business, each targeting distinct consumers. See “— Store Design” for details.
- Service-led differentiation: Our staff in offline stores are capable of providing specialized services such as parenting consultations, children’s wellness programs and community events. This focus on unique in-store experiences strengthens customer relationships and reduces their sensitivity to price comparisons across locations.
- Operational coordination: We set coordination center to oversee inventory allocation, promotional calendars, pricing consistency and staff training across regions. Such measures create a management mindset to view neighboring locations as partners rather than competitors.

Franchised Stores

Overview

During the Track Record Period, our offline sales and service network also consisted of franchised stores. We work closely with our franchisees across all key aspects of store operations. We participate in planning and site selection and deliver in-depth training to franchisees and their staff in core operational areas, ranging from procurement and staff recruitment to quality control and daily management. Franchisees gain from our established brand reputation, industry knowledge, and operational resources. Meanwhile, as they manage daily store activities in line with our standards, we are able to concentrate on brand enhancement, product innovation, supply chain optimization, and scaling our presence, all of which contribute to improved store performance. This alignment of interests creates a

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mutually beneficial partnership, helping to attract new franchisees to our network. According to Frost & Sullivan, the franchise model is widely adopted in China in the maternal, infant and child products and services industry, as well as scalp and hair care industry.

We authorize our franchisees to sell products and services under our brands at their franchised stores. The franchisees procure products, store supplies and equipment from us as part of their daily operations. Franchisees are the owners of franchised stores and are accountable for their results of operations.

Franchisee and Franchised Store Movement

The following table sets forth the movement in the number of our franchisees for the years indicated:

	Year ended December 31,		
	2023	2024	2025
At the beginning of the year.	—	44	81
Maternal, infant and child business	—	44	81
Scalp and hair care business	—	—	—
Increase	44	38	2,135
Maternal, infant and child business	44	38	160
Scalp and hair care business	—	—	1,975
Decrease	—	(1)	(49)
Maternal, infant and child business	—	(1)	(28)
Scalp and hair care business	—	—	(21)
At the end of the year	44	81	2,167
Maternal, infant and child business	44	81	213
Scalp and hair care business	—	—	1,954

The following table sets forth the movement in the number of our franchised stores for the years indicated:

	Year ended December 31,		
	2023	2024	2025
At the beginning of the year.	—	—	9
Maternal, infant and child business	—	—	9
Scalp and hair care business	—	—	—
Increase	—	9⁽¹⁾	2,648
Maternal, infant and child business	—	9 ⁽¹⁾	165
Scalp and hair care business	—	—	2,483
Decrease	—	—	(42)
Maternal, infant and child business	—	—	(1)
Scalp and hair care business	—	—	(41)
At the end of the year	—	9	2,615
Maternal, infant and child business	—	9	173
Scalp and hair care business	—	—	2,442

Note:

- (1) The increase in the number of franchisees in 2023 and 2024 was attributable to the completion of acquisition of Leyou Group in August 2023, which mainly operated under franchise model. After the acquisition, stores under the “Leyou” brand owned by the franchisees are operated and managed by us directly. Under this model, the franchisee is not involved in the daily management of the franchise store and the ownership of goods remains with us until the products are sold to the end customer. Compared to those franchisees under “Kidswant” brand, who retain all profits generated by their stores and bear their own financial results, franchisees under “Leyou” enjoy the profit-sharing mechanism based on a pre-agreed rate under their respective franchise agreements and are obliged to cover the operational management fees for our operation and management, including staff costs, rental fee and other miscellaneous expenses. We classified stores managed by us under the “Leyou” brand as self-operated stores.

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The number of our franchisees and franchised stores significantly increased in the year ended December 31, 2025 resulting from the expansion of our sales and service network. We launched our franchised model in March 2024 and achieved a notable increase in 2025. In addition, we completed the acquisition of Haiology Group in July 2025 and their franchised stores were consolidated into our Group. We terminated cooperation with one franchisee during the Track Record Period, primarily due to its unsatisfied performance. During the Track Record Period, to the best of our knowledge, all of our franchisees were Independent Third Parties.

Franchisee Selection

Majority of our franchisees of our maternal, infant and child business are retailers and distributors with prior experience in this sector. Certain of our franchisees under our scalp and hair care business are our own loyal customers attracted by word-of-mouth referrals. Besides, we also attract candidates through dedicated franchise inquiry channels on our website and offline stores. Key considerations in franchisee selection extend beyond financial capability to include alignment with our core values, the industry experience, acceptance to new media and streaming media, their store site proposal and a commitment to upholding our service standards and operational procedures. As of December 31, 2025, the average tenure of our franchisees is approximately over ten months under our maternal, infant and child business and 6.5 years under our scalp and hair care business. The relatively short average tenure of franchisees under our maternal, infant and child business primarily reflects the recent launch of the franchised business model in March 2024. As our franchise network continues to expand and mature, we expect the average tenure of franchisees under this business segment to increase over time.

Site Selection

Our franchised stores are primarily located at sites with affluent customer visits, such as shopping malls and commercial streets which are adjacent to communities. The store sites are initially proposed by franchisee candidates and subsequently reviewed and approved by our Group. We only approve a fraction of the store site proposals we receive from franchisee applicants. Typically, we consider the following criteria when approving sites:

- presence of high-traffic districts such as shopping malls, commercial streets and residential districts;
- the level of development, future potential, population density and overall prospects of the surrounding areas; and
- density of our existing stores and competitor stores in the surrounding areas.

Franchise Management

We support our franchisees through a combination of operational systems, training programs and ongoing supervision to promote consistent service quality and operational standards across our franchise network.

1) Franchisee Support and Training

Under our franchise model, we are primarily responsible for developing operating standards, training programs and nationwide marketing initiatives. Franchisees are responsible for the day-to-day operation of their stores in accordance with our prescribed standards and policies.

For our maternal, infant and child business, we provide franchisees with a comprehensive operating framework covering brand management, product assortment, store operations, customer service and in-store experience. To facilitate the opening of new stores, we also implement a residency support program under which experienced managers from our self-operated stores are stationed at newly opened franchised stores for approximately 30 days to provide on-site operational guidance.

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For our scalp and hair care business, franchisees and designated store managers are required to complete training and pass a standardized assessment before commencing operations. We also provide ongoing operational support and performance improvement guidance after store opening.

Our training programs cover both pre-opening preparation and day-to-day operations. For the maternal, infant and child business, training includes store setup, equipment installation, staffing arrangements and customer acquisition strategies. Following store opening, franchisees receive regular operational guidance covering product knowledge, sales techniques, merchandising and business performance reviews. For the scalp and hair care business, we provide periodic training on customer acquisition, consumer experience enhancement, product knowledge and service skills. As of December 31, 2025, we had more than 78 full-time training professionals and 923 part-time training lecturers.

2) Standardized Operations

We maintain standardized operating procedures across our franchise network to safeguard brand consistency and customer experience. Franchise stores are required to follow our prescribed store design, visual merchandising and operational standards.

Franchisees procure products exclusively through designated procurement platforms. For the maternal, infant and child business, products are sourced through our Franchise Platform, while franchisees in the scalp and hair care business procure products through the Hairology Integrated Module of our Digital Service Center. Only products procured through these designated channels may be displayed and sold in franchised stores.

Franchisees are responsible for obtaining necessary licenses and permits, and bear the sole responsibility in case of unexpected operational obstacles such as a fire incident. We also maintain centralized oversight over key operational matters. For the maternal, infant and child business, this includes store design, merchandising standards, marketing activities and membership management. For the scalp and hair care business, operational management, settlement and data monitoring are conducted through our ERP system.

3) Monitoring and Evaluation

We regularly evaluate franchisees and franchised stores to ensure compliance with our operational and brand standards. Our assessments primarily focus on compliance with franchise requirements, pricing and marketing policies, product usage standards, employee management practices, sales performance, customer service quality and execution of authorized promotional programs.

We monitor compliance through multiple channels, including contractual obligations under franchise agreements, real-time operational monitoring through our information systems, periodic on-site inspections and customer feedback mechanisms. These measures enable us to identify operational issues promptly and maintain consistent standards across our franchise network.

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Key Terms of Our Franchise Agreements

Set forth below is a summary of the key terms of our agreements with franchisees:

	<u>Maternal, infant and child business</u>	<u>Scalp and hair care business</u>
<i>Terms</i>	Generally one year.	Typically three years.
<i>Fees and deposit</i>	<i>Recurring fees:</i> <i>Brand usage fee:</i> typically an annual fee of RMB20,000 per store in 2025, or a monthly fee of RMB800 per store in 2026 charged on the last day of each month following the official store opening. <i>Platform usage fee:</i> typically RMB10,000 per store per year. <i>Digital tool fee:</i> typically an annual fee of RMB400 per store. <i>Third-party system service fee:</i> a monthly fee of RMB100 per store charged on the last day of each month following the official store opening. <i>One-off fees:</i> <i>Design fee:</i> RMB5,000 per store, charged within 10 days after the signing of the franchise agreement. <i>Security deposit:</i> ranging from RMB20,000 to RMB50,000 per store depending on the store size, charged within 10 days after the signing of the franchise agreement, which is refundable at agreement expiration provided no breach of the agreements and no customer complaints.	<i>Recurring fees:</i> <i>Software management fee:</i> typically RMB2,000 per store per month, charged no later than the 15th day of each calendar month. <i>One-off fees:</i> <i>Brand usage fee:</i> typically RMB120,000 per store, charged within five days after the signing of the franchise agreement. <i>Opening preparation fee:</i> typically RMB50,000 per store, charged within five days after the signing of the franchise agreement. <i>Security deposit:</i> typically RMB25,000 per store within five days after the signing of the franchise agreement, refundable at agreement expiration provided no breach of the agreements and no customer complaints.
<i>Profit-sharing . .</i>	Under “ <i>Leyou</i> ,” franchisees enjoy the profit-sharing mechanism based on a pre-agreed rate.	N/A
<i>Intellectual property</i>	Our franchisees are authorized to use our brand, trademarks and other intellectual property rights within the designated premises for the duration of the franchise agreement.	
<i>Termination . . .</i>	The franchise agreement may be terminated bilaterally or unilaterally by us under the circumstances provided in the agreement.	

Minimum purchase amount and suggested price

Under our maternal, infant and child business, we do not set minimum sales commitments. To promote healthy competition, all franchisees must adhere to mandated minimum retail and promotional pricing. During the Track Record Period, under our scalp and hair care business, we generally set a minimum annual purchase commitment for franchisees, which is approximately RMB100,000, with an annual increase of approximately 10%. In addition, all franchisees adhere to identical contract terms, while product and service pricing is entirely dictated by our headquarters.

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Measures for mitigating cannibalization risks

We believe below factors are important to help us reduce the risk of cannibalization among our franchised stores:

- **Geographic Protection:** We enforce geographic delineation policy by imposing a minimum five-kilometer distance between locations under our maternal, infant and child business and centralizing site selection procedure at the headquarters. Under our scalp and hair care business, we evaluate and manage store density in a given catchment area based on criteria such as business potential, competition intensity and accessibility.
- **Unified Price Control:** A cornerstone of our strategy is the implementation of a unified pricing structure to eliminate price-based competition. This involves setting minimum retail and promotional prices so we can ensure that customer loyalty is driven by brand value rather than price fluctuations, thereby preventing destructive discounting practices among franchisees.
- **Cohesive Brand Experience:** Consistency is key to building long-term brand loyalty. We enforce standards for store aesthetics, service protocols, and product quality to deliver a uniform consumer experience nationwide.
- **Centralized Governance:** All strategies are coordinated under a centralized governance framework managed by our headquarters. This includes overseeing pricing compliance, territorial planning, membership platform operations, and promotional activities. Franchisees do not have access to our member information.

Measures for mitigating channel-stuffing risks

We do not incentivize franchisees to purchase inventory in excess of their expected customer demand. To further mitigate the risk of channel stuffing, we have implemented the following measures:

- **Prudent purchase requirements:** Under our maternal, infant and child business, franchisees are not subject to minimum purchase or sales commitments. Under our scalp and hair care business, franchisees are generally subject to limited minimum annual purchase commitments. We believe such arrangements allow franchisees to place orders based primarily on their expected customer demand and operational needs, rather than to satisfy aggressive sales targets.
- **Restricted return policy:** Except for defective products, franchisees are generally not entitled to return products purchased from us. As a result, franchisees bear the inventory risk associated with their purchasing decisions, which encourages prudent inventory management and reduces incentives to acquire excessive inventory.
- **Inventory management controls:** We adopt a first-in, first-out inventory management approach and require franchisees to follow the same practice. In addition, we monitor inventory levels and inventory turnover across our franchise network through our information systems. These measures help maintain appropriate inventory levels and reduce the likelihood of excess inventory accumulating within our distribution channels.

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Distributor Sales

Overview

During the Track Record Period and up to the Latest Practicable Date, we sold a limited portion of products through distributors. We believe that distributors are critical to our business in terms of setting up our downstream sales channels, maximizing the coverage of product distribution, and driving the growth of our results of operations. Establishing a distribution network will enable us to more rapidly and cost-effectively penetrate the market. According to Frost & Sullivan, adopting a distribution model is in line with the industry norm for companies engaged in the maternal, infant and child products and services market and scalp and hair care industry.

Our distributors are our customers and we maintain a buyer-seller relationship with them. We have been continuously expanding our distributor network throughout the Track Record Period.

Distributor Movement

The following table sets forth the movement in the number of our distributors for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Number of distributors as at the beginning of the year	—	91	78
Increase	91 ⁽¹⁾	1 ⁽¹⁾	60
Decrease	—	(14) ⁽²⁾	46
Number of distributors as at the end of the year	91	78	92

Notes:

- (1) Additions in 2023 primarily reflect the distributors included into our sales network upon completion of acquisition of Leyou Group in August 2023. We primarily focused on optimizing the management of distributors of Leyou Group in 2024 hence we only had one addition of distributor in the same year. Additions in 2025 primarily reflect the expansion of our distribution network.
- (2) Decreases in 2024 and 2025 were primarily due to mutual agreement as requested by distributors due to their own reasons.

Key Terms of Our Distribution Agreements

Set forth below is a summary of the key terms of our agreements with distributors:

- *Terms* Typically 12 months, subject to renewal by mutual agreement.
- *Payment and credit terms* We typically settle accounts with distributors on a monthly basis.
- *Logistics* We generally engage logistics companies to deliver our products to the addresses designated by distributors or the end-customers.
- *Transfer of risk* The risks of damage and loss transfer to the distributors upon the delivery of the products to the designated sites.
- *Product return* We generally do not allow product returns from distributors except for limited reasons such as product defects, which is in line with industry norm, according to Frost & Sullivan.
- *Termination* We are generally entitled to terminate the agreement with distributors who breach their distribution agreements.
- *Minimum sales commitments* We do not impose minimum sales commitments on our distributors.

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We only entered into one distribution agreement under our scalp and hair care business, with a minimum sales commitment of RMB100,000 per year. During the Track Record Period, to the best of our knowledge, save for the one distributor, a connected person at the subsidiary level, under “*Hairology*” brand, all of our other distributors were Independent Third Parties.

Our Management of Distributors

We place a strong emphasis on the management and development of our distributor network. We provide comprehensive support, including training, inventory management guidance, and retail operation standards, to ensure the health and market effectiveness of our distribution network. Meanwhile, our profiles for distributors include key information, such as licenses and qualifications, credit evaluation results, as well as historical transaction records. We also conduct regular follow-up visits to distributors and update their credit evaluations periodically.

1) Distributor Selection

Our selection criteria for potential distributors encompass an evaluation of their experience in the industry, business qualification, credit status, channel resources, financial robustness, market reputation, commitment and entrepreneurial passion.

2) Sub-distributors

Our distributors may use sub-distributors. Certain of them may purchase products from us and then resell to online platform retailers and offline retailers. We do not enter into agreements or directly establish relationships with the sub-distributors, which is in line with the industry norm, according to Frost & Sullivan. Consequently, we have no direct and indirectly control over the sub-distributors. Our distributors are responsible for managing their sub-distributors, including to ensure that the operations of the sub-distributors are in line with our overall sales and distribution strategy. We also adopt certain measures to enhance the monitoring of our distribution sales, including arranging our sales and marketing personnel to visit the sub-distributors and points-of-sale from time to time, communicating with them, and collecting feedback and information from the sub-distributors, through which, we may understand prevailing market conditions and their stock level. If we become aware of any non-compliance or misconduct of a sub-distributor, we will notify the relevant distributor and sub-distributor accordingly and request them to take rectification and improvement measures. If such non-compliance or misconduct is not timely rectified or improved, we may terminate the business relationship with the relevant distributor. To our best knowledge and having made reasonable enquiries, during the Track Record Period, we had only immaterial amount of sales made through our distributors to sub-distributors.

3) Measures for mitigating channel stuffing risks

We require distributors to follow a first-in, first-out inventory management approach and comply with product shelf-life requirements. We also maintain regular communication with distributors and conduct on-site visits to monitor inventory levels and assist distributors in optimizing their inventory management practices. Further, we leverage historical sales and purchasing data to support distributors’ inventory planning. Our headquarters has access to distributors’ purchase records, including ordering patterns during major promotional events. Based on such information, we provide guidance on order quantities and inventory planning to help ensure that purchases are aligned with expected market demand and sales performance. In addition, distributors are generally required to provide performance guarantee deposits. We believe this arrangement encourages prudent purchasing decisions by requiring distributors to bear the financial risks associated with excess inventory. We also conduct monthly reconciliations with distributors to verify purchase orders and delivery records. These procedures enable us to identify unusual purchasing patterns or excessive inventory accumulation on a timely basis.

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4) Measures for mitigating cannibalization risks

We implement a batch coding system that embeds channel identifiers into product serial numbers, enabling full traceability of product flow and immediate detection of any cross-channel violations. In addition, distributors are contractually obligated to maintain retail prices at the designated price. Certain products can be traced with QR codes. By monitoring scan locations, we can instantly detect and deter unauthorized cross-region sales and price undercutting. This data provides evidence for enforcing channel policies, strengthening governance across the distribution network.

Online Sales

Our online sale channels primarily include (i) self-operated online platforms, which are online platforms established by us and sell products to our consumers directly, and (ii) third-party e-commerce platforms where we open online stores and sell products to our customers, including Tmall, JD.com, Douyin and others. As of December 31, 2025, we had 605 self-operated online stores on WeChat mini-programs and 3,335 online stores on third-party e-commerce platforms.

The following table sets forth the number of transaction users and the average GMV and revenue per user for each type of online sales for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Maternal, Infant and Child Business			
<i>Number of transaction users⁽¹⁾ ('000)</i>			
Kidswant App	4,806	4,017	4,713
WeChat mini-programs	1,935	1,777	1,498
Third-party platforms	212	340	382
<i>Average GMV (RMB)</i>			
Kidswant App	1,398	1,623	1,349
WeChat mini-programs	553	486	406
Third-party platforms	3,351	3,305	2,556
<i>Revenue per user (RMB)</i>			
Kidswant App	500	663	586
WeChat mini-programs	216	210	170
Third-party platforms	2,253	2,087	1,469
Scalp and Hair Care Business			
<i>Number of transaction users⁽¹⁾</i>	—	—	19,487
<i>Average GMV (RMB)</i>	—	—	1,751
<i>Revenue per user (RMB)</i>	—	—	332

Note:

- (1) Representing the number of customers who transacted through our online sales network, calculated on a de-duplicated basis.

Our self-operated online platforms include our Kidswant App and WeChat mini-programs where customers can place orders directly. Covering the entire parenting journey from pre-conception and pregnancy to childcare, the Kidswant App offers a full suite of services including period calendars, prenatal checkup assistants, parenting encyclopedias, and child development assessments. It also features an interactive community where parents can share experiences and exchange insights. During the Track Record Period, we sold all types and categories of our products on these two platforms. By maintaining our self-established online platforms, we can gather valuable feedback from consumers, providing timely insights to refine our products and services and adjust sales strategies.

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The pictures below demonstrate the interfaces of our Kidswant App:



In addition, we sell our products and services through all mainstream e-commerce platforms in China, including JD.com, Tmall, Douyin and others, targeting the consumers in pursuit of quality of life and with a mature online shopping habit. We open our online stores across such third-party e-commerce platforms where customers can place orders through such platforms' designated system.

We have established an online e-commerce platform selection mechanism, which includes:

- our business department clarifies the e-commerce platform's qualifications, channel positioning, and cooperation requirements in conjunction with our strategy and product characteristics. We create a potential list and verify basic qualifications to eliminate platforms with compliance risks.
- we negotiate cooperation terms with candidate platforms, clarifying rights and responsibilities, settlement cycles, and liabilities for default.
- we select suitable platforms and approve them in accordance with our authorization procedures. Upon approval, we execute agreements, archive qualifications, complete system integration, and establish cooperation records.

During the Track Record Period, our online marketing and promotional activities were primarily conducted by our in-house teams. We have designated employees responsible for online product promotion and campaign execution. We manage the operations of third-party partner platforms through a combination of contractual arrangements, internal operational controls, technical monitoring systems and ongoing communication with platform operators. This allows us to oversee key aspects of platform cooperation, including settlement accuracy and compliance with agreed terms. With respect to platform-related fees, we generally settle with third-party platforms on a per-transaction basis, calculated as a pre-agreed percentage of the relevant transaction amount. Such commission rates generally range from 2.6% to 6.6% for food products, 4.0% to 8.6% for footwear and apparel, 2.6% to 6.1% for consumables, 2.6% to 6.1% for durable goods, and 0.38% to 6.0% for scalp and hair care services. In addition, certain fixed fees, including annual fees and platform usage fees, are charged by the relevant e-commerce platforms. These fixed fees are generally waived for our maternal, infant and child business, while for our scalp and hair care business, such fees charged by the two principal e-commerce platforms were approximately RMB300 per store per year and RMB4,000 per store per year on average, respectively. We conduct ongoing performance evaluations of partner platforms based on multiple factors, including sales performance, financial settlement accuracy and compliance with contractual arrangements.

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Local On-demand Retail

Driven by the urgent needs of parents and leveraging our nationwide store network and comprehensive online sale channels, we launched local on-demand retail, revenue of which accounted for 33.0%, 35.2% and 30.0% in 2023, 2024 and 2025, respectively. Unlike pure e-commerce, which struggles with delivery speed for essential items like formula and diapers, our self-operated store network acts as a distributed network of forward-deployment warehouses (前置倉), which are powered by our digital middle-platform that integrates inventory, order management, and member data. When a customer places an order on Kidswant App, the system routes it to the nearest store for picking and packing, with a third-party courier handling the final-mile delivery and achieving an exceptional on-time fulfillment rate of 95%. To ensure that these third-party couriers deliver products to our customers in accordance with our standards, we enter into formal transportation service agreements with them, which stipulate that the courier company bears ultimate responsibility for compensation in cases of product damage caused during transit. Furthermore, once an order is handed over to the third-party couriers, both we and the customer can track the delivery status in real time. This visibility enables us to promptly identify and respond to any delivery anomalies, ensuring proactive oversight throughout the transportation process.

When an order from local on-demand retail cannot be fulfilled from the customer’s selected store due to stock unavailability, relevant offline store staff can initiate inter-store inventory transfers according to our Inter-store Merchandise Transfer Guidelines to source the product from a nearby location. Additionally, for items such as infant and child formula or diapers, or when customers place orders for out-of-stock products, according to our In-Store Temporary Storage Guidelines, we offer a hold-for-pickup service, allowing offline stores to set aside merchandise for later collection. These customer-centric practices enhance inventory flexibility, improve stock utilization, reduce fulfillment costs, and ensure a seamless shopping experience by capturing sales that might otherwise be lost. Our local on-demand retail business model creates an unbreakable convenience-trust loop, deeply locking in our valuable customer base. It increases inventory turnover and sales by turning each store’s stock into a city-wide resource.

RESEARCH AND DEVELOPMENT

Our R&D activities are centralized at Kidswant Technology Ecological Industrial Park in Jiangning District, Nanjing, Jiangsu Province, facilitating team collaboration and technological innovation. As of December 31, 2025, our R&D team comprised 259 specialists, and is structured to integrate with core business functions. Instead of a generic technology team, it is organized into specialized, business-aligned units such as the Digital Marketing R&D team and the Membership R&D team. These teams work with their respective business departments, ensuring that technological development is driven by business strategy and customer needs. We leverage AI tools to enhance R&D efficiency. Through AI-powered programming assistance and automated development processes, we accelerated the development cycle, enhanced code quality, optimized system architecture, and tailored solutions to meet specific business needs.

For the years ended December 31, 2023, 2024 and 2025, we incurred research and development expenses of RMB51.3 million, RMB39.8 million and RMB44.1 million, representing 0.6%, 0.4% and 0.4% of our total revenue for the same years, respectively.

R&D Principles

Our R&D work follows four core principles: (i) business-driven, ensuring technology directly creates value; (ii) independent and controllable, focusing on core technologies while collaborating externally on non-core areas; (iii) application-oriented, developing differentiated capabilities and partnering on foundational technologies; and (iv) continuous iteration, with systematic lifecycle management for ongoing optimization.

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R&D Process

Set out below is our typical development process:

- ***Demands Analysis and Market Research:*** through in-depth communication with business departments, we identify business pain points and unmet needs, and conduct market research to understand industry trends.
- ***Feasibility Study and Approval:*** for major projects, we conduct feasibility studies assessing technical feasibility and business value with quantifiable objectives, which will be submitted to our R&D project decision committee’s approval. Other projects undergo streamlined approval by the head of technical center.
- ***Development Phase:*** all our core systems are developed using our self-developed microservices architecture. Projects are registered in the system with accurate tracking and monthly progress reviews. If budget or timeline deviation exceeds 30%, a change request must be submitted for approval. For outsourced or collaborative R&D projects, special procedures including supplier qualification assessment and contract review are required.
- ***Testing and Adjustment:*** we conduct comprehensive internal testing and invite business departments to conduct trial use, optimizing based on feedback.
- ***System Launch:*** for consumer-facing products, we typically conduct version updates monthly, with users receiving update notifications (automatically completed if automatic updates are enabled), but we do not mandate that users must update to continue using the system. For internal to-business systems, we conduct version updates weekly to respond more rapidly to business needs and fix issues.
- ***Project Closure and Acceptance:*** major projects require closure reports reviewed by the decision committee, while other projects require review by the head of technical center. Upon closure, project status is updated to “closed and pending to review” in the system, and all project materials must be archived within one month after closure.
- ***Intellectual Property Protection and Post-evaluation:*** for successful R&D outcomes, patents and software copyright applications are filed according to the annual plan, and all intellectual property is managed by the legal department. Monthly evaluations are conducted for all closed major projects to assess gaps between actual benefits and initial objectives, with results submitted to the decision committee.
- ***Continuous Optimization:*** we continuously collect usage data through tracking technology and conduct monthly reviews to optimize high-frequency functions while streamlining the low-frequency features.

Key Technologies

We have established a proprietary digital technology system supporting our omni-channel retail operations. Our key technologies include the following:

Big Data Analytics

We have established powerful big data analytics capabilities to facilitate precision marketing and business decision-making. Our data mid-platform integrates data from various business systems, stores and third parties, including digitalized store POS systems, e-commerce platforms, WeCom enterprise communities, live streaming platforms, and our parenting consultants service system, covering most of data generated by our systems. Through big data analytics, we can construct precise member profiles, gain deep insights into consumer preferences, and thereby achieve personalized recommendations and marketing tailored to individual members. Our big data capabilities also support multiple business scenarios including precision marketing through customer segmentation and profiling models, intelligent replenishment decisions via sales forecasting and inventory turnover analysis.

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Artificial Intelligence Technologies

Based on our KidsGPT Intelligent Advisor, the LLM for maternal, infant and child products and services, we have developed over 10 AI agents embedded across the full business cycle, from member services, product selection and ordering to delivery, quality control and marketing.

Our AI customer service supports up to 1,000 concurrent conversations with an average three-second response time. Our voice robot systems enable natural language interactions and backend integration for intelligent customer engagement and operational automation. Our AI in-store digital guide delivers personalized products and parenting recommendations under one second by analyzing authorized user profiles, purchase histories, browsing behaviors, reviews, and promotions.

Risk Control and System Security

We have established a multi-layered security protection system capable of effectively defending against various cyber attacks and protecting user data and business system security. Our risk control system incorporates multi-factor verification for member registration, and real-time transaction risk assessment with 100–200 millisecond response time analyzing over 20 dimensions including user behavior, IP profiling, delivery address patterns, and product characteristics to prevent fraudulent registrations and malicious orders. Our system design fully considers high availability requirements. Through technical measures such as redundant deployment, automatic fault switching, and disaster recovery mechanisms, we ensure systems can operate continuously and stably.

Direct to Consumer (DTC) System

We independently developed and operate our DTC system, enabling automated and precision marketing. Through precise tag identification and data analytics, it delivers personalized content, offers and recommendations at optimal timing by identifying lapsed members for targeted retention. Moreover, we utilize the DTC system to provide data insight reports and precision marketing capabilities to brand owners and their distributors. Such data insight reports covers almost all sub-categories of our maternal, infant and child products and we can provide specific reports of designated categories requested by customers.

INFORMATION TECHNOLOGY SYSTEMS

Our main information technology systems comprise the following four components:

- **Front-end Systems.** We have developed front-end systems as digital touchpoints for customer engagement, including our Kidswant App, WeChat mini-programs, social media tools and smart store systems, enabling seamless interaction across multiple channels and convenient access to our products and services. The smart store system encompasses cloud POS, intelligent display screens, in-store scan-and-purchase functionality, and store-to-home delivery capabilities to create an online-offline shopping experience. Leveraging AI technologies such as personalized recommendations and intelligent customer service, we continuously enhance user experience and service quality throughout the customer journey.
- **Middle-office Platform Systems.** We have built a robust middle-office architecture consisting of a business data and AI middle platform, forming a closed-loop system from digitization to intelligent operations. The business middle platform connects front-end channels through integrated subsystems supporting efficient and flexible business operations. The data middle platform consolidates data from internal systems, stores, and third-party sources, covering over 95% of system-generated data and enabling applications across key business domains. The AI middle platform provides capabilities such as intelligent customer service marketing, recommendations, search and recognition, enabling rapid deployment of intelligent features across front-end scenarios.

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- **Back-end Systems.** We utilize seven major back-end systems for internal operations and resource management, including membership, store management, transaction fulfillment, supply chain planning, merchant cooperation, customer service, and financial systems. Built on our self-developed microservices architecture, these systems proprietary solutions such as Kidswant warehouse management system (KWMS) and the “Lighthouse” store-to-home delivery system. The financial system encompasses settlement, receivables and payables, inventory cost management, and revenue management. Closely aligned with our operations, these systems support rapid iteration and enhance management efficiency.
- **Integrated Terminals.** In addition to the above systems, we have developed two specialized terminals: the employee-facing App and the supplier-facing App. The employee-facing App enables our parenting consultants to manage member profiles, process orders, coordinate omni-channel services, and deliver personalized recommendations. The supplier-facing App provides tools for sales analytics, store management, order processing, and real-time communication with customers and our procurement team. These terminals collectively digitize the employee-member-merchant ecosystem, supporting our flexible business model and consistent service quality.

Our entire digital ecosystem comprises over 7,400 subsystem modules and over 1,300 digital production tools, achieving full coverage across operational processes. It is supported by a foundational R&D platform with integrated frameworks, monitoring and governance tools, data and message infrastructure, and unified authorization and scheduling system, ensuring stable and efficient operations. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material IT system failure or downtime that had a material adverse effect on our business operations.

MANUFACTURING

By integrating advanced supply chain management practices across quality, delivery, cost and logistics, we consistently deliver high-quality products with speed and cost-efficiency.

OEM Production

We adopt a light-asset business model, under which maternal, infant and child products under our proprietary brands and certain scalp and hair care products are manufactured on OEM basis. In particular, under our maternal, infant and child business, all proprietary products are produced by OEM suppliers. Under our scalp and hair care business, while certain products are manufactured in-house, we engage OEM suppliers to manufacture products such as face masks, scalp infusion devices and certain functional products for which we do not currently hold the necessary Registration Certificates for Special Cosmetics. This approach enables us to focus our resources on product design, quality control, brand development and marketing, while maintaining flexibility and cost efficiency in the supply chain management. The OEM production model also enables us to gain flexibility to adapt quickly to market trends and cater to consumers’ evolving needs.

We select OEM suppliers through a comprehensive evaluation process that considers their production capacity, product quality, compliance with industry and safety standards, delivery capability, cost efficiency and social responsibility performance. All OEM suppliers are required to hold valid production and quality certifications relevant to the maternal, infant and child product category and scalp and hair care product category. We build stable relationship with comprehensive OEM suppliers and all of which are located in China. Our selection criteria for OEM suppliers include, among others, proven manufacturing expertise in the industries, comprehensive quality control systems, price and the capacity to scale operations to align with our business demands. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not encounter any material dispute with our OEM suppliers, material breach of contract on the part of our OEM suppliers

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or delay in delivery of products from our orders with our OEM suppliers which caused material adverse effects on our customers. As we have engaged with sufficient number of OEM suppliers, our diversified and flexible approach ensures access to alternative options if any OEM supplier can no longer meet our standards. If needed, we can quickly switch to new OEM suppliers, ensuring uninterrupted production and the continued delivery of high-quality products to our customers. This approach ensures operational resilience and safeguards our ability to respond effectively to changing market demands.

The following table sets forth the movement in the number of our OEM suppliers for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Number of OEM suppliers	63	161	272
Maternal, infant and child business . . .	63	161	265
Scalp and hair care business	—	—	7

The increase in the number of our OEM suppliers in 2024 and 2025 was primarily driven by our strategic expansion of proprietary brands to enhance profitability, with all products under these brands manufactured by OEM suppliers. For instance, we have launched “*greatfamily* (歌瑞家),” “*BETOBEHO* (貝特倍護),” and “*Huidiantang* (慧殿堂)” during these years. As of the Latest Practicable Date, our proprietary brands portfolio covered all product sub-categories of maternal, infant and child business, except for formula.

Set forth below is a summary of the key terms of our agreements with OEM suppliers under our maternal, infant and child business and scalp and hair care business:

- *Product specifications . .* The production will be strictly based on our purchase orders and executed in accordance with the detailed specifications outlined in the agreement such as product type, the version of bill of materials and quantity.
- *Logistics* OEM suppliers shall deliver the finished products following our delivery instructions, including the specified time and location.
- *Confidentiality .* Our OEM suppliers must adhere to the confidentiality requirements and fulfill the specified obligations to safeguard the integrity of our proprietary rights, including to the protection of our trademark, molds, and product and packaging designs.
- *Product return .* We reserve the right to return products with quality issues or obligate our OEM suppliers to replacements as needed.
- *Termination . . .* We have the rights to terminate the agreement with OEM suppliers in the event of a material breach of agreements.

We had not been subject to any material liabilities during the Track Record Period and up to the Latest Practicable Date, nor is it subject to any pending material liabilities, due to issues attributable to the fault of our OEM suppliers.

Our In-House Production

In addition to OEM production, we have manufacturing facilities for the production of certain scalp and hair care products such as certain shampoo, hair mask and scalp serum. Leveraging the combined expertise in chemical engineering and cosmetic manufacturing of Hairology Group, we maintain in-house production for quality control. Furthermore, this vertical integration acts as a natural defense for our intellectual property, keeping core technologies and proprietary formulas securely in our hands. The combination of OEM production and in-house production enables us to optimize capacity, respond swiftly to market demands, and maintain cost competitiveness while preserving product quality and

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innovation. By integrating advanced supply chain management practices across quality, delivery, cost and logistics, we consistently deliver high-quality products with speed and cost-efficiency.

Production Processes

Our comprehensive production process covers formulation development, quality assurance, trial production, and mass manufacturing, ensuring every scalp and hair care product meets the standards:

- *Raw Material Procurement.* Our procurement department maintains a qualified supplier database and conducts rigorous supplier evaluation, ensuring all suppliers possess valid business licenses, production permits, and relevant qualifications. For critical raw materials, we conduct regular and irregular on-site audits of key suppliers. Our planning department consolidates raw material requirements based on product needs, and the procurement department places purchase orders with qualified suppliers, tracking delivery schedules and handling non-conforming products.
- *Incoming Material Inspection.* Upon arrival, warehouse staff verify all purchased materials and place items in the designated area. Our quality department conducts sampling inspections. For defective materials, we could require return or replacement.
- *Production.* Operators conduct self-inspection strictly according to operating documents. Our production workshop prepares equipment, raw materials, and personnel according to the production plan and establishes relevant production operation standards. We verify consistency between preparation sheets and weighing sheets, and ensure personnel attire meets requirements.
- *Semi-finished Product Inspection.* Our quality department conducts inspection of semi-finished products for appearance, formulation type, odor, color, pH, viscosity, and other physicochemical indicators according to internal control standards. Microbiology inspectors complete microbial testing. qualified products receive conforming labels and approval in our cloud ERP system.
- *Filling and Packaging.* Prior to filling, packaging materials are confirmed to be clean, and undamaged. Our quality department and production department conduct first-article inspection. After approval, batch production proceeds with verification of key procedures. Quality sampling is performed during packaging for appearance and labels.
- *Finished Product Inspection.* Inspectors conduct finished product inspection. After department head review, the finished product receipt is approved in our cloud ERP system. Only products passing inspection may proceed to warehousing. Non-conforming products are processed per established control procedures.
- *Warehousing and Storage.* Our production department conducts delivery documentation, and warehouse staff count and verify products. Products are entered into our integrated system. Data consistency between our cloud ERP and integrated warehouse systems is verified. For external warehouse operations, quantities must match pickup documentation. Products are stored according to batch numbers and expiration dates.
- *Outbound and Distribution.* When customers place and pay for orders, delivery orders are automatically generated. Our warehouse then proceeds with picking, scanning, and packing the items. Once completed, our internal system confirms the shipment. If a franchisee places an order through the Hairology Integrated Module of Digital Service Center (絲域數位化服務中心一體化模塊), the shipment will be fulfilled via Cloud Constellation (雲星空).

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Production Facilities

As of the Latest Practicable Date, we had one production base located in Zhuhai, Guangdong Province, details of which are set out below.

<u>Name of manufacturing base</u>	<u>Location of manufacturing base</u>	<u>Product type</u>	<u>Site area</u> (sq.m.)	<u>Land/Property right</u>
Hairology Production Base	2/F to 4/F, Factory Building, Nanping Technology Industrial Park, No. 8 Pingdong 5th Road, Nanping Town, Xiangzhou District, Zhuhai City, Guangdong Province	Scalp and hair care products	3,759.57	Leased

The following table sets forth the production capacity and utilization rate of our manufacturing base for the years indicated.

<u>Products</u>	<u>Metrics</u>	<u>Unit</u>	<u>Year ended December 31,</u>		
			<u>2023</u>	<u>2024</u>	<u>2025</u>
Scalp and hair care products	Production volume	Million tube	13.3	15.1	15.2
	Production capacity	Million tube	15.6	15.6	30.9
	Utilization rate ⁽¹⁾	%	85.4	96.8	49.1

Note:

- (1) Utilization rate is calculated based on the assumption that the relevant production lines operate 315 days per year and 11 hours per day.
- (2) For the year ended December 31, 2025, our utilization rate decreased to 49.1% as a new production line of Hairology Group was completed in July 2025 and put into operation in the same month. As a result, the utilization rate decreased due to the significant growth of production capacity.

OUR SUPPLIERS

Supply Chain Management and Procurement

We work with a broad base of high-quality suppliers. Our supplier base remains concentrated in Chinese Mainland, and primarily comprise (i) suppliers of our maternal, infant and child products and scalp and hair care products; (ii) cloud service providers; and (iii) logistics and warehousing providers.

Supply Chain Management

We operate an end-to-end supplier management framework beginning with strategic procurement planning. New product introductions are subject to structured review and planning processes, enabling us to enhance product quality while avoiding shelf congestion and inventory redundancy. This disciplined approach ensures that only products with strong market potential are introduced into our supply chain, thereby maintaining a healthy product mix and optimized inventory levels across all channels.

At the supplier onboarding, trial sales, and ongoing management stages, we apply standardized evaluation, supervision, and incentive mechanisms to safeguard supply quality. Potential suppliers are subject to strict qualification reviews before entry, followed by trial sales assessments based on key performance indicators such as sales volume, revenue, and turnover rate. Only suppliers meeting at least two of these criteria may establish long-term cooperation with us. We also conduct periodic supplier performance reviews every six months, during which suppliers are assigned ratings and those scoring below 65 out of 100 are removed from our system. In parallel, we implement layered quality controls, including review of promotional materials, routine online monitoring, third-party product testing, and sampling

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based on complaints and negative feedback. High-performing suppliers are recognized and incentivized, while regular training programs are conducted to strengthen collaboration and continuously improve overall supply chain capabilities.

Procurement

We procure products from third-party brand owners as well as their authorized distributors. The following table sets forth the movement in the number of brand owners directly cooperating with us as of the dates indicated:

	As of December 31,		
	2023	2024	2025
Number of brand owners	1,793	1,722	1,468
Local	1,470	1,411	1,198
Overseas	323	311	270

Set forth below is a summary of the key terms of our typical procurement agreements with brand owners:

- **Term** Typically one year
- **Credit terms** We are generally granted credit terms of 30 to 90 days.
- **Logistics** Brand owners shall deliver the designated products following our delivery instructions
- **Product return** We reserve the right to return the products that fail to meet agreed quality standards. In such cases, the brand owner is obligated to provide appropriate remedies, including return and/or replacement.
- **Product liabilities** Brand owners bear primary responsibility for product defects, including indemnifying us against customer claims and recall costs
- **Termination** The procurement agreements are generally terminated upon expiration of the agreed term but may be terminated earlier under certain specified conditions.

During the Track Record Period, no individual brand or a group of brands owned by the same brand owner contributed over 15% of our total revenue. Therefore, we believe that we do not have any material reliance on an individual brand or a group of brands owned by the same brand owner. To create a competitive advantage for our offerings, we have established partnerships of over five years with several leading brands to secure our channel-exclusive customized products which are customized by third-party manufacturers in accordance with our specifications and sold through our offline stores and self-operated online stores exclusively. Save for that, there were no other exclusivity and sales commitments between us and brand owners.

We recognize the critical importance of food safety and have implemented controls across the entire supply chain. During procurement, suppliers and products undergo strict screening, and non-compliant items are rejected. Food is inspected against key information such as product name, specification, production date, and batch number, with proper records maintained. For formula and infant food products, we additionally verify relevant batch documentation, including factory release certificates for domestic products and sanitary inspection and customs clearance documents for imported goods, and reject any non-conforming items. We obtain the required Food Business License prior to opening for stores engaged in the sale of food. Store managers receive regular food safety training and conduct routine self-inspections. In daily operations, any expired, insect-infested, or mouldy products are immediately removed from shelves. As advised by our PRC Legal Advisors, we have complied with all applicable laws and regulations relating to food safety did not experience any material product returns, product defects and food safety issues during the Track Record Period and up to the Latest Practicable Date.

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Procurement Agreements

We typically enter into procurement agreements with other suppliers, stipulating general terms of cooperation, and we execute procurement through specific orders under these agreements. Below are the typically key terms of our procurement agreements:

- *Term* Typically one year.
- *Credit terms* We are generally granted credit terms of 30 to 90 days.
- *Logistics* Our suppliers shall deliver the designated products following our delivery instructions, including the specified time and location.
- *Product return* We reserve the right to return the products that fail to meet agreed quality standards. In such cases, the supplier is obligated to provide appropriate remedies, including return and/or replacement.
- *Termination* The procurement agreements are generally terminated upon expiration of the agreed term but may be terminated earlier under certain specified conditions.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortages or delays in procuring supplies. In addition, we strategically enter into long-term collaboration agreements with major suppliers to secure their favorable pricing. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant fluctuations in the prices of our purchases which had a material adverse effect on our results of operations.

Our Five Largest Suppliers

The following tables set forth certain information of our five largest suppliers in each year of the Track Record Period.

Year Ended December 31, 2025

<u>Supplier</u>	<u>Major products/ services purchased by us</u>	<u>Credit terms</u>	<u>Payment method</u>	<u>Amount of purchases (RMB'000)</u>	<u>As a percentage of our total purchases (%)</u>	<u>Length of business relationship with us</u>
Supplier A	Baby and maternal formula	Within 30 days	Bank acceptance bill and bank transfer	581,837	6.9	Since 2012
Supplier C	Baby and maternal formula	Prepayment	Bank acceptance bill	477,810	5.7	Since 2014
Supplier B	Baby and maternal formula	Prepayment	Bank transfer	362,620	4.3	Since 2023
Supplier D	Baby and maternal formula, infant and child food	Prepayment	Bank acceptance bill	283,647	3.4	Since 2015
Supplier E	Baby and maternal formula, infant and child food	Within 30 days	Bank acceptance bill and bank transfer	252,057	3.0	Since 2012
				<u>1,957,971</u>	<u>23.3</u>	

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Year Ended December 31, 2024

<u>Supplier</u>	<u>Major products/ services purchased by us</u>	<u>Credit terms</u>	<u>Payment method</u>	<u>Amount of purchases (RMB'000)</u>	<u>As a percentage of our total purchases (%)</u>	<u>Length of business relationship with us</u>
Supplier C	Baby and maternal formula	Prepayment	Bank acceptance bill	722,284	8.9	Since 2014
Supplier A	Baby and maternal formula	Within 30 days	Bank acceptance bill and bank transfer	504,629	6.2	Since 2012
Supplier B	Baby and maternal formula	Prepayment	Bank transfer	318,175	3.9	Since 2023
Supplier D	Baby and maternal formula, infant and child food	Prepayment	Bank acceptance bill	298,384	3.7	Since 2015
Supplier F	Baby and maternal formula, infant and child food	Within 30 days	Bank transfer	289,000	3.6	Since 2021
				<u>2,132,472</u>	<u>26.3</u>	

Year Ended December 31, 2023

<u>Supplier</u>	<u>Major products/ services purchased by us</u>	<u>Credit terms</u>	<u>Payment method</u>	<u>Amount of purchases (RMB'000)</u>	<u>As a percentage of our total purchases (%)</u>	<u>Length of business relationship with us</u>
Supplier G	Baby and maternal formula, infant and child food	Prepayment/ Within 30 days	Bank acceptance bill and bank transfer	593,850	7.4	Since 2013
Supplier C	Baby and maternal formula	Prepayment	Bank acceptance bill	570,987	7.1	Since 2014
Supplier A	Baby and maternal formula	Within 30 days	Bank transfer	505,567	6.3	Since 2012
Supplier D	Baby and maternal formula, infant and child food	0 days	Bank acceptance bill and bank transfer	261,905	3.3	Since 2015
Supplier E	Baby and maternal formula, infant and child food	Within 30 days	Bank transfer	220,549	2.7	Since 2012
				<u>2,152,858</u>	<u>26.8</u>	

We do not have any strategic or exclusive arrangements with any of the above suppliers. All of our five largest suppliers in each year of the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers in each year of the Track Record Period.

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OUR CUSTOMERS

We have built a broad customer base in China. Our customers mainly comprise individual consumers, franchisees and corporate customers of our various sales and marketing services.

Our Five Largest Customers

The following tables set forth the details of our five largest customers during the Track Record Period.

Year Ended December 31, 2025

<u>Customer</u>	<u>Major products/ services provided by us</u>	<u>Credit terms</u>	<u>Payment method</u>	<u>Revenue</u> <i>(RMB'000)</i>	<u>As a percentage of our total revenue</u> <i>(%)</i>	<u>Length of business relationship with us</u>
Customer A . . .	Baby and maternal products	45 days	Bank transfer	136,266	1.3	Since 2023
Customer B . . .	Baby and maternal products	Prepayment	Bank transfer	95,801	0.9	Since 2025
Customer C . . .	Baby and maternal products	Prepayment	Bank transfer	72,241	0.7	Since 2025
Customer D . . .	Baby and maternal products, supplier services	Within 30 days	Bank acceptance bill and bank transfer	58,005	0.6	Since 2012
Customer E . . .	Baby and maternal products, supplier services	Prepayment	Bank transfer	32,522	0.3	Since 2023
				<u>394,835</u>	<u>3.8</u>	

Year Ended December 31, 2024

<u>Customer</u>	<u>Major products/ services provided by us</u>	<u>Credit terms</u>	<u>Payment method</u>	<u>Revenue</u> <i>(RMB'000)</i>	<u>As a percentage of our total revenue</u> <i>(%)</i>	<u>Length of business relationship with us</u>
Customer A . . .	Baby and maternal products	45 days	Bank transfer	181,425	1.9	Since 2023
Customer D . . .	Sales and marketing services	Within 30 days	Bank acceptance bill and bank transfer	56,754	0.6	Since 2012
Customer E . . .	Sales and marketing services	Prepayment	Bank transfer	46,351	0.5	Since 2023
Customer F . . .	Sales and marketing services	Within 30 days	Bank acceptance bill and bank transfer	24,464	0.3	Since 2012
Customer G . . .	Sales and marketing services	0 days	Bank acceptance bill	22,014	0.2	Since 2015
				<u>331,008</u>	<u>3.5</u>	

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Year Ended December 31, 2023

<u>Customer</u>	<u>Major products/ services provided by us</u>	<u>Credit terms</u>	<u>Payment method</u>	<u>Revenue</u> <i>(RMB'000)</i>	<u>As a percentage of our total revenue</u> <i>(%)</i>	<u>Length of business relationship with us</u>
Customer A . . .	Sales and marketing services	45 days	Bank transfer	125,278	1.4	Since 2023
Customer D . . .	Sales and marketing services	Within 30 days	Bank transfer	43,776	0.5	Since 2012
Customer H . . .	Sales and marketing services	Prepayment	Bank acceptance bill and bank transfer	29,999	0.3	Since 2014
Customer I . . .	Sales and marketing services	Prepayment	Bank transfer	28,147	0.3	Since 2022
Customer J . . .	Sales and marketing services	Prepayment/ Within 30 days	Bank acceptance bill and bank transfer	24,697	0.3	Since 2013
				<u>251,897</u>	<u>2.8</u>	

We do not have any strategic or exclusive arrangements with any of the above customers. All of our five largest customers in each year of the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers in each year of the Track Record Period.

Customer Feedback

Customer Satisfaction

We value customers’ feedback as a crucial indicator in assessing the performance of our customer services. We conduct customer satisfaction surveys to understand their attitudes and suggestions, based on which we review our product and service quality and our staffs’ integrity. By inviting customers to provide comments and express their opinions, we foster customers’ sense of participation and make them feel valued. We collect customer feedback in various ways, including comment collection surveys through online buying platforms or WeChat groups, call-back interviews and hotlines.

Customer Complaints

Owing to the nature of our business, we occasionally face complaints from customers. During the Track Record Period, we sporadically receive customer complaints, usually in relation to (i) the price of products and services we provided; (ii) non-qualifying no-reason returns: returns that do not meet the criteria for our no-reason return policy, such as overdue returns or items that affect resale value; and (iii) waiting time: customers experienced delayed assistance in stores. For price complaints, we utilize price comparison systems to continuously optimize the pricing strategy; for non-qualifying no-reason returns, we take a member-centric approach that prioritizes long-term relationship value, allocating dedicated annual budgets to accommodate reasonable customer requests through flexible and appropriate resolutions; and

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for waiting time, we leverage digital on-site management systems to document, dispatch, and coordinate staff resources, effectively reducing service voids through improved personnel coordination.

Furthermore, we have established a structured hierarchical authorization system to ensure efficient and principled complaint handling. Our store managers are authorized to approve payments up to RMB500 per month. Our operations managers hold approval authority for amounts ranging from RMB501 to 1,000 per month. Branch general managers can approve compensations between RMB1,001 and 5,000 monthly. All requests exceeding RMB5,000 per month require approval from our headquarters. During the Track Record Period, the average return rate of all sub-categories of our maternal, infant and child products was around 3% and the average complaint rate remained below 0.8%. During the Track Record Period, the return rate under “*Kidswant*” and “*Hairology*” was around 3% and 1%, respectively, while the complaint rate of “*Kidswant*” and “*Hairology*” was below 0.8% and approximately 0.1%, respectively.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material product recalls due to quality issues, nor did we experience any material complaints or product liability or other legal claims from our customers due to quality issues of the products that we sell.

OVERLAPPING CUSTOMERS AND SUPPLIERS

Certain of our five largest customers in each year of the Track Record Period also acted as our supplier and vice versa. The following table sets forth details of these overlapping parties and the nature of their respective transactions with us:

	Transaction nature		Year ended December 31,					
	As customer	As supplier	2023		2024		2025	
			Revenue	Purchases	Revenue	Purchases	Revenue	Purchases
			RMB'000					
Customer D/Supplier A	Supplier services and platform services	Baby and maternal formula	43,776	505,567	56,754	504,629	58,005	581,837
Customer I/Supplier H	Supplier services	Baby and maternal formula	28,147	212,540	—	10,927	—	5,640
Customer J/Supplier G	Supplier services	Baby and maternal formula, infant and child food	24,697	593,850	—	—	671	25,181
Customer F/Supplier E	Supplier services and platform services	Baby and maternal formula, infant and child food	18,827	220,549	24,464	260,120	25,781	252,057
Customer H/Supplier C	Supplier services	Baby and maternal formula	29,999	570,987	12,379	722,284	16,606	477,810
Customer E/Supplier B	Supplier services	Baby and maternal formula	14,478	57,367	46,351	318,175	32,522	362,620
Customer G/Supplier D	Supplier services	Baby and maternal formula, infant and child food	19,521	261,905	22,014	298,384	23,404	283,647
Supplier F	Supplier services	Baby and maternal formula, infant and child food	4,506	193,310	8,225	289,000	14,948	135,464

We provide sales and marketing services, such as supplier services and/or platform services to our suppliers. These services significantly enhance suppliers’ marketing efficiency and sales exposure, creating a strong incentive for their continued investment. This enables suppliers’ precision marketing, creating a powerful incentive for them to purchase these services. Consequently, these key suppliers, acting as major enterprise clients, contribute revenue that significantly surpasses that of individual consumers, leading to their dual role as both product sources and high-value service clients within our business structure. According to Frost & Sullivan, this arrangement is common in the maternal, infant and child products and services market and scalp and hair care industry.

Our transactions with these entities were conducted on an arm’s-length basis in the ordinary course of our business. The fees charged by us are fair and reasonable.

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BRAND AND PROMOTION

Our marketing center takes charge of the planning and scheduling of our branding and promotion activities to improve the regulatory compliance and consistency of such activities. We integrate both online and offline marketing resources to enhance our brand exposure to the general public and attract more customers. As of December 31, 2025, we had 144 employees being responsible for our online and offline branding and promotion activities in China.

Offline Branding and Promotion

Our offline marketing strategy is fundamentally built upon “physical trust and scene experience,” (實體信任與場景體驗) creating a powerful differentiator in the competitive retail landscape. This pre-launch engagement ensures an established customer base from day one. The strategy is further reinforced through regular in-store interactive activities and parenting workshops that enhance stickiness and repeat visits.

To improve customers’ service experience while enhancing customer loyalty, we spend efforts in daily customer relationship maintenance through calls, messages or WeChat. For instance, during the follow-up calls for our services provided, our sales and professional consultants check the feedback, provide guidance on the following services when necessary and promptly address customer inquiries. In addition, we invite customers to join our offline activities, to improve our customer experience and increase our customer retention rate. For example, we regularly organize Heimlich maneuver training sessions and invite parents and caregivers to participate in. This initiative builds strong trust and loyalty among parents.

Online Branding and Promotion

Complementing the physical presence, our online marketing operates through an sophisticated “customer acquisition and local on-demand service across integrated private and public domains” (全域引流與即時服務) ecosystem that seamlessly spans multiple social media and third-party e-commerce platforms. We strategically leverage private domain including our dedicated Kidswant App, WeChat mini-programs, and WeCom for member retention and repeat purchases, while simultaneously utilizing public platforms for continuous new customer acquisition. The content strategy employs diverse short-form videos, which created through a combination of employee-generated content, key opinion leader partnerships and AI-assisted production to effectively attract potential customers from public domain into private domains.

AWARDS AND RECOGNITIONS

Our strengths and industry influence are evidenced by the honors awarded to us during our years of operations. The following table sets forth major awards and recognitions received by us.

Year of award	Entity/Person receiving award/ recognition	Award/Recognition	Awarding authority/institution
2025 & 2024 .	Our Company	China Online Retail Top 100 List (中國網絡零售百強榜)	China Chain Store & Franchise Association (中國連鎖經營協會)
2024	Our Company	2024 China Chain Store TOP100 (2024年中國連鎖TOP100)	China Chain Store & Franchise Association (中國連鎖經營協會)
2023	Our Company	National E-commerce Demonstration Enterprise (國家電子商務示範企業)	Ministry of Commerce of the People’s Republic of China (國家商務部)
2022	Our Company	Demonstration Projects of New Information Consumption in 2022 (2022年新型信息消費示範項目)	Ministry of Industry and Information Technology of the People’s Republic of China (國家工信部)
2022	Our Company	National Key Contact Enterprises in Commercial Logistics in 2022 (2022年全國商貿物流重點聯繫企業)	Ministry of Commerce of the People’s Republic of China (國家商務部)

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THIRD-PARTY PAYMENT

Background and Reasons for Third-party Payment

During the Track Record Period, certain of our customers (the “**Relevant Customers**”) engaged third-party payors (the “**Third-party Payors**”) to settle their payments with us (the “**Third-party Payment Arrangements**”). The aggregate amount settled under the Third-party Payment Arrangements (the “**Relevant Settlement**”) was RMB2.0 million, RMB9.9 million and RMB123.3 million in 2023, 2024 and 2025, respectively, accounting for 0.02%, 0.09% and 1.07% of the total payments we received from all customers in the same years, respectively, and 0.02%, 0.06% and 1.04% of the total revenue for the same years, respectively. None of the Relevant Customers had ranked among our five largest customers or had individually made material contributions to our revenue during the Track Record Period. All of the Relevant Customers and the Third-party Payors are Independent Third Parties.

Relevant Customers include our (i) franchisees, (ii) distributors and, (iii) customers of our rental services and promotion services (“**Other Relevant Customers**”). The following table sets forth the breakdown of Relevant Customers by type during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
Franchisee	—	16	793
Distributors	3	7	27
Other Relevant Customers	132	110	120
Total	135	133	940

The significant increase in the number of third-party payors and payments attributable to the third-party payment arrangements in 2025 was mainly due to the swift expansion of our franchise business. Following the acquisition of “*Hairology*”, we actively enhanced business synergies and accelerated the growth of our scalp and hair care segment. In the fourth quarter of 2025, we organized a number of offline exhibitions and conventions, resulting in a substantial increase in the number of franchisees. The offline exhibitions and conventions served as key channels for product promotion, training and performance assessment. Franchisees were able to place orders on-site at these events. Payments for such orders were primarily processed through POS terminals, which only support transactions made through personal bank cards. As a result, although the purchases were made for business purposes by franchisees, the corresponding payments were recorded as being made by third-party individual payors.

Third-party Payors involved primarily comprised entities affiliated with the Relevant Customers, such as legal representatives, family members, employees, shareholders, or affiliated entities of the Relevant Customers.

During the Track Record Period, all of the Relevant Settlement took place in China and all of the Relevant Customers and Third-party Payors are located in China. According to Frost & Sullivan, the Third-party Payment Arrangements are in line with the industry practice in China’s maternal, infant and child products and services market. To the best knowledge of our Directors, the main reasons for the Relevant Customers adopting Third-party Payment Arrangements are as follows:

- some Relevant Customers in the form of sole proprietorships would like to avoid the complexity of setting up the corporate accounts or the inconvenience of using such corporate accounts to allow for more operational flexibility; and
- as disclosed above, Hairology Group held offline exhibitions and conventions for franchisees to promote products, provide training and assess franchisee performance. Franchisees interested in the products could place orders on-site, and Hairology Group accepted payments through POS terminals, which only process payments made with personal bank cards.

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During the Track Record Period and up to the Latest Practicable Date, (i) we had not initiated any Third-party Payment Arrangements or participated in other forms in any of such arrangements, (ii) nor had we offered any discounts, commissions, rebates or other benefits to any of the Relevant Customers or the Third-party Payors to facilitate or incentivize any Third-party Payment Arrangements, and (iii) the pricing and payment terms we provided to the Relevant Customers were in line with those offered to customers not involved in the Third-Party Payment Arrangements.

Analyses of Third-party Payment Arrangements

We have implemented internal control measures to mitigate risks related to Third-party Payment Arrangements during the Track Record Period. Our KYC procedures ensure that we only serve customers with trustworthy reputations, proven track records and solid financial position. Specifically, we conduct a comprehensive internal review of the background and qualifications of our prospective customers. We typically require a third-party payment note countersigned by the Relevant Customer and its designated Third-party Payor to be issued to us, which shall set out the identity of the payor and its relationship with the customer, the customer's express delegation of its payment obligations under the terms of its original agreements with us to the payor, and other information in respect of the proposed third-party payment arrangement.

Pursuant to the laws and regulations of the PRC, there is no explicit restriction on the adoption of Third-party Payment Arrangements. A Third-party Payment Arrangement is valid in all material respects but subject to those grounds of invalidation specified under the PRC Civil Code (《中華人民共和國民法典》), including, among others, where the arrangement is in violation of public order or harms one's legal rights through malicious collusion. During the Track Record Period and up to the Latest Practicable Date, we had not been requested to return any third-party payments received by us. To the best knowledge of our Directors, (i) we are not involved in any actual or threatened disputes or disagreements arising from or as a result of any Third-party Payment Arrangements, and (ii) we are not subject to any investigations, enquiries, penalties, or surcharges as a result of our involvement in the Third-Party Payment Arrangements.

Our PRC Legal Advisors have advised that, according to Article 191 of the Criminal Law of the PRC (《中華人民共和國刑法》), the crime of money laundering is committed if we (i) clearly know that the funds for the third-party payments are proceeds and/or gains derived from drug-related crimes, crimes committed by criminal organizations, crimes of terrorism, smuggling, bribery and corruption, crimes undermining the financial order of society and financial fraud; and (ii) commit certain acts as referred to under Article 191 of the Criminal Law of the PRC for the purpose of covering up or concealing the source and nature of the aforementioned proceeds and/or gains. With our KYC measures in place and as confirmed by the third-party payment note issued to us, we have no grounds to believe that (i) the Relevant Customers are involved in the aforementioned crimes, or (ii) the third-party payments received by us involve proceeds and/or gains derived from such crimes. Further, we have never committed any acts for the purpose of covering up or concealing any source and nature of any proceeds and/or gains derived from such crimes.

As advised by our PRC Legal Advisors, taking into account the background, reasons and management measures undertaken by the Company in relation to the Third-party Payment Arrangement described above, (i) during the Track Record Period and up to the Latest Practicable Date, the Third-party Payment Arrangement by itself does not contravene or circumvent any mandatory provisions of applicable laws or regulations in the PRC, (ii) the likelihood that our Third-party Payment Arrangements would be deemed as constituting crime of money laundering and subject to the relevant criminal liability pursuant to the relevant PRC laws and regulations is remote, and (iii) the risk that we may be obligated to return any material funds received under the Third-Party Payment Arrangements is remote.

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Taking into account the measures adopted by us to manage the Third-party Payment Arrangements, the provisions of applicable PRC laws and regulations and the compliance letters issued by competent government authorities, our Directors are of the view that the Third-party Payment Arrangements were legal and valid, and did not contravene or circumvent anti-money laundering, taxation or other applicable PRC laws or regulations during the Track Record Period and up to the Latest Practicable Date. Additionally, our Directors believe that all transactions settled through the Third-party Payment Arrangements have been completely and accurately recorded in our historical financial information.

Enhanced Internal Control Measures

To safeguard our interest against risks associated with Third-party Payment Arrangements, since November 2025, we have significantly enhanced and implemented various internal control measures in order to rectify Third-party Payment Arrangements. Our efforts to rectify the Third-party Payment Arrangements include, among other things:

- We notified customers of our updated internal control policies in relation to the Third-party Payment Arrangements, informing them that we no longer accept third-party payments.
- We generally require that all payments be made by the contractual counterparty. For any payment made by a non-contracting party, we will refund the amount within five business days and request the customer to make the payment again through the contracting entity. If the customer is unable to do so, we require the payor and the customer (other than those in the form of a sole proprietorship, whose designated payor is the registered owner-operator of such proprietorship) to enter into a supplemental agreement with us, confirming that the payment is made by an entity designated by the customer and that the third-party payor has a legitimate personal relationship (such as spousal relationship) or business relationship (such as shareholding relationship) with the customer.
- We plan to launch our proprietary payment system for franchisees of our maternal, infant and child business in the first half of 2026. The system automatically generates bank accounts for our franchisees upon registrations. Franchisees shall place orders via such system and settle payments with us through the bank accounts generated.
- For franchisee of our scalp and hair care business, if they make payment via POS terminals, we require the payor and franchisee (other than those in the form of a sole proprietorship, whose designated payor is the registered owner-operator of such proprietorship) to sign an afore-mentioned supplemental agreement. We will also verify the identity of the payor and record picture of his/her identity card, and require the payor to sign a payment note stating the name of the payor and the corresponding franchised stores.

Our finance department and internal audit department supervises and monitors the implementation of the aforementioned enhanced internal control measures, which our Directors believe to be effective and adequate in preventing third-party payments and their associated risks.

The internal control consultant has reviewed the aforementioned enhanced internal control measures in respect of third-party payments with no material deficiencies identified. Our Directors are of the view that the enhanced internal control measures in preventing any risks associated with third-party payment arrangements are effective and adequate.

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PRICING

We determine product pricing primarily based on prevailing market conditions, taking into account factors such as historical transaction terms, customer expectations, and competitive dynamics. As a leading domestic brand in the maternal, infant and child products and services market and scalp and hair care industry, we maintain stronger pricing power, particularly in product categories where we hold sales volume advantages.

There is no material difference in the pricing policies applicable to offline and online direct-to-consumer channels. We adopt a uniform retail pricing policy across all direct-to-consumer channels to ensure brand consistency, price transparency and to avoid channel conflict.

Compared with direct-to-consumer sales, the prices offered to franchisees and distributors are generally lower. This is primarily because franchisees and distributors typically procure products in larger volumes and such sales are made on a business-to-business basis rather than at retail level. The relatively lower pricing for franchisees and distributors is consistent with general industry practice, according to Frost & Sullivan. There is no material difference in pricing among different franchisees or different distributors.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

To ensure rapid nationwide product delivery and enhance service levels, we have established the East China Smart Logistics Park in Nanjing, the Southwest Smart Logistics Park in Chengdu and the North China Smart Logistics Park in Tianjin. Our warehousing and logistics network is further strengthened by two regional distribution centers in Wuhan and Foshan, primarily covering Central and South China, complemented by front distribution centers in Chongqing, Nanning, Shantou, Qingdao, Shenyang, Suzhou, and Xi'an. As of the Latest Practicable Date, we had established a sophisticated three-tier warehousing network that seamlessly integrates with the store layout and online sales channels. This system comprises central distribution centers (CDCs), regional distribution centers (RDCs) and front distribution centers (FDCs), forming the backbone of a “Supply Chain + Local Life Services + Local On-demand Retail” (供應鏈+本地生活服務+同城即時零售) operational model.

We have established a proprietary warehousing system supported by our self-developed Kidswant warehouse management system (KWMS). Comprehensive procedures govern the entire process, from material receipt and inventory storage to finished product delivery. These protocols are regularly reviewed, updated and disseminated company-wide. Staff training enforces compliance, including standardized procedures for anomaly inspection, handling and reporting. Additionally, we partner with qualified logistics providers to guarantee safe, punctual, and reliable product distribution.

To manage our inventory effectively, we have implemented comprehensive inventory management policies. We utilize historical sales data, current inventory levels and in-transit goods to systematically forecast demand and place orders for individual products on a regular basis. We have also established clear requirements and compliant procurement plans, implements a digital supplier rating system with tiered dynamic management throughout the supplier lifecycle, and maintains a standardized new product introduction process. Our inventory allocation policy focuses on achieving store-level and warehouse-level turnover targets by maintaining adequate stock for high-turnover products while minimizing inventory for long-tail products. We conduct monthly, quarterly and annual reviews of inventory with daily tracking and alerts. For inventory impairment, inventory aging more than 360 days are placed on a priority clearance list for promotional sales, returns or other disposal methods with weekly progress reviews. As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB1,119.6 million, RMB927.3 million and RMB902.5 million, respectively.

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QUALITY CONTROL

As of December 31, 2025, our quality management personnel comprised 110 employees, primarily responsible for quality inspection, quality control and management of the supply chain’s quality. We have established a rigorous, multi-layered quality assurance system. This approach begins with meticulous supplier selection, where potential suppliers are evaluated based on their product quality, business credentials, and brand integrity. Throughout the manufacturing process, we maintain vigilant oversight through both regular and random inspections, ensuring consistent quality standards. We require complete quality certification for third-party brands while our owned brands undergo random sampling across all production stages from prototyping to final product delivery. See “— Our Suppliers — Supply Chain Management and Procurement.”

This systematic quality management extends to warehouse operations, where specialized quality inspectors perform detailed examinations following category-specific sampling protocols before products enter warehouse. Beyond these operational measures, we maintain a dynamic supplier assessment program, regularly evaluating suppliers on production capability and quality performance metrics. This continuous evaluation process enables us to optimize our supplier base through strategic elimination of underperforming suppliers.

In addition, we place the utmost importance on product quality and safety throughout the entire logistics, implementing controls at every stage to guarantee that products delivered to our customers are in a safe condition. We only engage logistics partners with verified food-grade certifications. Logistics partners cooperating with us undergo pre-qualification checks covering warehouse conditions, vehicle sanitation, and handling capabilities before onboarding. During the delivery process, we operate a full-chain traceability system that tracks products from dispatch to final delivery, recording each handover point. Additionally, customer complaints related to product condition upon delivery are used to evaluate logistics partner performance.

We also emphasize the contractual controls and monitoring. We enter into formal transportation service agreements, which stipulate that the logistics company bears ultimate responsibility for compensation in cases of product damage caused during transit and we have established delivery performance monitoring and a tiered warning system. This enables us to identify underperforming logistics partners, issue warnings, and where necessary, terminate partnerships to maintain service quality and operational integrity.

SEASONALITY

Due to the nature of our products and services, we are not subject to material fluctuations in seasonality.

DATA PRIVACY AND SECURITY

In the ordinary course of business, with the prior consent of customers and members, we collect, store and use certain personal information of the staff of our corporate customers, including franchisees who set up accounts on our employee-facing APP and supplier-facing APP and the personal information of individual customers and members to the extent necessary and in accordance with applicable PRC laws and regulations. For example, (i) for individual consumers to register and use our services through our online and offline channels, such as our Kidswant App and in-store systems, we may collect information, such as their account profiles, transaction records and real-time geolocation, and (ii) for the staff of our corporate customers, personal information is primarily provided either by the corporate customer or the employees themselves in connection with account registration and the subsequent maintenance and day-to-day operation of the relevant merchant accounts and services. The data mainly includes account information, contact details, business credentials and communication and service records. We also collect and process several types of sensitive

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personal data, such as photos of ID cards and household registers, facial data for face recognition, information relating to pregnancy planning, pregnancy and due dates, birth certificates, baby related information, bank account number, payment passwords and voice messages. As of December 31, 2025, we had over 98.0 million registered members and 3,254 corporate customers who set up accounts on our employee-facing APP and supplier-facing APP.

We strictly follow the relevant laws and regulations in collecting personal information, and we continuously improve our practices in personal information protection by internal inspections, supervision, review and other measures to ensure maximum protection of personal information. We encrypt and store collected sensitive information with MD5 salting technology during the storage stage and deploy multiple security tools and technical measures to ensure data security, such as Web Application Firewalls (WAF), bastion hosts and data classification and grading tools. In addition, we provide a privacy policy explaining the categories of personal data collected, the purpose of processing, the processing methods and retention period, data sharing scenarios, and channels for exercising personal information rights before collecting personal data from our customers and members. Through professional monitoring platforms, we monitor and record network operation status. Through security tools, we monitor and record network security incidents and related activities. During our business operation, we conduct information security training and organize assessments regularly. We implement data access control for employees, limiting access to go through a bastion host, and bastion host logs are retained for at least six months, and we employ emergency response and management measures, including red teaming, failover, and active-active drills, and improve business continuity and security by simulating data loss scenarios. For details on our risks associated with the protection of personal information, see “Risk Factors — Risks Relating to Our Business and Industry — Failure to comply with laws and regulations on cybersecurity, information security, data privacy and protection could result in claims and penalties imposed by relevant government authorities, which could harm our brand and reputation, and materially and adversely affect our business operations and financial performance.”

As of the Latest Practicable Date, our information systems are accredited with the Multi-Layer Protection Scheme Level III Certification (“信息系統安全等級保護三級”) awarded by the local branch of the Ministry of Public Security of the PRC, which endorses our capability in system operation and information security. To ensure proper and sufficient protection for user privacy and data security, we have implemented internal data security and protection protocols which provide for data management responsibilities, data protection and confidentiality procedures. We also update our policies and internal control measures for data protection based on evolving regulatory requirements and industry standards. For example, we notify customers and obtain consents from them about how we collect and use their personal data per the requirements of applicable laws. Data regarding our customers’ online purchases made through third-party e-commerce platforms is managed subject to third-party platforms’ data governance policies. When we access or use such data for order fulfillment or after-sales services, we process such data in accordance with applicable laws and our internal data protection policies.

Our data is stored within the PRC and there is no cross-border transmission of personal data or provision of data to third parties. As advised by our PRC Legal Advisors in respect of PRC data compliance, given that (i) according to the consultation with CCRC, it has confirmed that [REDACTED] in Hong Kong does not constitute a [REDACTED] abroad; (ii) as of the Latest Practicable Date, we have not received any official notification from relevant regulatory authorities designating our network facilities and information systems as CII, and therefore we are not deemed as a CII operator; and (iii) as of the Latest Practicable Date, we had not received any notice that we are required to conduct a cybersecurity review or our data processing activity affects or may affect national security, we are not subject to the CAC’s review in accordance with applicable PRC cybersecurity-related laws and regulations. During

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the Track Record Period and up to the Latest Practicable Date, we had complied with applicable laws and regulations relating to user privacy and data security in material aspects. Given that legislation and law enforcement in the PRC on user privacy and data security are still evolving, we will closely monitor further regulatory developments and take appropriate measures in a timely manner. As advised by our PRC Legal Advisors in respect of PRC data compliance, we have complied in all material respects with applicable PRC laws and regulations on data privacy, data security, data usage and storage, and cybersecurity during the Track Record Period and up to the Latest Practicable Date.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may, from time to time, be subject to legal proceedings, disputes and claims that arise in the ordinary course of business, which primarily include contractual disputes and employment matters. Our Directors are not involved in any actual or threatened material claims or litigation. During the Track Record Period and up to the Latest Practicable Date, we were not imposed any material administrative penalties. We did not experience any material or systemic non-compliance incidents, which, taken as a whole, are likely to have a material and adverse effect on our business, financial condition or results of operations. We were not a party to any ongoing material litigation, arbitration or administrative proceedings, and we were not aware of any claims or proceedings contemplated by the government authorities or third parties which would materially and adversely affect our business.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we were not imposed any material administrative penalties. We did not experience any material or systemic non-compliance incidents, which, taken as a whole, are likely to have a material and adverse effect on our business, financial condition or results of operations.

COMPETITION

We believe that we are positioned favorably against our competitors on the basis of our (i) brand strengths, as we are a leading player in China’s maternal, infant and child products and services market and scalp and hair care market; (ii) membership strengths, as we pioneered a business model focusing on consumer relationships management; (iii) sales channel strengths, as we possess omni-channel network enabling consumer reach across diverse consumption scenarios; (iv) supply chain strengths, as we have a carefully selected and diversified supply chain; (v) service strengths, given our professional service system; (vi) digital and intelligent capabilities that empower our business; (vii) warehousing and logistics strengths with an extensive intelligent warehousing and logistics footprint; and (viii) management strengths that lie in an exceptional management team and a young, professional organization.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had (i) 14 registered patents; (ii) 29 registered trademarks; (iii) 61 registered copyrights; and (iv) seven registered domain names in the PRC, which were material to our business. See “Appendix VI — Statutory and General Information — Further Information about the Business of Our Group — 2. Intellectual Property Rights” for more details of our material intellectual property rights.

To protect the intellectual properties owned by us, we rely on a combination of intellectual property right protection laws in the PRC, confidentiality procedures, contractual provisions and internal control procedures. During the Track Record Period and up to the Latest Practicable Date, we had not been sued on the basis of, and had not undergone arbitration in respect of, nor had we received any notification from third parties claiming, infringement of any intellectual property that has had a material adverse effect on our

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business. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not been the subject of any adverse finding in an investigation or audit by any government authorities in respect of infringement of any intellectual property of third parties that had a material adverse effect on our business.

EMPLOYEES

As of December 31, 2025, we had 11,215 employees in total, all of whom were based in China. In addition, as of the same date, there were 8,909 sales personnel working in our stores and 71 supporting personnel working in our headquarters who are not our employees but are assigned by our suppliers to promote and sell maternal, infant and child products in our stores and provide sales and promotion support work. The following table sets forth a breakdown of our employees by their function as of the same date.

<u>Function</u>	<u>Number of employees</u>	<u>% of total employees</u>
Operation management	8,699	77.6
Technical operation	259	2.3
General and administration	182	1.6
Financial management.	236	2.1
Logistics staff.	109	1.0
Production staff	32	0.3
Others	1,698	15.1
Total	<u>11,215</u>	<u>100%</u>

To attract qualified personnel, we adopt various recruitment methods to satisfy our demands for different types of employees. These methods typically include campus recruitment, online social recruitment for personnel with work experience and recruitment through recommendations. With respect to vendor-assigned sales personnel, we do not enter into employment contracts with them or pay their salaries, although we may provide performance-based incentive bonuses at our discretion. To manage their conduct and ensure service quality, we (i) monitor their sales activities in our stores and request the confidentiality obligations regarding customer information; (ii) provide training to ensure they possess adequate communication and customer service capabilities; and (iii) conduct regular performance evaluations and require suppliers to replace personnel who seriously violate our operational requirements.

Following our strict assessment criteria for candidates, our recruitment procedures generally contain reporting recruitment demands, publishing recruitment notices, reviewing and screening resumes, arranging interviews, evaluating and selecting candidates, approving and making announcement. Our employees typically enter into standard labor contracts with us. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any difficulty in recruiting employees for our operations.

We respect the work and contributions of our employees. Our compensation packages for employees mainly comprise base salary and performance-based bonuses. We periodically review our employees’ performance, based on which we determine and offer monthly and annual bonus awards. We highly value the recruitment, management, training and retainment of our employees. In particular, we arrange diversified training sessions for our employees, including pre-job training, training on basic product and service information, and basic skills, advanced training and special training focused on selected specialties.

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PRC laws and regulations require us to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, maternity insurance, work-related injury insurance and the housing provident fund and pay social insurance premiums and housing provident fund contributions in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to the maximum amounts specified by the local government. During the Track Record Period, we did not make social insurance and housing provident fund contributions for certain of our employees, or failed to make full social insurance and housing provident fund contributions for our employees as required by relevant PRC laws and regulations or made social insurance and housing provident fund contributions through third-party human resources service providers. During the Track Record Period and up to the Latest Practicable Date, we were not imposed any administrative penalties as a result of our non-compliance with social insurance and housing provident fund related PRC laws and regulations. According to the Interpretation II by the Supreme People’s Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “**Interpretation**”), promulgated by the Supreme People’s Court on July 31, 2025 and effective from September 1, 2025, any agreement or undertaking between an employer and its employee to waive social insurance contributions shall be deemed invalid. In addition, where an employer fails to make such contributions in accordance with applicable laws, and an employee terminates the labour contract and claims economic compensation under the Labor Contract Law of the PRC, the People’s Court will support such claims.

The Interpretation would not have a material adverse effect on our business operations and financial position, primarily because (i) it does not introduce additional penalties exposure or alter the existing legal framework; and (ii) the Interpretation does not alter the basis for assessing risks associated with any non-compliance in relation to social insurance and housing provident fund contributions. For more details, see “Risk Factors — Risks Relating to Our Business and Industry — Failure to comply with relevant regulatory requirements relating to the social insurance and housing provident fund contributions for and on behalf of our employees may subject us to penalties and have an adverse impact on our financial conditions and results of operations.”

We enter into standard labor contracts with our employees and we also enter into confidentiality agreements with our principal senior management members. To date, we have not experienced any significant labor disputes. We have formed a labor union to protect our employees’ rights and encourage employees to participate in our management decisions. We believe we have maintained good relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strike or any labor dispute with our employees which have had or are likely to have a material impact on our business.

LICENSES, PERMITS AND CERTIFICATES

We operate in a strictly regulated industry in the PRC. We are required to maintain various licenses, approvals and permits to operate our business, including among others, the Value-Added Telecommunications Services License (增值電信業務經營許可證), the Food Business License (食品經營許可證), the Hygiene License (衛生許可證), Road Transport Operation Permit (道路運輸經營許可證), Record-filing for Commercial Franchise (商業特許經營備案) and Information Reporting for Single-purpose Prepaid Card Operators (單用途商業預付卡備案). See “Regulatory Overview — Applicable Laws and Regulations to Our Business in the PRC” for details of the relevant requirements. As of December 31, 2025, we had obtained all requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations as a whole.

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In addition, as advised by our PRC Legal Advisors, we had obtained all material licenses, permits, approvals and certificates required for the current operations of our self-owned stores which are material to our operations and such licenses, permits, approvals and certificates were valid and remain in effect as of the Latest Practicable Date. We monitor the validity status of, and make timely applications for the renewal of, relevant licenses, permits, approvals and certificates prior to their respective expiration date. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulty in obtaining or renewing the required material licenses, permits, approvals and certificates for our business operations. As advised by our PRC Legal Advisors, there is no material legal impediment in renewing these licenses, permits, approvals and certificates as they expire in future as long as we are in compliance with applicable requirements under the PRC laws, regulations and rules and provided that we take all necessary steps and submit relevant applications in accordance with the requirements and schedules under the applicable PRC laws, regulations and rules. However, we cannot assure you that we will be able to timely renew such licenses, permits, approvals or certificates in the future. See “Risk Factors — Risks Relating to Our Business and Industry — We are required to obtain and maintain necessary licenses, approvals and permits for our operations, the failure to obtain or renew any of which may have a material adverse effect on us.”

Fire Safety

Among our self-owned stores as of December 31, 2025, we failed to obtain the Fire Safety Inspection Certificates for Public Gathering Places Prior to Commencement of Operations (公共聚集場所投入使用、營業前消防安全檢查合格證) or administrative permits pursuant to Fire Safety Inspection Opinions for Public Gathering Places Prior to Commencement of Operations (公共聚集場所投入使用、營業前消防安全檢查意見書) (together, the “**Fire Safety Inspection Certificates or Permits**”), as applicable, for a total of 285 self-owned stores (the “**Relevant Properties**”). Among those, as of the Latest Practicable Date, 15 stores had been closed or were proposed to be closed in the near term, seven stores are no longer required to obtain Fire Safety Inspection Certificates or Permits under applicable PRC laws and regulations due to the reduction in operating area, and 20 stores had obtained the required Fire Safety Inspection Certificates or Permits, and the remaining 243 stores are required to obtain the Fire Safety Inspection Certificates or Permits. Among the 243 self-owned stores, 116 are located in large-scale shopping malls that have obtained Fire Safety Inspection Certificates or Permits at the mall level. Although such certificates do not expressly cover the individual self-owned stores, the underlying fire safety inspections conducted for the malls have in practice encompassed these stores. We will seek further confirmations from the lessors and/or competent regulatory authorities, as applicable, to confirm that separate Fire Safety Inspection Certificates or Permits are not required for these 116 stores, and if such confirmation cannot be obtained, we will seek to obtain the separated Fire Safety Inspection Certificates or Permits for those stores. Meanwhile, we are in the process of obtaining the requisite certificates or permits for the remaining 127 stores. Our Directors are of the view that there are no foreseeable legal impediments to obtaining such certificates or permits for 82 stores, while certain obstacles remain for the other 45 stores, including, among others, (i) lack of cooperation from landlords, and (ii) absence of property ownership certificates or incomplete construction documentation for the relevant properties. In light of the above, each of Mr. Wang and Jiangsu Bosida has undertaken to indemnify and hold harmless us all losses arising from the failure to obtain the Fire Safety Inspection Certificates or Permits for the Relevant Properties, including but limited to the administrative penalties imposed by the relevant government authorities (the “**Fire Safety Indemnity**”).

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With respect to the abovementioned 127 stores, we expect to obtain Fire Safety Inspection Certificates or Permits for nine stores by the end of September 2026. For the 116 stores, we have engaged the Fire Safety Consultant to conduct fire safety evaluations on each of the relevant stores. It is engaged in the maintenance and inspection of fire safety facilities and fire safety evaluation, has the relevant qualifications and certificates and has a dedicated inspection team consisting of certified fire engineers and fire safety specialists with extensive prior work experience in the maintenance and inspection of fire safety facilities and fire safety evaluation. The Fire Safety Consultant conducted a comprehensive review and inspection in June 2026. According to the Fire Safety Consultant’s reports, upon inspection at such 116 stores, (i) such relevant stores have never experienced any fire safety accidents, nor have they faced significant administrative penalties from fire rescue authorities or been cited for fire safety violations; (ii) the business premises of the relevant stores have been equipped with sufficient fire safety equipment, signage, safe evacuation conditions and emergency evacuation plans, all of which are in proper working order and do not pose any major fire hazards; (iii) all of these premises have complied with the applicable fire safety laws, regulations and standards to the extent the fire safety filing or fire safety inspection (together, the “**Fire Safety Procedures**”) for the relevant stores, as the case may be, could be completed; (iv) we were not able to complete the Fire Safety Procedures for the relevant stores for reasons other than fire safety defects; and (v) there are no material impediments for such 116 stores to complete the Fire Safety Procedures, upon submission of applications and all the requisite documents. As for the remaining two stores, which are currently undergoing renovation, we will engage Fire Safety Consultant to conduct fire safety evaluations on each store upon completion of the renovation work.

According to the applicable PRC laws and regulations, we are responsible for the application of fire safety inspections and obtain Fire Safety Inspection Certificates or Permits from the competent authorities prior to commencing use or business operations. In addition, for each public gathering place commences operations without appropriate administrative permits from the relevant fire safety government authorities, we may be ordered by the housing and urban-rural development departments of local governments and/or the fire safety government authorities to suspend operations and being imposed administrative fines of not less than RMB30,000 and not more than RMB300,000. However, since 2018, the highest administrative penalty imposed in practice for failure to obtain the required Fire Safety Inspection Certificates or Permits has been RMB30,000.

To prevent recurrence of such non-compliance, when selecting sites for new self-operated stores, we will conduct thorough due diligence on the relevant leased properties, including verifying title certificates and construction documentation and confirming whether the requisite fire safety inspections have been completed, with a view to avoiding circumstances where such inspections cannot be completed due to defects in the leased properties. In addition, we will continue to enhance our store management procedures by assigning dedicated personnel to oversee fire safety formalities, to ensure that the required inspections are completed prior to store openings.

As advised by our PRC Legal Advisors and concurred by our Directors, our Group’s failure to obtain the requisite certificates or permits for the Relevant Properties as mentioned above would not have any material adverse impact on our operations, considering (i) the Relevant Properties had not been ordered to suspend operations as of the Latest Practicable Date. We had not been imposed other material administrative penalties during the Track Record Period for our failure to obtain the requisite certificates or permits for the Relevant Properties as mentioned above, nor had such Relevant Properties experienced any fire accidents during the Track Record Period; (ii) our Company has undertaken to adopt rectification measures to obtain the Fire Safety Inspection Certificates or Permits for the Relevant Properties as soon as practicable; and (iii) the Fire Safety Indemnity.

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INSURANCE

As of the Latest Practicable Date, we maintained including but not limited to public liability insurance, employer liability insurance, freight insurance and property insurance. We also maintained certain product liability insurance for products that we sell in China. For example, we typically sell diapers with a free “Diaper Rash Protection” guarantee. We are not required to, and generally do not, maintain business interruption insurance or key person insurance, which are not mandatory under the PRC laws and regulations. We also procured insurance policies by type and amount that we consider sufficient and evaluated such insurance policies from time to time based on our past experience, changes in production and industry developments. Our Directors believe that our insurance coverage is in line with the industry practice and adequate to cover our key assets, facilities and liabilities. However, the risks related to our business and operations may not be fully covered by insurance. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not completely cover the risks related to our business and operations” for details.

PROPERTIES

We occupy certain properties in the PRC in connection with our business operations. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

Owned Properties

As of the Latest Practicable Date, we owned and occupied 21 properties in the PRC with a total GFA of 315,265.82 sq.m. in the PRC. These properties are used as our warehouses and office premises, to support our business operations.

The following table sets forth a summary of our owned properties with real estate ownership certificates as of the Latest Practicable Date.

No.	Owner/Occupier	Location	Purpose	GFA (sq.m.)
1.	Our subsidiary	Nanjing, Jiangsu province	Warehouse	80,377.48
2.	Our subsidiary	Chengdu, Sichuan province	Warehouse	85,267.01
3.	Our subsidiary	Tianjin City	Logistic and warehouse	120,769.90
4.	Our Company	Nanjing, Jiangsu province	Commercial	2,577.84
5.	Our Company	Nanjing, Jiangsu province	Commercial	1,508.19
6.	Our Company	Nanjing, Jiangsu province	Commercial	461.02
7.	Our Company	Nanjing, Jiangsu province	Commercial	1,637.26
8.	Our Company	Nanjing, Jiangsu province	Commercial	1,637.26
9.	Our Company	Nanjing, Jiangsu province	Commercial	1,637.26
10.	Our Company	Nanjing, Jiangsu province	Commercial	1,637.26
11.	Our Company	Nanjing, Jiangsu province	Commercial	1,637.26
12.	Our Company	Nanjing, Jiangsu province	Commercial	1,637.26
13.	Our Company	Nanjing, Jiangsu province	Commercial	1,637.26
14.	Our Company	Nanjing, Jiangsu province	Commercial	1,637.26
15.	Our Company	Nanjing, Jiangsu province	Commercial	1,637.51
16.	Our Company	Nanjing, Jiangsu province	Commercial	1,637.51
17.	Our Company	Nanjing, Jiangsu province	Commercial	1,640.18
18.	Our Company	Nanjing, Jiangsu province	Commercial	1,640.18
19.	Our Company	Nanjing, Jiangsu province	Commercial	1,640.18
20.	Our Company	Nanjing, Jiangsu province	Commercial	1,640.18
21.	Our Company	Nanjing, Jiangsu province	Commercial	1,370.56

Our Group has no owned single property interest that forms part of our non-property activities that has a carrying amount of 15% or more of total assets pursuant to Rule 5.01B(2)(b) of the Listing Rules.

Our PRC Legal Advisors confirmed that, we had obtained the real property title certificates and other relevant land use rights certificates of the above land parcels and properties as of the Latest Practicable Date.

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Leased Properties

As of December 31, 2025, our self-owned stores which are material to our operations occupied 24 leased properties in the PRC with an aggregate GFA of approximately 49,897.64 sq.m..

As of the Latest Practicable Date, among the aforesaid leased properties, 23 lease agreements had not yet been registered with the relevant PRC authorities. All of these 23 leased properties are used as premises for our self-owned stores, which are material to our operations. We failed to complete those registration, primarily because such lessors (i) failed to obtain the relevant title certificates; or (ii) unwilling to undertake the administrative burden due to the low risk of penalty. We have adopted internal policies that (i) request our employees to proactively coordinate with lessors to complete the registration for our lease agreements; and (ii) require our employees to complete the registration of lease agreements in instances in which lessors are willing to cooperate in such procedures. We have taken proactive steps to register these lease agreements. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties must be registered with the relevant real estate administration bureaus in China.

We will promptly rectify such non-compliance if so required by the relevant regulatory authorities. Accordingly, the likelihood of incurring penalties for failure to complete lease registration is considered to be low. If rectification is not made within the specified time, we may be subject to a maximum fine of RMB300,000 for our unregistered lease agreements. According to our PRC Legal Advisors, under the Civil Code of the PRC (《中華人民共和國民法典》), the non-registration of the lease agreement does not affect the validity and enforceability of the lease agreement. Moreover, the Administrative Measures for Commodity House Leasing do not stipulate that failure to complete lease registration and filing would invalidate or prohibit the continued leasing of the relevant property. Accordingly, such non-compliance would not require the relocation of any key store. Our Directors are of the view that the failure to complete the filing of these lease agreements does not have any material or adverse effect on our business operations or financial conditions, because if we have to terminate the leases or relocate from such leased properties with defects, we are able to relocate to qualified alternative premises within a short period of time under comparable terms without incurring substantial additional costs.

As of the Latest Practicable Date, we did not have any single property with a book value accounting for 15% or more of our total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We are subject to various PRC laws, regulations and rules with respect to social responsibility, typically covering fire safety, social insurance and housing provident fund. For details, see “Regulatory Overview — Applicable Laws and Regulations to Our Business in the PRC.” We emphasize the importance of environmental, social and corporate governance (the “ESG”) affairs to achieve long-term and sustainable growth. We endeavor to contribute to environmental protection, shoulder corporate social responsibility and promote corporate governance. With respect to our own operation, we have identified specific metrics and set performance targets based on their historical levels.

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Overall ESG Governance

We have established ESG policies to set forth our measures in relation to environmental protection, social responsibilities and corporate governance. Our Board is committed to maintaining lawful, ethical and environmentally friendly operations, upholding high standards in environmental and social practices and our Directors have the collective and overall responsibility regarding the identification, evaluation and management of ESG-related risks and opportunities and to respond to such risks and opportunities. We have established a dedicated, cross-functional ESG Working Group, comprising heads from across the departments to ensure that ESG principles are thoroughly integrated into all operational facets. Our ESG Working Group is generally responsible for setting ESG strategies and particular targets, carrying out our ESG measures, and scrutinizing the implementation of and timely updates to our internal policies. Through reviewing our ESG-related performance, the ESG Working Group identifies, evaluates and determines our ESG-related risks and opportunities over the short, medium and long term. Our ESG Working Group then reports to the Board, based on which we improve and implement our internal control measures and targets relating to ESG.

In addition, we have strengthened the ESG training for our employees, enhancing their overall ESG awareness and encouraging them to actively participate in ESG activities, thereby jointly promoting the company’s sustainable development.

We are committed to identifying and mitigating any potential risks in this regard in the mid- to long-term. To be specific, we pay close attention to the development of ESG-related social trends and policies. We closely assess changes in resource supply and climate in regions where we operate and their potential impact on our operations. During the Track Record Period and up to the Latest Practicable Date, our business operations had not been materially adversely affected by any changes in ESG-related social trends and policies.

We have formulated the following measures and working mechanisms to optimize our ESG performance:

- arranging internal training sessions regarding occupational health, environmental protection, corporate compliance and other ESG-related responsibilities;
- summarizing and discussing experiences on improving the internal mechanism on ESG matters among our management;
- arranging internal meetings to discuss the latest development in laws, regulations, rules and policies on ESG matters, to raise the awareness of ESG among our management and other staff;
- with increasing attention on ESG-related risks, taking ESG matters into consideration during accepting franchise applications and opening offline stores or assessing potential acquisition targets, such as fire safety and environmental impact assessment; and
- communicating with other service providers and industry experts on the identification and assessment of ESG-related risks and opportunities, sharing ideas with respect to the latest ESG trend in the industries.

We integrate the above measures and working mechanisms into our daily operations, fulfilling our corporate responsibility in environmental and social aspects.

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Going forward, we will assess and address our ESG-related risks and review our ESG-related performance on a continuing basis. Upon the [REDACTED], we will continue to follow the applicable regulatory requirements regarding ESG matters. We also expect to engage independent third parties to evaluate ESG-related risks faced by our business network, provide suggestions and recommendations on our ESG strategies and measures, and update our ESG targets based on our existing ESG-related performance and industry trend.

Environmental Protection

We are subject to the PRC environmental protection laws and regulations. Our environmental protection policies and measures mainly cover conservation of resources including water and electricity, clean energy management, disposal of logistic waste and biodiversity protection.

Conservation of resources

We give high regard for resource consumption efficiency and optimizing the use of resources. During the Track Record Period, we primarily adopt the following measures to conserve resources and realize environmentally friendly operations:

- we encourage energy-saving practices such as turning off lights and air conditioning when not in use, enabling power-saving modes on office equipment, and adopting double-sided printing and paper recycling.
- we adopted an intelligent lighting system across our stores to reduce energy consumption for lighting. Such intelligent lighting system is equipped with a professional control system. Leveraging advanced stepless dimming technology, it enables precise power control by time and area and achieves energy conservation.
- we promote recycling and reuse in logistics operations, including efficient packaging, reuse of secondary paper boxes, and utilization of returnable containers. and
- we establish stable cooperation relationships with suppliers that appreciate ESG performance and discussing with our suppliers with respect to resource conservation and the use of degradable.

Key Metrics and Targets

We set ESG targets and review our ESG performance through multiple metrics to better monitor our ESG performance and control the ESG-related risks that may impact our operational and financial performance. We constantly control our environmental impact through monitoring our resource consumption and pollutant emission levels.

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Our energy consumption is mainly derived from water and energy consumption during the business operations and daily operation and maintenance of our information technology systems. Our greenhouse gas emissions primarily result from direct emissions from company-owned or controlled sources (Scope 1) and indirect emissions from purchased electricity, heat or steam (Scope 2). By keeping records for water consumption, energy consumption, greenhouse gas emissions, and waste generation, we from time to time review and timely improve the resource consumption efficiency and waste management practices. The below table sets forth the environmental quantitative indicators of our major offices and operating facilities during the Track Record Period.

Indicator		Unit	2023	2024	2025
Greenhouse Gas Emission (GHG)	GHG (Scope 1) ⁽¹⁾	Tons of CO ₂ e	33.18	28.31	32.79
	GHG (Scope 2) ⁽²⁾	Tons of CO ₂ e	38,767.5	42,391.9	42,309.19
	Total GHG (Scope 1 + Scope 2)	Tons of CO ₂ e	38,800.68	42,420.21	42,341.98
Electricity Consumption	Total Electricity Consumption	MWh	72,246.6	79,000.9	78,846.8
	Total Electricity Consumption per Unit of Revenue	MWh/RMB million	8.3	8.5	7.7
Water Consumption	Total Water Consumption	Tons	130,404.4	137,808.4	138,788.31
	Total Water Consumption per Unit of Revenue	Tons/RMB million	14.9	14.8	13.51
Waste Emission ⁽³⁾	Total exhaust discharge	cubic meters	—	—	—
	Total amount of wastewater discharge	ton	—	—	1,026
	Total amount of nonhazardous waste	ton	—	—	983.23
	Total amount of hazardous waste	ton	—	—	0.89
Logistics and Packaging Materials	Usage of returnable containers	pcs	500	500	815
	Recycled secondary cartons	ton	72.0	70.0	87.5

Notes:

- (1) Scope 1 GHG emissions are primarily from the consumption of direct energy, including gasoline consumed by our owned vehicles.
- (2) Scope 2 GHG emissions are primarily from the consumption of indirect energy including purchased electricity for our offline stores warehouses and offices.
- (3) We do not operate any production facilities for maternal, infant and child business. Our production facilities are only for the production of scalp and hair care products under our scalp and hair care business which was acquired by us in July 2025.

Waste, Product Reuse and Recycle Management

Our daily operations primarily generate domestic waste, general office waste, store solid waste, and a limited amount of electronic waste. Wastewater is primarily sewage from offices and retail stores, and no industrial wastewater is discharged. To promote waste reduction, we implement waste sorting practices and enforce policies including the Asset Management Policy and the Store Cardboard Recycling Management Guidelines, supplemented by the Consumables Management Policy and the Waste Disposal Management Policy to ensure that obsolete and waste items are disposed of in accordance with standardized procedures.

We have established a four-tier management responsibility structure comprising logistics headquarters, the safety supervision department, the quality control department and warehouse management personnel, forming a coordinated mechanism of centralized planning, local implementation, supervision and inspection;

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Additionally, we emphasize resource reuse and recycling in our daily operations. Assets and materials meeting scrapping or recycling criteria are centrally disposed of through resale or recycle based on regional and operational needs. For electronic equipment and similar assets, unified inventory checks and data erasure are completed prior to disposal to prevent information leakage, with supporting documentation such as asset registers, quotation records and contracts properly maintained. We also promote efficient resource utilization and reduce environmental impact maintenance through refined consumables management, full lifecycle equipment and compliant transfer of used office equipment.

Considering our historical ESG-related performance and the measures we expect to implement in the future, we set the following key ESG targets:

- increasing the use of energy-saving lighting systems in our offices in the following five years;
- striving to reduce the electricity consumption per revenue generated by us by over 3% in 2030 compared to 2025;
- striving to reduce the water consumption per revenue generated by us by over 3% in 2030 compared to 2025; and
- promoting the informatization of our headquarters in the following five years, quantitatively managing our ESG-related performance and reducing the use of paper during our daily operations.

Our annual cost of compliance with environmental protection laws and regulations was immaterial to us as a whole. We expect such compliance cost to remain immaterial considering the nature of our business.

Social and Governance

We shoulder our social responsibilities and strive to establish a safe, equitable, diverse, and friendly working environment. We are committed to promoting occupational safety and ensuring compliance with applicable laws and regulations. Our ESG policies related to social and corporate governance facilitate the management of risks associated with social, health, and occupational matters while enhancing operational efficiency.

Labor Standards, Health Safety and Development

Due to the nature of our business, we are not exposed to significant health or occupational safety risks. We require our employees to adhere to all relevant health and safety statutory requirements. To ensure compliance with applicable laws and regulations, we have implemented the following key measures and policies:

- our Human Resource Department from time to time reviews our existing policies on human resources to make timely and necessary adjustments, keeping pace with material changes to relevant laws and regulations;
- we designate personnel to organize systematic training sessions and team-building activities, including internal training on legal compliance, safety protection, and emergency response, as well as training on the latest industry knowledge and professional skills, to safeguard employees’ occupational health and enhance team cohesion.
- we adhere to fair employment principles and prohibition of forced labor, achieving a 100% labor contract signing rate and social insurance coverage rate as of the Latest Practicable Date, and
- we have established a comprehensive employment framework that integrates various education backgrounds. Meanwhile, we actively recruit persons with disabilities by assessing individual abilities and strengths to place them in suitable roles across administrative, customer service, and technical departments. These employees receive comprehensive onboarding and training while enjoying the same compensation and benefits package as our all full-time employees.

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- we have established a comprehensive occupational health and safety management system and conduct regular emergency drills.
- as of December 31, 2025, women employees accounted for near 80.0% of our total employees.

Our Human Resources department is responsible for our recruitment and it conducts both qualification screening and identity document verification during recruiting, such as ID card checks and background search of the candidates, to strictly prohibit the employment of child labor. We also emphasize human rights and labor compliance requirements during our supplier admission, evaluation and ongoing management, expressly prohibiting the use of child labor or forced labor through contractual provisions and/or internal policies as well as the use of raw materials produced by child or forced labor. For suppliers that fail to meet our requirements or present significant compliance risks, we will implement corrective actions, suspend cooperation or terminate the business relationship in accordance with applicable policies and contractual arrangements.

To ensure ongoing compliance with applicable laws and regulations, our Human Resources Department, when necessary and after consulting legal advisors, adjusts internal HR policies to accommodate material legal and regulatory changes. During the Track Record Period and up to the Latest Practicable Date, we have complied in all material respects with PRC laws and regulations pertaining to health and occupational safety matters. No material accidents occurred during our operations, and we were not subject to any material claims for personal or property damages or compensation paid to employees.

Supply Chain Management

We integrate sustainable development into supply chain management. We implement supplier admission screening and ongoing process management mechanisms, with controls over key areas such as merchant qualifications, product certifications and labeling review. These requirements have been formalized in supplier contracts as well as our internal policies, including the Supplier Product Quality Supervision and Management Measures, Procurement Management Procedures and Supplier Management Policy. We prefer suppliers who use environmentally friendly materials, such as biodegradable materials, when selecting suppliers of our proprietary brands. We regularly organize supplier training sessions and internal training covering topics such as product quality, advertising compliance and supply chain collaboration and emphasize environmental protection, aiming at enhancing the understanding of our requirements and ensuring consistent execution and improving the environmental awareness.

Anti-corruption and Fair Trade

To foster an honest business environment and prevent illegal or unethical conduct, including commercial bribery and embezzlement, we have established a comprehensive anti-corruption framework supported by regular training, supervision and disciplinary mechanisms to ensure adherence to high standards of professional integrity. We have adopted and strictly enforce policies such as the Anti-Corruption Management Policy and Gift Management Policy, and require business partners to enter into “Sunshine Agreements” prohibiting bribery, embezzlement and improper transfer of benefits, with clear penalties for non-compliance. In addition, we implement structured supplier admission, evaluation, performance assessment and exit mechanisms to ensure procurement activities are conducted in an open and transparent manner, with clear segregation of duties and fully traceable records. We maintain a zero-tolerance approach to corruption. Any employee found in violation will be subject to investigation and disciplinary action, including dismissal, and suspected criminal conduct will be reported to the relevant authorities.

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Public Welfare Initiatives

We actively fulfill our corporate social responsibilities by participating in public welfare initiatives. For example, we have organized projects such as “Lucky Pregnancy China” maternal health support campaign, “Children of the Stars” supporting programs for children with autism, and “Love is Not Lonely ‘Reading’” to donate books to children in mountainous areas. In 2024, our employees successfully saved the lives of 17 infants and young children using professional first aid knowledge, demonstrating a strong sense of responsibility. Additionally, we partnered with Jiangsu Women and Children Welfare Foundation to establish the “Warm Winter Initiative,” supporting women’s and children’s health and education through donations to the foundation.

The below table sets forth the data concerning the social and governance for the years indicated.

	Year ended December 31,		
	2023	2024	2025
The number of disabled persons recruited	62	61	77
Donations (RMB’000)	10,000	10,000	13,001

Board Diversity

We strive to achieve and maintain board diversity to improve our Board’s performance, bring inclusivity and unique perspectives to the boardroom. In particular, Ms. JIANG Chunyan (蔣春燕) has been appointed and re-designated as our independent non-executive Director to promote the gender diversity of our Board and she is also a member of our nomination committee. See “Directors and Senior Management” for more details.

INTERNAL CONTROL AND RISK MANAGEMENT

To ensure compliance with the applicable laws and regulations, control the risks in relation to our business operations, we have adopted various internal control and risk management measures. In particular, we implemented internal policies, guidelines and procedures to monitor and minimize the impact of risks which are relevant to our business and improve our corporate governance. Our Board is responsible for establishing our internal control and risk management measures and reviewing the implementation and effectiveness of such measures. During the Track Record Period and up to the Latest Practicable Date, we did not engage in any significant hedging activity.

We have established an audit committee which comprises Mr. RAO Gang (饒鋼), Ms. JIANG Chunyan (蔣春燕) and Mr. CHUI Wing On (徐永安), chaired by Mr. RAO Gang, who is the independent non-executive Director with the appropriate accounting and related financial management expertise. The primary duties of the Audit Committee include, among others: (i) proposing to our Board the appointment and replacement of external audit firms; (ii) supervising the implementation of our internal audit system; (iii) liaising between our internal audit department and external auditors; and (iv) reviewing our financial information and related disclosures; and other responsibilities as authorized by our Board.

Internal Control Review

In preparation for the [REDACTED], we have engaged an Independent Third-Party consultant (the “**Internal Control Consultant**”) in September, 2025 to perform a review over selected areas of our internal controls (the “**Internal Control Review**”). To review the status of the management actions taken by us to address the findings of the Internal Control Review, the Internal Control Consultant performed the follow-up review in November 2025 (the “**Follow-up Review**”). We had improved our internal control system, and the Internal Control Consultant did not have any further recommendation in its Follow-up Review. We have adopted and implemented a series of internal control policies, measures and procedures designed to provide further assurance on effective and efficient operations, duly financial

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reporting and sound compliance with applicable laws and regulations. We will conduct regular reviews and constant updates on our internal control policies, measures and procedures to accommodate the development of the regulatory environment and our business expansion.

Enhanced Internal Control Measures

In accordance with the applicable laws and regulations in the PRC and Hong Kong, we have implemented measures to establish and maintain our internal control system, including monitoring of operational processes, the establishment of risk management policies and compliance with applicable laws and regulations.

- our Directors have attended trainings conducted by our Hong Kong legal advisor on their ongoing obligations, duties and responsibilities of publicly [REDACTED] companies under the Companies Ordinance, the SFO and the Listing Rules. Our Directors are fully aware of their duties and responsibilities as directors of a [REDACTED] company in Hong Kong;
- we have set internal procedures for lines of communication and provided a process by which our employees can identify and timely report potential non-compliance exposures.
- we have appointed a compliance advisor pursuant to Rule 3A.19 of the Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines.