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OVERVIEW

Who We Are

We are the largest Chinese-style quick service restaurant (QSR) company in China by number of stores, according to CIC, as of December 31, 2025. We also ranked 8th in the entire QSR industry and 3rd in the Chinese-style QSR industry in terms of GMV in 2025 in China with market share of 0.5% and 0.7%, respectively, according to CIC. Anchored by Yuen Kee Dumpling, our restaurant brand, we position freshly hand-wrapped, freshly cooked as a core operational framework, while serving dumplings, wontons and related products in both RTE and RTC formats. With a broad, growing store network and a stable, resilient supply chain, we meet our consumers’ daily meal needs through three forms of consumption: dine in, RTE and RTC in both pick-up and delivery formats.

In addition, we expand our business coverage through Yuen Kee Taste, our retail brand, offering pre-packaged dumplings and wontons through various sales channels. Together with our Yuen Kee Dumpling brand, this structure broadens our growth opportunities and compounds brand impact across catering and retail consumers, which in turn reflects our integrated restaurant and retail business model.

Our Business Models

We primarily operate a franchising business model under our Yuen Kee Dumpling brand with a standardized supply chain. We manufacture (i) meat fillings, (ii) flour wrappers and (iii) other miscellaneous food items at our factories and generate revenue by selling them to the franchised stores. The franchised stores, under various store formats, use these raw materials sold by us to make food items, where they are freshly hand-wrapped, and in turn sell them to consumers, in the form of dine-in, RTE and RTC in both pick-up and delivery formats. We provide brand, supply chain, digital, and operational support, while franchisees run front-end operations and sales. We also operate a small number of self-owned stores primarily to gain operational insights and enhance our Yuen Kee Dumpling brand awareness.

We also operate a retail business under our Yuen Kee Taste brand, where we produce standardized pre-packaged dumplings and wontons at our factories and sell them primarily through instant retail channels, supermarkets and distributors.

Our Expansive and Fast-growing Store Network

From January 1, 2023 to May 31, 2026, our total number of stores increased from 1,990 to 4,773. We have achieved nationwide coverage while maintaining localized operational strategies tailored to different regions. As of May 31, 2026, we covered 33 provinces, autonomous regions, special administration regions and municipalities in China, spanning more than 250 cities. In parallel, we opened our first overseas store in Singapore at the end of 2024 and have continued to expand overseas through 2026. As of May 31, 2026, we operated 41 overseas stores, including 36 in Singapore, three in Thailand, one in Malaysia and one in the United Kingdom, taking Chinese dumplings and wontons to new segments of consumers.

Our Market Opportunities

Dumplings and wontons are a cultural mainstay. Just as important, they are everyday staples, not occasional treats as they remain a versatile main choice that fits office lunches and family meals alike, driving high-frequency use and strong repeat.

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Accordingly, China’s Chinese-style QSR market is experiencing robust growth, with branded chain operators gaining growing competitive advantages. According to CIC, China’s Chinese-style QSR market was RMB867.9 billion in 2025 and is projected to grow at a CAGR of 8.9% to reach RMB1,329.6 billion by 2030. This momentum is structural as upgraded supply chains and digital operations are driving operation efficiency, and branded chains are gaining increasing market shares. On the demand side, consumers are choosing convenience, safety and consistency, signaling a shift toward organized systems. China’s dumpling and wonton industry reached RMB189.3 billion in 2025 and is projected to grow at a CAGR of 9.4% to reach RMB296.3 billion by 2030, driven by continuous category innovation. The catering market for dumpling and wonton was RMB129.2 billion in 2025 and is projected to grow at a CAGR of 11.6% to reach RMB223.6 billion by 2030. The retail market for dumpling and wonton category was RMB60.1 billion in 2025 and is projected to grow at a CAGR of 3.9% to reach RMB72.7 billion by 2030.

Our Performance

Our total store GMV increased by 30.9% from RMB4,771.6 million in 2023 to RMB6,247.5 million in 2024, and further increased by 6.6% to RMB6,662.0 million in 2025, and continued to increase by 27.3% from RMB2,316.5 million in the five months ended May 31, 2025 to RMB2,948.8 million in the five months ended May 31, 2026. Our revenue increased by 26.4% from RMB2,026.1 million in 2023 to RMB2,561.1 million in 2024, and further increased by 9.1% to RMB2,795.1 million in 2025. Our revenue further increased by 39.8% from RMB934.0 million in the five months ended May 31, 2025 to RMB1,305.5 million in the five months ended May 31, 2026.

STRENGTHS

The largest Chinese-style QSR company in China

We are a leading player in the Chinese-style quick service restaurant (QSR) industry. In terms of number of stores, as of December 31, 2025, we are the largest Chinese-style QSR company in China. In terms of GMV of dumplings and wontons industry, we are the largest company in China in 2025, according to CIC. In addition to ranking and performance, we value consumers’ inputs, which are vital to our success.

As of May 31, 2026, we had 4,773 stores across 33 provinces, autonomous regions, special administration regions and municipalities in China, as well as Southeast Asia and Europe. We continue to expand into markets that are under-penetrated. As of May 31, 2026, we had 2,213 stores in tier 1 cities and 2,471 in other city tiers within Chinese Mainland. We leverage a mature operating system and supply chain to replicate success abroad. As of May 31, 2026, we had 36 stores in Singapore, three stores in Thailand, one store in Malaysia and one store in the United Kingdom, demonstrating strong local adaptability and potentials. Our freshly hand-wrapped dumplings and wontons, through a consistent brand, continue to enhance identity and standardized store experience.

Our performance through the Track Record Period is robust. Our total store GMV increased by 30.9% from RMB4,772 million in 2023 to RMB6,247 million in 2024, and further increased by 6.6% to RMB6,662 million in 2025. Our total store GMV continued to increase by 27.3% from RMB2,316.5 million in the five months ended May 31, 2025 to RMB2,948.8 million in the five months ended May 31, 2026. Our revenue increased by 26.4% from RMB2,026.1 million in 2023 to RMB2,561.1 million in 2024, and further increased by 9.1% to RMB2,795.1 million in 2025. Our revenue further increased by 39.8% from RMB934.0 million in the five months ended May 31, 2025 to RMB1,305.5 million in the five months ended May 31, 2026. The backdrop is favorable as China’s Chinese-style QSR market was RMB867.9 billion in 2025 and is projected to grow at a CAGR of 8.9% to reach RMB1,329.6 billion by 2030, according to CIC. The dumpling and wonton dining market was RMB129.2 billion in 2025 and is projected to grow at a CAGR of 11.6% to reach RMB223.6 billion by 2030, according to CIC. With high brand awareness, high quality products, and multi-channel reach, we are positioned to ride and shape the sector’s shift toward chain-led, standardized, higher-quality offerings, reinforcing leadership across Chinese-style QSR, as well as the dumpling and wonton category while compounding growth.

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Our “restaurant + retail” integration model, covering multiple dining occasions

We have adopted an integrated model in Chinese-style QSR that unites restaurant and retail. Yuen Kee Dumpling anchors three forms of consumption: dine in, RTE and RTC in both pick-up and delivery formats. Yuen Kee Taste extends us into retail and institution-end with branded pre-packaged products, together covering online and offline and to-home and to-store.

On the store format side for Yuen Kee Dumplings, we operationalized through three standardized store formats, dine-in stores, pick-up stores and RTC pick-up stores, that offers dine in, RTE and RTC in both pick-up and delivery formats. Each dine-in store is multi-functional, serving guests on-premise while acting as the node for pickup and last-mile fulfillment, thereby driving clear operating advantages. In parallel, Yuen Kee Taste extends us into retail end as we produce and sell pre-packaged products, across supermarkets and retail chains in China as of May 31, 2026, achieving initial penetration that complements restaurant scenarios and opens new growth vectors.

This model widens our consumer reach. In particular on the online side, we operate across major digital platforms, including Meituan, Taobao (including Tmall), JD and Douyin, as well as our mini-program embedded in Weixin, through which consumers can order both RTE and RTC products from our franchised and self-operated stores for pick-up or delivery. In addition, our Yuen Kee Taste stores on those digital platforms, other than the Weixin mini-program, offer pre-packaged foods. Backed by high-density store network, this model enables us to promptly provide dine-in, pick-up and delivery services for the community. Delivery has become a core growth engine, with GMV increasing significantly across the Track Record Period. Our delivery GMV increased by 47.5% from RMB2,044.0 million in 2024 to RMB3,015 million in 2025, and accounted for 32.7% and 45.3% of our GMV, respectively. Our delivery GMV increased by 58.5% from RMB857.0 million in the five months ended May 31, 2025 to RMB1,358.2 million in the five months ended May 31, 2026. Meanwhile, Yuen Kee Taste on JD.com, Taobao (including Tmall) and Douyin breaks geographic limits and captures non-immediate retail demand.

An innovating product matrix, winning trust with quality

We have built a comprehensive, integrated product lineup that works closely with our “restaurant + retail” integration model. As of May 31, 2026, we managed more than 350 SKUs, with about 68 SKUs per store, spanning five core categories: dumplings, wontons, noodles, small bites and beverages. In parallel, through Yuen Kee Taste, we bring pre-packaged dumplings, wontons, and complementary ingredients to households and business end scenarios such as group catering.

Beyond these five categories and various SKUs, we also offer spicy and non-spicy variants, as well as soup and dry formats, to accommodate regional palate differences across China without fragmenting the lineup. At the same time, we maintain a steady selection of popular choices, including pork and corn dumplings and fresh shrimp and tobiko dumplings, to meet consistent demand. We operate a monthly release cadence of one new product in the middle of every month, focused on healthy, nutritious, and adventurous offerings that sustain brand energy and relevance. During the Track Record Period, we launched over 200 new SKUs.

Freshly hand-wrapped, freshly cooked is our product moat, and quality-for-value is why consumers stick with us. We insist on standardized recipes and in-store wrapping to keep quality tightly controlled. Our meat filling to dough ratio for our dumplings and wontons stays at 60% or above, substantially better than peers. On the front line, open-kitchen wrapping lets consumers see our operations transparently; we also enforce our “one day shelf life” rule for our hand-wrapped dumplings and wontons, continually reinforcing the brand values of freshly hand-wrapped, freshly cooked. For the five months ended May 31, 2026, our average quarterly repurchase rate reached about 31.2% among our members, above the industry average, signaling high stickiness and long-term trust, according to CIC.

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A robust and resilient supply chain, safeguarding quality and unlocking cost efficiency

We have built a leading and fully integrated supply chain “from source to storefront”, linking procurement and production with high-efficiency cold-chain logistics, to ensure stable, high-quality ingredient flow at scale. By controlling the critical path “from source to storefront,” we enhance availability, and give our stores a reliable and consistent supply network.

Our sourcing approach emphasizes rigorous quality standards and long-term cooperation with upstream partners. We set high selection standards for core inputs — using longer-cycle, firmer-texture pork for improved juiciness; selecting in-season corn from golden-belt regions for natural sweetness; and procuring large Peruvian tobiko and other premium adjuncts to lock in product quality. Beyond specifications, we cooperate with best-in-class manufacturers in each category and deploy industrial chain investments to secure key inputs and buffer price volatility. With long-term, stable ties to core suppliers, we maintained an uninterrupted supply with no raw-material stockouts or severe shortages during the Track Record Period. This sourcing approach complements directly into our standardized production process.

The foundation of our supply chain is a national network of production facilities engineered for food industrialization and standardization. We operate six self-owned plants across China, where we centralize meat-filling preparation, dough processing, and core semi-finished production. This reduces in-store complexity, ensuring product consistency, shortening ticket times, and elevating the dining experience.

In addition, as of May 31, 2026, we operated 24 warehouses, to serve more than 4,300 stores with high-frequency, on-time deliveries, supporting multi-region expansion to increase the density of our store network. We are among the few in the industry to operate a full cold-chain end-to-end, across plants, warehouses, and last-mile store delivery, with temperature control visible throughout. In 2025, our inventory turnover rate outperformed the market, with our inventory turnover of 13.7 days in 2025 versus the Chinese-style QSR inventory turnover of around 25.0 days, according to CIC. Key ingredients like meat filling and wrappers are delivered to almost 70% of stores on a “once every two days” frequency to keep short shelf-life items fresh and sales-ready. During the Track Record Period and up to the Latest Practicable Date, our supply chain experienced no material disruptions or shortages.

An end-to-end digital operating system, enhancing efficiency and driving growth

We run a demand-led, precision-response supply chain powered by full-link digitization. From procurement and production to warehousing and logistics, tightly integrated ERP, WMS, TMS, MES, and SRM systems connect forecasts, smart purchasing, production planning, and fulfillment on a single, real-time data backbone. On the procurement side, the digital onboarding, qualification, and performance management of suppliers sit natively in SRM, linking directly to contract terms and purchase workflows. This increases transparency, and makes sourcing more resilient, with clearer traceability from ingredient to batch. In production, aided by our MES, schedules, line status, and quality checks are synchronized in real time, so capacity is allocated more accurately, deviations are flagged early, and recipes are executed consistently across plants. In warehousing and logistics, demand flows straight into WMS for inventory control, and into TMS for routing arrangement and logistics distribution. This integration supports faster order release, tighter inventory control, and more reliable delivery to stores, while maintaining cold-chain integrity.

We extend the same rigor to the front line with real-time, headquarter-to-store-to-consumer digital management, thus closing the loop from supply to service. Our POS system is seamlessly integrated with our headquarter, enabling transactions, membership recognition, and auto-redemption of promotions while simplifying store workflows. Our headquarter monitors operating data across more than 4,000 stores in real time, using digital remote inspections and command-center dashboards for national-scale oversight — covering remote audits, sales forecasting, and smart food-safety traceability. The effects are clear in service speed and labor productivity, materially improving unit economics and the guest experience. With the back end synchronized and the front end streamlined, we can operate faster and smarter as one system.

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Finally, with digital user operations and membership program marketing, we turn traffic into data, data into insight, insight into sales, and repeat this cycle. Our member engine follows a “public-domain acquisition, membership retention and precision repurchase” model, unifying statistics in relation to multiple channels such as mini-programs and delivery platforms so as to form integrated membership strategy for more efficient reach and uplift. As of May 31, 2026, we had more than 49 million members.

An experienced leadership team and a mature talent engine, powering long-term growth

Our leadership team combines entrepreneurial experience with institutional management capabilities. With an average industry experience over 10 years, the leadership team combines strategic vision with strong execution capabilities. Our founder Mr. Yuan Lianghong has spent more than a decade in the food service industry, accumulating deep market insight and formulating a clear strategic direction. He led the differentiation around “quality-for-value, freshly hand-wrapped, freshly cooked,” and drove cornerstone initiatives such as supply chain and end-to-end digitalization, taking the brand from regional to national scale, and from a single brand to a multi-brand portfolio. Surrounding him is a cross-functional management team spanning restaurant operations, supply chain, finance, and marketing, professionals with complementary expertise and hands-on experience. Together, they provide the governance and operating rigor needed to execute fast expansion of our store network and support internationalization, turning strategy into repeatable systems and sustained performance.

Underpinning that execution is a complete talent development and pipeline system that scales in lockstep with the business. As of May 31, 2026, our employees’ average age is 34, young, energetic, and adaptable, enabling rapid learning, innovation, and tight alignment with evolving industry trends. Guided by the principle of “select well, develop deeply, and deploy right,” we have built a full-employment talent framework to keep supply matched with growth. We have continuously provided trainings for store managers and regional managers. This system not only secures steady talent for nationwide footprint and overseas expansion, but also provides clear career pathways that spark belonging, creating a virtuous cycle where talent propels the business and the business, in turn, elevates talent.

STRATEGIES

Maintain our leadership in the Chinese-style QSR industry

We will broaden and deepen our domestic footprint, lifting share and driving revenue while reinforcing category leadership. As of May 31, 2026, our stores covered more than 250 cities across 33 provinces, autonomous regions, special administration regions and municipalities in China.

Building on this platform, we will keep scaling up our business operations while maintaining our standards: city-by-city operating depth, format-by-format fit, and a tight cadence of openings that strengthens our network effect rather than diluting it.

We plan to unlock the next growth curve in under-penetrated markets to actualize this aim. With a solid base in established cities and a clear value-for-money edge, we will step up expansion into transport hubs, commercial districts, universities, scenic districts and others, as well as into under-penetrated cities. We see significant headroom for Chinese-style QSR industry in these places. According to CIC, by GMV, Chinese Mainland’s third-tier and below Chinese-style QSR market is expected to grow at a CAGR of 8.6% from RMB319.7 billion in 2025 to RMB483.6 billion in 2030. We will tailor formats and investment envelopes to local demand intensity, leveraging our flexible store models and robust supply chain to deliver fast, affordable, freshly hand-wrapped offerings at scale.

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We will also keep the brand fresh and the food category broad. We will continue upgrading the Yuen Kee Dumpling brand, iterating store image and formats to match local contexts and evolving consumer needs, ensuring strong visibility, higher loyalty, and more repurchases from our consumers. In parallel, we will expand the Yuen Kee Taste pre-packaged dumpling and wonton retail line, broadening reach across group catering, supermarkets, and instant retail channels. Together, brand upgrades plus category extensions reinforce our consumer relevance, widen our demand surface, and sustain our leadership as the network scales.

Accelerate our overseas expansion

We will enter and scale overseas markets, weighing in population size, economic growth, income levels, local culture, and dining preferences.

Our goal is not scattershot coverage but a coherent footprint that compounds. As of May 31, 2026, we have opened 36 stores in Singapore, three stores in Thailand, one store in Malaysia and one store in the United Kingdom. From this hub, we will focus on Southeast Asia, while preparing for selective entries in East Asia, Europe and North America to shape a global brand. Each new city will follow a calibrated playbook: format fit to trade areas, pricing aligned to local spending power, and menus tuned to regional taste without losing our core.

We plan to strengthen our overseas supply chain capabilities by investing in or partnering with local suppliers. As the network scales, we will sequence overseas production assets by prioritizing locations so that core ingredients can be delivered stably and on time, with full cold-chain coverage and transparent controls. The buildout tempo will follow store density as once a market becomes ripe with more local stores, we will localize more processing, shorten lead times, and lower logistics costs, locking in consistency while improving unit economics.

In parallel, we may cooperate with local partners, whether to open up additional stores, set up local supply chain for meat fillings, flour wrappers, shrimps and other raw materials or build local warehouses. Where there is high synergy with our brand and business, we may also seek strategic cooperations and mergers and acquisitions that may, among other things, enhance our industrial chain overseas and enrich the portfolio of our product offerings.

Optimize and upgrade our supply chain management system

We will keep strengthening our supply chain to lift overall operating efficiency by tightening control at procurement, scaling standardized production, and sharpening warehousing and cold-chain logistics so quality and cost move in the right direction together.

On the procurement side, quality remains the first priority. We will refine supplier onboarding and ongoing assessments, and use selective strategic investments where appropriate. By deepening partnerships with core, high-quality suppliers and leveraging our growing scale, we enhance bargaining power and unlock economies of scale. In parallel, we will build a more comprehensive traceability system to safeguard safety and consistency, thus tightening controls on key inputs such as pork, flour, and corn.

On the production side, as the store network expands, we will add intensive, automated, intelligent, and digitally managed plants at home and abroad to boost throughput and control cost without compromising quality. In China, our Foshan Yuanshun factory has been under construction; looking ahead, we are considering new factories in North China and East China to better serve local stores.

On the logistics side, with more stores coming online, we will densify warehouse layout and upgrade the cold-chain system to raise delivery frequency, ensure on-time, stable distribution, and keep ingredients fresh, directly supporting network expansion and standardized output. Building on

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the current footprint, we plan to deploy core warehouses and front warehouses in cities across China, calibrated to local store needs. As these nodes come together, the system delivers faster turns, steadier supply, and lower per-unit cost, making the network stronger as it scales.

Invest in R&D to refine and widen our product matrix

We will stay close to evolving tastes in Chinese-style QSR and keep a steady cadence of product upgrades and new launches by focusing on broadening categories, lifting ingredient quality, and localizing flavor profiles so that our core stays strong while our appeal widens. Fast iteration, rigorous testing, and regular refresh of our product range will continue to guide how we optimize existing heroes and introduce products that meet shifting preferences and attract a broader audience.

We will enrich SKUs across five pillars, dumplings, wontons, noodles, small bites and beverages, opening space for new items. On fillings, we will continue to innovate with more diverse, on-trend recipes. Tapping the light-eating wave, we will develop additional light options for fitness-minded and vegetarian consumers. At the same time, we will double down on our freshly hand-wrapped equity, expanding themes like freshly hand-wrapped, freshly steamed with lines such as siu mai and steamed dumplings to create consumer awareness and impression of our craft. We will introduce our breakfast offerings to support all-day occasions. We will also introduce more premium protein options, such as beef, black pork, and yellow croaker, so fillings are enhanced in quality and variety.

In addition, using big-data insights, consumer research, and on-the-ground tastings, we will develop flavors that fit local eating habits and formats as our footprint expands across China. We also plan to bring distinctive regional tastes into our lineup. The result is a menu that feels familiar yet fresh in each city, rooted in our core, tuned to local preference, and refreshed often enough to keep consumers coming back.

Invest in and deepen our digital capabilities

We already operate an integrated digital infrastructure, MES for production, TMS for transport, WMS for warehousing, and SRM for procurement, giving us end-to-end transparency from sales forecasting and smart purchasing to production planning and logistics. The next step is continuous upgrades that raise franchisee operating efficiency, improve the consumer experience, and take cost out so that data flows faster, decisions get sharper, and execution becomes simpler at scale.

We will deploy more advanced digital tools for sales forecasting to drive precise, automated replenishment and reduce reliance on manual judgment. In parallel, we will enhance consumer behavior prediction to power earlier, more relevant personalization, from targeted offers to product recommendations, so marketing is timely and conversion improves. We will automate stock counts, analyze traffic and heatmaps, and optimize layouts and merchandising by using digital image recognition to lift the on-site experience. We will also deepen online-offline integration by refining scenarios such as order-online-pick-up-in-store and store-led livestream selling, while unifying membership and data across all touchpoints.

Finally, we will strengthen the traceability system and build a more transparent, resilient digital supply chain, from raw materials to the consumer's hands, so we can respond quickly to market changes while safeguarding safety and quality. When every step is visible and verifiable, we protect trust, shorten response times, and keep the network steady even as it grows.

OUR BRANDS AND OFFERINGS

Our offerings are centered around our Yuen Kee Dumpling brand for freshly hand-wrapped dumplings, wontons, noodles and other fresh delicacies, complemented by our Yuen Kee Taste brand for pre-packaged foods.

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As of December 31, 2025, we are the largest Chinese-style QSR company in China in terms of the number of stores, according to CIC, with a network of more than 4,500 stores. As of the same date, we had 56 stores outside Chinese Mainland in Hong Kong SAR, Macau SAR, Singapore and Thailand. Capitalizing on the surging demand for pre-packaged foods in China, we sequentially introduced our Yuen Kee Taste brand to diversify our category portfolio, while leveraging our existing supply chain and operational infrastructure.

Our Yuen Kee Dumpling Offerings

Yuen Kee Dumpling offers a diversified product portfolio across five core categories: dumplings, wontons, noodles, small bites and beverages, comprising more than 350 SKUs nationwide as of May 31, 2026. During the Track Record Period, we introduced over 200 new SKUs.

Our signature dumpling and wonton lines form the foundation of our value proposition. Dumpling and wonton lines contributed more than 80% of our store GMV during the Track Record Period. Noodles, beverages and small bites complement the product mix and cater to evolving consumer preferences. This product portfolio ensures broad market appeal alongside operational efficiency.

Dumplings

We have developed a portfolio of flavorful dumplings that have achieved substantial and sustained consumer loyalty across our markets. The below list includes the details of our best-selling freshly hand-wrapped dumplings during the Track Record Period.

Corn and pork dumplings are crafted with fresh sweet corn, and premium cuts of pork. The standard retail price for RTC products ranges from RMB19.8 to RMB23.8 per 500 gram, while RTE products range from RMB15 to RMB25 per serving. For the five months ended May 31, 2026, approximately 3,267 tons of RTC and 11.6 million servings of RTE pork and corn dumplings were sold in our stores in Chinese Mainland.

Chive and pork dumplings are crafted with chives and pork filling. The aroma of chives complements the taste of pork, wrapped in a thin and firm dumpling skin to deliver a satisfying flavor. The standard retail price for RTC products ranges from RMB19.8 to RMB23.8 per 500 gram, while RTE products range from RMB15 to RMB25 per serving. For the five months ended May 31, 2026, approximately 1,989 tons of RTC and 6.0 million servings of RTE chive and pork dumplings were sold in our stores in Chinese Mainland.

Assorted dumplings, with assorted fillings (excluding shrimp), offer a combination of a variety of classic flavors in one pack, catering to diverse taste preferences and providing a convenient choice for consumers. The standard retail price for RTC products ranges from RMB19.8 to RMB25 per 500 gram, while RTE products range from RMB15 to RMB25 per serving. For the five months ended May 31, 2026, approximately 1,331 tons of RTC and 6.9 million servings of RTE assorted dumplings were sold in our stores in Chinese Mainland.

Wontons

We also specialize in freshly hand-wrapped Chinese wontons that combine tradition with quality, served either in a broth or paired with our signature sauces. According to CIC, our shrimp and tobiko wonton ranked as the best-selling freshly hand-wrapped wonton product in China by volume in 2025. The below includes the best-selling wontons during the Track Record Period.

Each contains a whole fresh shrimp, paired with tobiko and pork selected for its fine texture. The standard retail price for RTC products ranges from RMB28 to RMB35 per 500 gram, while RTE products range from RMB23 to RMB32 per serving. For the five months ended May 31, 2026, approximately 1,413 tons of RTC and 17.4 million servings of RTE shrimp and tobiko wontons were sold in our stores in Chinese Mainland.

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Assorted wontons, with a variety of assorted fillings (excluding shrimp), offer a combination of classic flavors in one serving, catering to diverse taste preferences and providing a convenient choice for consumers. The standard retail price for RTC products ranges from RMB19.8 to RMB25 per 500 gram, while RTE products range from RMB15 to RMB25 per serving. For the five months ended May 31, 2026, approximately 387 tons of RTC and 10.4 million servings of RTE assorted wontons were sold in our stores in Chinese Mainland.

Signature black pork wontons are an upgraded version of our previous fresh pork wontons, using premium black pork as the main filling ingredient. The wontons offer a rich pork aroma without being greasy. The standard retail price for RTC products ranges from RMB19.8 to RMB25.8 per 500 gram, while RTE products range from RMB15 to RMB25 per serving. For the five months ended May 31, 2026, approximately 1,721 tons of RTC and 6.7 million servings of RTE signature black pork wontons were sold in our stores in Chinese Mainland.

Noodles

Beyond dumplings and wontons, our noodles, served only in RTE format, are crafted to deliver the balance of texture and taste. Made from high-quality wheat flour, they are smooth, springy, and designed to complement our broths and signature toppings.

Our noodle offerings include several signature products. Signature black pork wonton noodles (“招牌黑豬肉雲吞麵”) feature wontons made with premium black pork, served in a clear broth that complements the meat and noodles. Shrimp and tobiko wonton noodles (“鮮蝦蟹籽雲吞麵”) contain whole shrimp and tobiko in each wonton, paired with a rich broth that blends seafood freshness with noodle aroma. Noodles with minced pork sauce (“雜醬麵”) are made with pork cooked slowly in a blend of seasonings and sauce. The noodles are crafted from high-gluten wheat flour for a smooth, firm texture that absorbs the sauce.

The standard retail price ranges are RMB15 to RMB16 per serving for signature black pork wonton noodles, RMB19 to RMB21 per serving for shrimp and tobiko wonton noodles, and RMB8 to RMB10 per serving for noodles with savory minced pork sauce. For the five months ended May 31, 2026, approximately 3.4 million servings of RTE signature black pork wonton noodles, 3.8 million servings of RTE shrimp and tobiko wonton noodles, and 0.3 million servings of RTE noodles with savory minced pork sauce were sold in our stores in Chinese Mainland.

Our small bites and beverages

We offer small bites and beverages to companion each meal set, crafted with the same attention to flavor as our signature dumplings and wontons. From cold dishes and small bites to beverages, we aim to offer unique supplements to awaken consumers’ appetites and add variety to the eating experiences.

Braised pork neck bones (“醬骨架”) are made from selected pork neck bones, slow-cooked until tender and infused with a proprietary sauce. Freshly pressed corn juice (“現榨玉米汁”) is prepared from sweet corn to deliver a natural sweetness, retaining the authentic flavor of the ingredient.

The standard retail price ranges are RMB15 per serving for braised pork neck bones and RMB5 to RMB8 per serving for freshly pressed corn juice. For the five months ended May 31, 2026, approximately 0.4 million servings of braised pork neck bones and 2.7 million servings of freshly pressed corn juice were sold in our stores in Chinese Mainland.

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Our Yuen Kee Taste Offerings

Yuen Kee Taste, upgraded from our Yuanlianghong (“袁亮宏”) brand in 2023 following our strategic shift, focuses on pre-packaged food products and offers a diversified product portfolio, especially the signature dumpling and wonton product lines. Yuen Kee Taste offered 22 SKUs nationwide, as of May 31, 2026. These products are sold across supermarket and retail chains across China. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, revenue from our Yuen Kee Taste brand amounted to RMB54.4 million, RMB63.2 million, RMB96.1 million, RMB25.4 million and RMB69.3 million, respectively, and comprised 2.7%, 2.5%, 3.4%, 2.7% and 5.3% of our total revenue, respectively.

Dumplings

We offer a broad selection of pre-packaged dumpling flavors designed to provide consumers with the convenience of preparing and enjoying our products at home, with signature dumpling lines forming a core part of our offerings. Made with the same ingredients and standards as the freshly hand-wrapped dumplings in our Yuen Kee Dumpling stores, we turn those flavors into pre-packaged form. The below includes the details of our best-selling dumplings under Yuen Kee Taste during the Track Record Period.

The standard retail price of pre-packaged chive and porking dumplings ranges from RMB12.9 to RMB24.9 per pack. In the five months ended May 31, 2026, we sold approximately 743.0 thousand packs of chive and pork dumplings in Chinese Mainland.

The standard retail price of pre-packaged corn and pork dumplings ranges from RMB12.9 to RMB25.8 per pack. In the five months ended May 31, 2026, we sold approximately 693.1 thousand packs of corn and pork dumplings in Chinese Mainland.

Wontons

We also offer a range of pre-packaged wonton flavors to cater to diverse consumer preferences. Made with the same ingredients and standards as the freshly hand-wrapped wontons in our Yuen Kee Dumpling stores, we turn those flavors into pre-packaged form. The below includes the best-selling wontons under Yuen Kee Taste during the Track Record Period.

The standard retail price of shrimp and tobiko wontons ranges from RMB25.0 to RMB61.9 per pack. In the five months ended May 31, 2026, we sold approximately 1,627.8 thousand packs of shrimp and tobiko wontons in Chinese Mainland.

The standard retail price of corn and pork wontons ranges from RMB11.6 to RMB29.9 per pack. In the five months ended May 31, 2026, we sold approximately 428.4 thousand packs of corn and pork dumplings in Chinese Mainland.

The following sets forth the average selling price and sales volume of our Yuen Kee Taste products.

	Year ended December 31						Five Months ended May 31,	
	2023		2024		2025		2026	
	<i>Sales volume (packs)⁽¹⁾</i>	<i>ASP (RMB)</i>	<i>Sales volume (packs)⁽¹⁾</i>	<i>ASP (RMB)</i>	<i>Sales volume (packs)⁽¹⁾</i>	<i>ASP (RMB)</i>	<i>Sales volume (packs)⁽¹⁾</i>	<i>ASP (RMB)</i>
Wontons	3,048,703	16.63	3,518,143	13.25 ⁽²⁾	5,260,300	10.37 ⁽²⁾	3,549,541	11.56
Dumplings	328,380	9.71	1,808,885	7.43 ⁽²⁾	4,958,858	8.09	2,899,065	9.18
Total (packs)	3,377,083	15.96	5,327,028	11.28	10,219,158	9.26	6,448,606	10.49

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Notes:

- (1) Packs for dumplings are 330 grams per pack; packs for wontons range from 310 gram per pack to 1,650 gram per pack; (2) The decline in the ASP of wontons and dumplings under our Yuen Kee Taste brand in 2024 and 2025 was mainly due to our promotional initiatives implemented during the early stage of brand development, including sales discounts and bundled promotional giveaways.

The following sets forth the revenue, gross profit and gross profit margin of our Yuen Kee Taste products.

	Year ended December 31									Five Months ended May 31,					
	2023			2024			2025			2025			2026		
	Revenue	Gross Profit	%	Revenue	Gross Profit	%	Revenue	Gross Profit	%	Revenue	Gross Profit	%	Revenue	Gross Profit	%
(RMB in thousands, except for percentage)															
(unaudited)															
Wontons . .	50,702	11,494	22.7	46,618	7,039	15.1 ⁽¹⁾	54,549	10,762	19.7 ⁽²⁾	15,787	1,632	10.3	41,029	13,856	33.8 ⁽⁴⁾
Dumplings . .	3,189	304	9.5	13,447	186	1.4 ⁽¹⁾	40,098	11,544	28.8 ⁽²⁾	9,251	1,014	11.0	26,614	11,459	43.1 ⁽⁴⁾
Others . . .	544	(38)	(7.0) ⁽³⁾	3,098	1,166	37.6 ⁽³⁾	1,485	298	20.1 ⁽³⁾	384	11	2.9	1,638	399	24.4 ⁽³⁾
Total	54,435	11,760	21.6	63,163	8,391	13.3	96,132	22,604	23.5	25,422	2,657	10.5	69,281	25,714	37.1

Notes:

- (1) The gross profit margin of our wontons and dumplings under the Yuen Kee Taste brand decreased from 2023 to 2024, primarily due to (i) an increase in raw material costs, and (ii) an increase in promotional expenses in the form of sales discounts;
- (2) The gross profit margin of our wontons and dumplings under the Yuen Kee Taste brand increased from 2024 to 2025, primarily due to (i) a decrease in raw material costs, (ii) a reduction in unit fixed costs as production volume increased, and (iii) an adjustment to our product mix in 2025, with a greater focus on machine-produced products and a reduced proportion of handmade products. In addition, dumplings generally involved a lower level of bundled promotional giveaways and sales discounts compared to wontons, which contributed to a more pronounced improvement in the gross profit margin of dumplings in 2025.
- (3) Others primarily include certain trial or testing categories whose sales are non-recurring and irregular in nature. The gross profit margin of others experienced significant fluctuations during the Track Record Period, primarily because such products are not part of our regular sales offerings and mainly comprise customized products and promotional giveaways.
- (4) The gross profit margin of our wontons and dumplings under the Yuen Kee Taste brand increased from the five months ended May 31, 2025 to the five months ended May 31, 2026, primarily due to (i) a decrease in the price of pork, which is one of our principal raw materials, resulting in lower production costs, (ii) our continued expansion of distribution channels, including the addition of new distributors with a relatively higher pricing profile, which improved the overall average selling price of our products, and (iii) a favorable change in channel mix, as our self-operated e-commerce business for wonton products recorded stronger growth and accounted for a larger proportion of sales, thereby contributing to a higher overall gross profit margin.

OUR STORE NETWORK

As of May 31, 2026, our store network encompassed over 4,700 stores, with the majority being franchised stores. During the Track Record Period, more than 90% of our revenue was generated through our store network.

As of May 31, 2026, we have established store presence across 33 provinces, autonomous regions, special administration regions and municipalities in China, including over 250 cities, spanning across different tiers of cities. This extensive geographic reach provides a foundation for further growth compared against some of the regional chains in China. We have also established a growing presence outside of Chinese Mainland, with 89 stores as of May 31, 2026.

The sustained expansion of our franchised store network is driven by an interest-aligned franchise model, a resonant brand with clear value-for-money positioning, and a disciplined operating system designed to support sustainable returns for franchisees. We deliberately prioritize franchising as our primary growth engine because it enables rapid, capital-efficient market entry

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while preserving product consistency and service standards. Rather than relying on heavy large-scale marketing campaigns, we cultivate franchise demand through the demonstrated strength of our strong store-level performance and consumer demand. This approach creates a steady pipeline of franchisees, supported by an operating playbook that lowers execution risk.

Moreover, the rapid growth of our networks is a result of a highly digitized, end-to-end supply chain that anchors quality and cost discipline at scale and thus empowers replicability. Centralized processing and cold-chain distribution ensure consistency and food safety, while SKU-level demand forecasting and dynamic replenishment reduce stock-outs and waste. Standardized equipment and kitchen workflows simplify training and improve execution reliability. Central procurement of key inputs mitigates commodity price volatility and stabilizes gross margins, which is critical for franchisee confidence and willingness to reinvest.

See “Summary — Our Store Network” for a breakdown of the number of our stores by city tier and the number of our stores by store format.

OUR STORE OPERATIONS AND MANAGEMENT

We primarily expand our store network through a franchise model, and during the Track Record Period, the majority of our revenue came from selling food items to franchisees. The franchisees, in turn, sell freshly hand-wrapped foods to consumers through dine-in, RTE and RTC options in both pick-up and delivery formats. According to CIC, franchising is a common market practice in China and overseas in the Chinese-style QSR industry. As of May 31, 2026, franchised stores accounted for over 90% of our total store count.

During the Track Record Period, we operated a small number of self-owned stores primarily to gain operational insights and enhance our Yuen Kee Dumpling brand awareness. As such, their business model and financial performance are not indicative of our broader franchised store network. Going forward, our growth strategy relies primarily on the franchise model, which has enabled us to expand our footprint and strengthen brand recognition across key markets.

Overview

We work closely with our franchisees across all major facets of store operations to align our core values with their entrepreneurial pursuits. We are responsible for overall brand management, including brand standards, brand image and related guidelines. Franchisees are responsible for the day-to-day operation and management of their stores, including store-level execution of operating procedures, customer service, opening hours and routine store management. Franchisees are required adhere to our comprehensive, standardized operating procedures and brand standards and bear the operational liabilities and costs of their stores. This well-defined rolls and responsibilities enable us to focus on brand building, product development and refinement, strengthening supply chain capabilities, scaling the network, and improving store performance across the system.

Set forth below is the sales volume and average selling price of food items we sold to franchised stores during the Track Record Period.

	Year ended December 31						Five Months ended May 31,	
	2023		2024		2025		2026	
	<i>Sales volume</i> (tons)	<i>ASP</i> (RMB/kg)	<i>Sales volume</i> (tons)	<i>ASP</i> (RMB/kg)	<i>Sales volume</i> (tons)	<i>ASP</i> (RMB/kg)	<i>Sales volume</i> (tons)	<i>ASP</i> (RMB/kg)
Fillings	44,046	27.5	54,774	26.8	57,597	26.0	24,222	26.5
Wrappers	30,965	8.2	39,558	7.6	41,405	7.8	17,865	8.3

	Year ended December 31						Five Months ended May 31,								
	2023			2024			2025			2025			2026		
	Revenue	Gross Profit	Gross Profit Margin (%)	Revenue	Gross Profit	Gross Profit Margin (%)	Revenue	Gross Profit	Gross Profit Margin (%)	Revenue	Gross Profit	Gross Profit Margin (%)	Revenue	Gross Profit	Gross Profit Margin (%)
							(RMB in thousands, except for percentage)								
							<i>(Unaudited)</i>								
Food Items															
Fillings	1,209,221	364,193	30.1	1,466,196	388,798	26.5	1,495,600	446,247	29.8	515,342	144,793	28.1	642,673	231,994	36.1
Wrappers ⁽³⁾ . . .	254,433	42,816	16.8	300,789	47,056	15.6	324,269	68,178	21.0	109,413	22,020	20.1	148,178	30,407	20.5
Condiments . . .	148,135	20,921	14.1	217,676	25,524	11.7	246,057	15,006	6.1	83,483	4,116	4.9	122,589	10,423	8.5
Packaging	141,857	10,027	7.1	212,345	20,584	9.7	264,711	21,731	8.2	80,433	6,875	8.6	124,451	14,094	11.3
Others ⁽²⁾	90,122	7,905	8.8	128,975	11,176	8.7	150,254	11,186	7.4	48,934	2,401	4.9	95,317	6,448	6.8
Store Operations															
Revenue from franchise services	87,847	70,132	79.8	116,601	96,465	82.7	132,455	111,291	84.0	45,212	36,384	80.5	63,431	53,231	83.9
Revenue from self-operated stores	38,083	(2,842) ⁽¹⁾	(7.5)	52,804	(10,365) ⁽¹⁾	(19.6)	61,337	(2,547) ⁽¹⁾	(4.2)	21,634	(2,915) ⁽¹⁾	(13.5)	31,337	(3,158)	(10.1)
Total	1,969,698	513,152	26.1	2,495,386	579,238	23.2	2,674,683	671,092	25.1	904,451	213,674	23.6	1,227,976	343,439	28.0

(1) Our self-operated stores recorded gross losses during the Track Record Period primarily because self-operated stores are mainly established to pilot operations in new markets and to build brand presence, rather than for large-scale profit generation. As a result, the number of self-operated stores remained limited, while the level of upfront investment and operating costs was relatively high. (2) Primarily includes various small bites such as beef brisket and pork knuckles, snacks and other miscellaneous items. (3) Includes noodles due to being flour-based as well.

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The following table sets forth the number and the movements of our franchised stores for the years/periods indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
Number of franchised stores at the beginning of the year/period . . .	1,978	3,123	3,926	4,481
Number of franchised stores opened	1,226	1,057	771	379
Number of franchised stores closed	81	254	216	110
Voluntary closure	69	234	215	110
Required closure	12	20	1	0
Total number of franchised stores at the end of the year/period . .	3,123	3,926	4,481	4,750

During the Track Record Period, closures of franchised stores primarily arose from ordinary commercial and operational factors. The most common reason was the expiry of franchise or lease agreements and the franchisees chose not to renew due to, the increases in rental costs or failure to reach agreement with landlords on revised rental terms, underperformance resulting in prolonged operating losses, intensified competition in surrounding commercial areas leading to declining customer traffic, and unsuccessful relocation attempts following the loss of an existing store location.

The following table sets forth the number and the movements of our franchisees for the years/periods indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
Number of franchisees at the beginning of the year/period . . .	1,257	1,656	1,956	2,161
Number of franchisees joined	468	417	308	184
Number of franchisees who ceased operations	69	117	103	41
Total number of franchisees at the end of the year/period	1,656	1,956	2,161	2,304

As of December 31, 2023, 2024, 2025 and May 31, 2026, 499, 594, 707 and 751 franchisees owned two or more franchised stores, respectively. The average number of franchised stores per franchisee amounted to 1.9, 2.0, 2.1 and 2.1 as of December 31, 2023, 2024, 2025 and May 31, 2026, respectively.

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Besides the franchisees and their franchised stores, the following table sets forth the number and the movements of our self-operated stores for the years/periods indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
Number of self-operated stores at the beginning of the year/period .	12	18	27	21
Number of self-operated stores opened	6	10	5	5
Number of self-operated stores closed or transferred	<u>0</u>	<u>1</u>	<u>11</u>	<u>3</u>
Number of self-operated stores closed	0	1	9	3
Number of self-operated stores transferred	0	0	2	0
Total number of self-operated stores at the end of the year/period	18	27	21	23

During the Track Record Period, the number of self-operated stores was limited and they were primarily established for pilot and testing purposes, such as entering a new geographic market or assessing the suitability of a specific trade area. Accordingly, closures and transfers of self-operated stores mainly reflected our internal business decisions and operational adjustments. In particular, we may close a self-operated store where the pilot results do not meet expectations, where the location is assessed to be less suitable after a period of operation, or where we adjust our store network and resource allocation to focus on more suitable areas. Such actions were taken under our control as part of our store rollout and optimization strategy, rather than arising from the broader range of external and personal factors typically seen in franchised stores.

The following table sets forth our revenue by city tier from self-operated stores and sales to franchised stores.

	Year ended December 31			Five Months ended May 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			(Unaudited)	
Yuen Kee Dumpling					
First-tier cities	1,318,818	1,572,411	1,509,460	512,571	627,810
Second-tier cities	393,640	507,331	567,747	192,792	264,875
Third-tier and below	249,798	393,539	538,622	182,902	290,958
Hong Kong, Macau	7,442	21,311	30,481	7,947	14,898
Southeast Asia	–	794	28,373	8,239	29,435
Yuen Kee Taste	54,435	63,163	96,132	25,422	69,281
Others	1,987	2,568	24,289	4,134	8,265
Total	2,026,120	2,561,117	2,795,104	934,007	1,305,522

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Store Performance

To provide additional context on our store performance, see “Summary — Our Store Operations and Management” for the details of our store order number and store GMV during the Track Record Period. The following table sets forth our offline order numbers and GMV. See “— Arrangement with Online Delivery Platforms — Operating Data with Online Platforms” for order numbers and GMV on online platforms.

	Year ended December 31			Five Months ended May 31,	
	2023	2024	2025	2025	2026
Offline orders (<i>in millions</i>) .	96.8	124.6	112.7	46.2	48.0
Offline GMV (<i>RMB in millions</i>)	3,025.1	3,708.6	3,210.8	1,309.0	1,406.7

Franchise Application

We have established a steady inflow of franchise applications through online and offline promotion and marketing, as well as through our brand recognition and existing franchisees. To make engagement seamless, we prominently disclose franchise consultation contacts at our stores, on product packaging and delivery materials, and across our official digital platforms.

To safeguard brand equity and ensure a consistent consumer experience, we apply rigorous screening standards to franchisee applicants. We apply set of quantifiable eligibility criteria when assessing prospective franchisees. In general, an applicant is expected to be aged between 25 and 50, have start-up capital of RMB250,000 to RMB500,000 and provide liquidity verification of not less than RMB500,000. The applicant should have no overdue records in their credit reports for the most recent three months. We also consider relevant operational capability, including (i) at least one year of catering/food service experience and (ii) an understanding of delivery-based operations. Our review focuses on alignment with our core values, operational capability, and site suitability, with particular emphasis on compliance with our standardized store requirements. Only applicants meeting both operator and site criteria proceed to approval. We do not have a preset approval/disqualification ratio.

We have established a comprehensive franchisee onboarding process and systematically apply it to all franchisee applicants. Specifically, prospective franchisees may contact us through various online and offline channels, following which we provide application forms to obtain information on their background for initial evaluation. Applicants who pass the initial screening are invited to participate in online interviews conducted by our relevant personnel to further assess their qualifications and suitability. Upon approval, applicants are required to attend initial training sessions to familiarize themselves with our operations and franchise network and must successfully complete written examinations upon completion of such training. Applicants who pass the examinations are then invited to enter into an initial memorandum of interest and pay the required deposits, followed by the execution of the franchise agreement. We subsequently guide and assist approved franchisees with site selection, local demographics research, as well as store design and decoration. Based on the approved locations, we allocate appropriate supply chain routes to ensure the fresh delivery of food items. Prior to commencement of operations, we provide training to store employees and ensure that all requisite licenses and certificates are duly obtained and archived for record-keeping purposes.

Franchisee Expenditure

During the Track Record Period, franchisees typically incurred (i) certain upfront fees and initial purchases payable to us and (ii) store set-up costs and capital expenditure payable directly to third parties.

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Amounts payable to us at store opening generally include the franchise fee, management fee, and deposits. Such upfront fee payable to us usually range around RMB50,000 depending on location and store format.

Amounts payable to third parties typically include design fees, renovation and fit-out costs, equipment purchases, costs incurred for pre-opening staff training, initial staff costs, and local permits and licensing (where applicable). Furniture and utensils (such as tables, chairs, bowls and chopsticks), although procured under our standardized specifications, are typically made by franchisees directly to suppliers.

Store Location

Our site selection prioritizes high-frequency consumption locations suitable for food demand. We concentrate openings in locations with sustained footfall and convenient access, including neighborhood streets and residential clusters. We also deploy in transport hubs, tourist attractions and commercial districts to capture travel and workplace dining demand. This mix balances visibility, accessibility, and rent efficiency, supporting rapid new-store openings and resilient traffic for franchisees.

We conduct rigorous site checks before a franchised store can be opened. While prospective locations are first proposed by franchisee applicants, each site is then evaluated and approved by us through a structured process that combines experienced judgment with data-driven analysis. Our site selection process comprises five key stages. First, we conduct economic assessments to analyze residents’ income levels, spending patterns, broader local economic indicators, and consumer profiles. We then evaluate purchasing power by mapping consumer behavior paths and preferences and monitoring satisfaction levels to validate demand for our product categories and brand. Next, we perform an integrated feasibility review, assessing district-level opportunities, defining the project plan, strategy and development direction, and preparing a financial model to estimate investment returns and payback periods. We also measure footfall through periodic fixed-point counts under different operating scenarios to capture traffic flows and assess time-of-day utilization. Finally, we delineate the site by identifying its geographic location and service radius and defining the store format, providing a robust basis for site commitment and execution.

Only a subset of proposals meets our thresholds and proceeds to approval, so that new openings are positioned for sustainable performance and that network expansion remains disciplined. In practice, we also provide franchisees with site selection recommendations based on our experience and data in addition to franchisee’s proposals. Franchisees may accept such recommendations and proceed with our proposed location upon mutual agreement, but we do not require franchisees to select store locations exclusively identified by us. We do not compel franchisees to select any specific site. Once a site is agreed upon, the franchisees are responsible for executing the leases and are responsible for obtaining the requisite licenses, permits and certificates essential to operations.

To ensure that the premises selected by franchisees comply with relevant property, zoning, use and fire safety laws and regulations, we require the landlords of the franchised stores to follow our engineering and fit-out condition checklist. The checklist contains, among other things, specifications on water, electrics and heating to ensure the premises remain safe and compliant. Where the premises do not initially meet such requirements, the landlord is required to carry out rectification works, such that the lease agreement will only be executed and construction will only commence after the required conditions are satisfied.

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Cannibalization prevention

As we expand our network, we employ a rigorous and data-driven site selection framework to minimize cannibalization between new and existing franchised stores, particularly in districts where our presence is already strong. We generally do not allow two stores to be located within a range of 100 to 500 meters of each other. We impose no additional requirements to motivate each franchisee to operate stores efficiently and compete fairly.

Each proposed location is evaluated through a combination of on-site inspections and advanced analytics to determine its viability, considering factors such as population density, traffic patterns, local demographics, nearby store performance, and competitive presence to model catchment potential and mitigate displacement risk. Centralized procurement and distribution stabilize quality and cost; standardized operating procedures and training preserve service and product consistency, supporting a fair growth environment for all franchisees and their franchised stores.

Store Design and Decorations

We maintain unified standards for store design, layout, and storefront presentation across Yuen Kee to reinforce a consistent brand image and consumer experience. Most stores feature our signature green palette with a clear display of our core brand and product elements. Typical stores are efficient in size, generally around 50 to 60 square meters.

We have three store formats. RTC pick-up stores provide RTC products for pick-up and delivery. Pick-up stores provide RTE and RTC products for pick-up and delivery. Dine-in stores provide RTE and RTC products for pick-up and delivery, as well as RTE meals with seating areas for on-site dining.



RTC pick-up store



Pick-up store



Dine-in store

Store Staffing, Training and Support

Franchisees are responsible for recruiting, employing and managing store staff and for all related employment matters and liabilities.

For newly opened franchised stores, store staff recruited by franchisees are required to complete our initial training and pass the relevant completion requirements before commencement of operations. Attendance and certification are mandatory as before opening, franchisees and their teams complete a centralized training program and must pass assessments to qualify for launch.

After opening, franchisees are responsible for ongoing staff training mainly through a mentorship model, while we provide the training materials, manuals and standard operating procedures. Our operations supervisors and trainers carry out ongoing calibration and guidance. We organize monthly training courses for franchised store managers in different regions, and our

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trainers provide targeted re-training and calibration for stores as well. The program is standardized and comprehensive, covering core areas of operations such as food preparation, food safety, hygiene, equipment use, consumer service, and daily store management. Attendance and certification are mandatory as before opening, franchisees and their teams complete a centralized training program and must pass assessments to qualify for launch. During the Track Record Period, franchisees and their store employees collectively attended our online and offline trainings sessions over 30,000 times.

Store Monitoring, Compliance and Evaluation

When new stores begin operations, we operate a structured store check-in system to guide day-to-day execution, supervise operational standards, and feed results into performance reviews. We also have supervisors who provide ongoing guidance to franchisees and conduct regular visits to the stores under their supervision. Franchisees are responsible for ensuring that their stores comply with applicable laws and regulations and our standards, and for maintaining relevant compliance records. Franchisees must use the brand strictly in accordance with our requirements and are liable for any breach or misuse at their stores. We conduct network-wide compliance oversight through monitoring and inspection arrangements and require corrective actions where deficiencies are identified.

We also constantly monitor stores’ performance. Evaluation centers on (i) food safety and hygiene, (ii) consumer satisfaction where we track complaint volume and severity and hold stores accountable, (iii) compliance as breaches of franchise agreements trigger penalties; serious or repeated violations may lead to closure and (iv) sales results where for underperformers, we diagnose root causes and implement targeted solutions and extra training.

We monitor sales in franchised stores primarily through a unified point-of-sale (“POS”) system. Upon store opening, each franchised store is required to connect to the POS system designated by the Group. Online orders generated through third-party platforms are transmitted to the POS system, while offline orders are recorded through QR-code ordering by consumers and the issuance of transaction receipts at the POS. These measures ensure that all sales transactions are captured in the system, enabling us to track and consolidate store-level sales data. In addition, we conduct regular store monitoring and inspections to verify proper system usage and order recording, allowing us to effectively understand and oversee the sales performance of franchised stores.

We operate a “three-tier” monitor and evaluation structure: (i) at the headquarters level, the food safety audit team (with dedicated online and on-site audit teams) conducts nationwide video and on-site audits; (ii) at the regional level, our operations teams, including food safety directors, store supervisors and operations managers conduct on-site checks and daily operational supervision; and (iii) at the store level, each store designates a food safety officer employed by the franchisee to perform daily self-checks and maintain daily food safety records.

For regular inspections, our food safety audit team conducts video audits and on-site audits on a continuous basis. The number of regular video-audit store visits was 4,815 in 2023, 8,570 in 2024, 9,773 in 2025 and 3,202 in the five months ended May 31, 2026, and the number of regular on-site audit store visits was 4,521 in 2023, 6,054 in 2024, 6,713 in 2025 and 2,452 in the five months ended May 31, 2026. Regular audits cover all stores nationwide at least once per year. In addition, regional operations supervisors conduct routine store visits for the stores under their respective supervision, typically once per month with 100% coverage of the stores under their remit; newly opened stores are visited weekly during the first three months.

For ad hoc inspections, the food safety audit team conducted (including both video and on-site) 770 store visits in 2023, 1,689 store visits in 2024, 568 store visits in 2025 and 3,394 store visits in the five months ended May 31, 2026, which were triggered by factors such as customer complaints, risk alerts and major holidays. For stores with identified issues, follow-up re-inspections are typically conducted within seven days.

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Stores are evaluated under a scoring-based checklist covering key dimensions such as raw material acceptance, operating procedures, storage management, cleaning and disinfection and staff health. Common findings include, among other things, deficiencies in cleanliness and sanitation, incomplete disinfection execution, and staff hygiene issues. Once issues are identified, we adopt a “audit-rectification-re-inspection-training” mechanism. Findings are recorded in our audit system with specified corrective requirements and timelines; regional supervisors track rectification progress; and auditors verify rectification through online review and, where necessary, on-site re-checks. For stores that fail to meet standards or fail re-inspections, we may require suspension for rectification in serious cases, together with targeted re-training.

Consumer Complaints

To capture and resolve consumer feedback efficiently, we operate dedicated service hotlines and online channels, actively monitor press and social media, and require franchisees under our agreements to promptly report any consumer complaints. Each complaint triggers a work ticket for end-to-end tracking. Our service team diagnoses the issue and assigns the appropriate resolution path, typically engaging the relevant franchised store to take immediate action and report their findings and remedies. Store operations supervisors are notified to supervise and support the process alongside our consumer service team. We verify handling progress with responsible parties, assess response quality, and solicit consumer feedback on outcomes. Complaint records are reviewed regularly by the relevant department to identify patterns and implement corrective measures for any systemic issues.

There had not been any consumer complaints received that would have a material adverse impact on the Group’s business operations and financial performance during the Track Record Period and up to the Latest Practicable Date.

Agreements with Franchisees

We sign standardized contracts with every Yuen Kee Dumplings franchisee that govern all core aspects of store operations. Each package generally includes: (i) a franchise agreement setting out the principal terms for operating and managing a Yuen Kee franchised store; and (ii) a procurement agreement setting out how the franchisee purchases approved supplies, ingredients, and equipment from designated channels.

Franchise Agreement

Our standard franchise agreement generally has a term of three years and is renewable upon expiry. Under the franchise agreement, we typically charge the following fees: (i) a non-refundable franchise fee paid for the full three year upon agreement execution; (ii) an annual operations management fee, payable in advance as stipulated; (iii) a refundable performance deposit to cover damages and any unpaid amounts, if applicable; and (iv) an online platforms management fee, which is calculated as a certain percentage of online sales amounts (net of platform commissions). In addition, franchisees are generally required to (i) purchase all selected materials exclusively through our designated ordering system; (ii) procure equipment through us where we first procured such equipment from our designated suppliers; (iii) use standardized ingredients without substitution or alteration of formulations; and (iv) refrain from reselling materials provided by us to third parties. Franchisees are usually authorized to use our brand, trademarks and other intellectual property rights solely within the designated premises. Brand advertising is uniformly planned by us, and franchisees are required to (i) participate in all centrally organized promotional activities; (ii) obtain our prior written approval for any independent marketing activities and bear all related costs; and (iii) strictly follow approved content. We are also responsible to advise on the store design and renovation while the franchisees are responsible for securing contractors and executing the renovation details. We handle the overall marketing campaigns and strategies under the franchise agreements. The franchise agreement generally may be terminated by us in the event of any uncured material breach. In 2023, 2024, 2025 and the five months ended May 31, 2026, the

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renewal rate of franchisee agreements was 89.3%, 86.6%, 88.1% and 84.4%, respectively. Renewal rate is calculated as the number of franchisees who renew their agreements during the period divided by the total number of franchisees whose agreements are due for renewal in the same period.

For our non-refundable franchise fee, we generally price based on city tier with high store density first-tier cities being the most expensive and third tier and below cities with low store density being the cheapest. The cost ranges from RMB10,000 for three years to RMB80,000 for three years. The non-refundable franchise fee is negotiated upon renewal of franchise agreement near the end of the three-year period. For our annual operations management fee, we generally charge a flat fee of RMB3,600 per store per year and is payable in advance for the first year and then payable on a yearly basis afterwards. For the refundable performance fee, we price based on the number of stores owned by each franchisee with discount granted to franchisees who own multiple franchised stores. The performance deposit generally costs around RMB20,000 per franchised store. For online platform management fee, we generally charge around three percent of franchised stores' revenue through online channels. We also charge online platform service fee of RMB750 per store per year for the first year and RMB550 per store per year in the following years.

Procurement Agreements with Franchisees

For our procurement agreements with franchisees, the term is typically specified in the franchise agreement and aligned with the franchise cooperation period. We sell the ingredients to the franchised stores at unified selling price, other than our two regional franchisees in Southwestern China and Hong Kong SAR, who resell our ingredients sold to them to individual franchisees at prices separately negotiated. We require all franchisees to follow our standard suggested retail prices for each offering. The standard retail prices vary based on geographic locations with prices for first-tier cities typically higher than second-tier cities which are in turn higher than third-tier cities and below for each offering. Upon receipt of full payment, we typically arrange delivery within seven days, with goods delivered directly to the franchisee's store address. Transportation costs are borne by franchisees, and franchisees are notified to arrange immediate acceptance upon arrival. Risk and ownership of the goods transfer to franchisees upon delivery. We generally guarantee that the goods comply with applicable national and industry quality standards and food safety regulations. Franchisees are required to inspect the goods upon arrival and report any defects within the specified period, and we will replace defective goods within two days. However, improper storage by franchisees will void our warranty obligations. Payment is generally required to be made in full prior to order submission, either via bank transfer to our designated account or by deduction from the franchisee's account balance. Any overpayment may be applied to future orders and, upon termination of the contract, will be refunded within one week. We issue invoices within 15 working days after receipt of payment. Prices are pre-determined in our designated ordering system, and we may adjust prices in response to market fluctuations with prior notice to franchisees. In addition, we may terminate the procurement arrangements if franchisees, among other things, (i) engage in unauthorized procurement from third parties; (ii) breach confidentiality obligations; (iii) fail to perform, or indicate an intention not to perform, their principal obligations; (iv) commit material breaches that are not remedied within the applicable cure period; or (v) become bankrupt or insolvent.

During the Track Record Period, for core ingredients critical to product consistency and food safety, including meat fillings, flour wrappers and condiments, franchisees are required to procure from us. Major equipment used in stores is required to be procured through us, with such equipment sourced from approved suppliers and delivered directly from suppliers' warehouses, to ensure standardization, quality and safety. However, certain ancillary equipment and food items, primarily fresh vegetables, may be procured by franchisees outside the Group's designated ordering system. This is mainly because fresh vegetables, in particular leafy vegetables, are highly perishable. For materials procured outside our designated ordering system, we manage cost, safety and quality through standardized requirements and oversight. Those vegetables are the main items that the franchisees procure outside of our system and are used by franchisees as fillings in dumplings and wontons. Franchisees are required to comply with our food safety standards, approved sourcing requirements and pre-opening inspection procedures in the case of ancillary equipment, and such food items are subject to our routine store inspections and food safety audits.

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We have adopted a controlled framework for franchisee-procured vegetables to ensure compliance with our quality and food safety standards. Franchisees are required to procure vegetables from formal channels, such as supermarkets, online delivery platforms, or qualified farmers or individual vendors with fixed business premises and identifiable credentials, and are prohibited from sourcing from unqualified mobile vendors. Stores must retain purchase records, supplier credentials and, where available, agricultural product compliance certificates. Upon receipt, food safety personnel at the franchised stores are required to inspect supplier qualifications, delivery records, batch testing, pesticide residue documents and freshness quality, and reject any vegetables with incomplete records or unsatisfactory sensory quality. Once the vegetables enter stores, we require all stores to follow our standardized procedures for vegetable preparations. These standardized procedures prescribe mandatory requirements on soaking, rinsing, sorting, re-inspection and cutting specifications to reduce food safety risks during processing. Compliance is monitored through daily store self-inspections, monthly regional inspections, headquarters’ online and on-site audits, ad-hoc inspections and quarterly third-party pesticide residue testing. See “—Food Safety and Quality Control.” We also provide store-wide training and annual assessments on vegetable handling standards and agricultural product documentation requirements.

Through these arrangements, we maintain control over product quality and food safety while allowing operational flexibility where centralized procurement is not practical. We have also started our own fresh vegetables supply and delivery system in 2025 in Guangdong province to further strengthen our supply chain.

Remote Channel Stuffing Risks with Franchisees

We consider the risk of channel stuffing with franchised stores to be low given the nature of our franchise model and procurement arrangements. We do not impose mandatory stocking targets, and do not push franchisees to take products beyond their operational needs. Franchisees place orders on a voluntary basis and determine the quantity and product mix by reference to their own store performance, expected sales and inventory levels, and they manage their own inventory balance. In addition, the food items we supply to franchisees, such as meat filling and wrappers, are perishable and require refrigerated or frozen storage. Franchised stores generally have limited on-site cold-storage capacity, which in practice constrains the amount of inventory that can be held at any given time and makes it impractical to stockpile large volumes.

We track the sales and procurement activities of our franchised stores on an ongoing basis and, where the purchase volume of an individual store is significantly higher than its normal sales level, promptly communicate with the relevant franchisee to verify the circumstances. We also refer to each store’s historical sales performance when assessing the reasonableness of its order quantity and communicate with the franchised stores. We monitor franchised stores’ inventory turnover, require franchisees to follow the first-in, first-out principle and pays attention to near-expiry inventory to avoid accumulation and waste. If any abnormality is identified, the Group has the right to adjust the relevant supply arrangements.

Further, our transactions with franchisees are generally conducted on a prepayment basis, meaning franchisees are required to pay in advance before we fulfill orders. As a result, franchisees generally have no commercial incentive to place orders materially in excess of their foreseeable sales needs, as doing so would tie up their own liquidity. Accordingly, our sales to franchisees are driven by franchisees’ store-level demand rather than by our unilateral allocation or shipment of goods.

Account Credits to Franchisees

During the Track Record Period and up to the Latest Practicable Date, we have provided account credits to eligible franchisees. The account credits represent a form of trade credit extended in the ordinary course of business under our commercial cooperation arrangements with franchisees. The account credits allow eligible franchisees to purchase food items we produce, namely, meat

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fillings, flour wrappers, condiments and other food products, on a sale-on-credit basis through the ordering platform, up to the approved limit of RMB2 million. The account credits may only be used for the purchase of food items produced by us and cannot be used for any other purposes. Once eligible franchisees execute the written agreements with us, their franchised stores may place orders within the approved limit and settle the corresponding payment on a deferred, monthly settlement basis, reflecting a “goods first, payment later” arrangement. Eligible franchisees join the account credits on our invitation basis only. The terms of the account credit agreement between eligible franchisee and us typically stipulate, among other things (1) term of one year with renewal contingent on the minimum number of franchised stores operated, (2) the revolving nature where if the limit of account credits is reached, the franchisee must clear the balance before placing further orders, and (3) acceleration clause where we may require repayment of all account credits if the franchisee experiences material financial changes or has a material default.

During the Track Record Period, the average amount of account credits extended to the eligible franchisees was up to RMB2 million. Each franchisee elects the specific amount allocated to each of his/her franchised stores. The account credits are only extended to franchisees that meet our objective operational criteria, primarily sufficiently large procurement volumes, operation of a meaningful number of franchised stores, and a clean operating track record with no material non-compliance and breach. In particular, an eligible franchisee is selected based on a combination of quantitative and qualitative factors derived from our internal assessment framework and past operational practices. Quantitatively, we generally require such franchisees to demonstrate proven expansion capability, including opening no fewer than eight new stores within a year under our then-applicable expansion policies. Qualitatively, we prioritize franchisees who have participated in the Group’s regional market development and demonstrated sustained execution capability in key regions, where such franchisees have been actively involved in initial market penetration and subsequent network densification. In addition, we typically require these franchisees to have an established operating history across multiple cities, reflecting their ability to manage geographically diversified store networks. These criteria are applied holistically to ensure that only franchisees with demonstrated scale, execution track record and operational stability are invited to such account credits. As of December 31, 2023, 2024, 2025 and May 31, 2026, we have granted account credits to 10, 16, 11 and 10 eligible franchisees, who operated in aggregate 90, 177, 167 and 46 franchised stores, respectively. As of December 31, 2023, 2024, 2025 and May 31, 2026, RMB13.1 million, RMB29.4 million, RMB14.3 million and RMB7.7 million of account credits were outstanding, respectively. As of the Latest Practicable Date, RMB6.8 million, or 88.3% of the account credits as of May 31, 2026, had been settled.

Franchisee Independence

During the Track Record Period, certain of our franchisees were our former employees or then-current employees (“Affiliated Franchisees”). During the Track Record Period and as of December 31, 2023, 2024, 2025 and May 31, 2026, we had 11, 14, 13 and 10 franchisees who were our former employees or our then-current employees, respectively. As of the same date, these Affiliated Franchisees operated 29, 35, 40 and 29 franchised stores. During the Track Record Period, revenue from these franchised stores amounted to RMB16.3 million, RMB19.6 million, RMB19.8 million and RMB8.8 million, respectively. The revenue contribution from these Affiliated Franchisees were immaterial, collectively accounting for 0.8%, 0.7%, 0.7% and 0.7% of our revenue in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. As of May 31, 2026, no current employee was also our franchisee.

Affiliated Franchisees became our franchisees primarily because they had developed an intention to operate their own business and considered a franchised store to be a practical career transition or supplementary business opportunity, given their familiarity with our offerings, operating standards and store requirements.

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The commercial rationale for allowing the Affiliated Franchisees to become a franchisee, notwithstanding that those individuals were still employed by us at the relevant time, was that employee franchisees may help expand the store network with operators who are already familiar with our operating standards and compliance requirements, which may improve execution consistency at store level. We managed the associated governance risks by ensuring the franchise relationship is conducted on a consistent and non-preferential basis. When onboarding these Affiliated Franchisees, we applied the same selection criteria and procedures as those for other franchisees. The franchise agreements that we entered into with these Affiliated Franchisees have the same terms and conditions as those in the franchise agreements with other franchisees. The procurement agreements that we entered into with these Affiliated Franchisees have the same terms and conditions as those in the procurement agreements with other franchisees. We have not granted any pricing, credit or any other favorable advantages to any Affiliated Franchisee that is otherwise not granted to the rest of the franchisees.

Other than one franchisee in Sichuan (the “Southwestern Regional Franchisee”) who is also a limited partner on one of our external shareholding platform, Foshan Tanweizhi, and another franchisee who is Mr. Yuan’s cousin (“the Cousin”), during the Track Record period and up to the Latest Practicable Date, to the best of our knowledge, our franchisees do not have any past or present relationships (business, trust, family, financing or otherwise) with the Company or its subsidiaries, their shareholders, directors or senior management, or any of their respective associates. As of the Latest Practicable Date, the Southwestern Regional Franchisee owned [4.1]% in Foshan Tanweizhi, which in turn owned [8.4]% of the Group. During the Track Record Period and as of the Latest Practicable Date, we do not have any financial or ownership interest in any of the franchised stores. The Cousin operated 22 franchised stores as of each of December 31, 2023, 2024 and 2025, and nil franchised stores as of May 31, 2026. In 2023, 2024, 2025 and the five months ended May 31, 2026, revenue from the Cousin’s franchised stores contributed 0.9%, 0.7%, 0.5% and 0.5% of our total revenue, respectively. As of December 31, 2023, 2024, 2025 and May 31, 2026, the Southwestern Regional Franchisee had 270, 306, 288 and 299 franchised stores under its network. In 2023, 2024, 2025 and the five months ended May 31, 2026, revenue from the Southwestern Regional Franchisee contributed 5.4%, 5.0%, 4.9% and 4.8% of our total revenue, respectively. See “History, Development and Corporate Structure” for further details on Foshan Tanweizhi and “— Collaborations with Regional Franchisees” for further details on the Southwestern Regional Franchisee.

Collaboration with Regional Franchisees

During the Track Record Period, we collaborated with two regional franchisees, one being the Southwestern Regional Franchisee and the second in Hong Kong SAR (the “SAR Regional Franchisee”) to further develop our brand and store network. We enter into a master regional franchise agreement with each regional franchisee pursuant to which the regional franchisee is authorized to develop, manage and support the franchising network within the specified geographic area by introducing additional individual franchisees into that area (the “Ultimate Franchisee”).

The key terms of master regional franchise agreement sets forth, among other things, (1) the exclusive right granted to the regional franchisee to use and develop the “Yuen Kee Dumpling” brand in that specific region, (2) the minimum number of franchised stores the regional franchisee must develop within a specific period, (3) the right to procure raw materials produced by us (meat fillings, flour wrappers and condiments) and then resell to individual franchisees subsequently developed, (4) term of four years with renewal subject to mutual consent and renewal request submitted by the regional franchisee three month before initial expiration, (5) franchisee fees, management fees and performance deposit payable to us, (6) confidentiality obligations on all trade secrets and operating know how and (7) compliance with our standards in all material aspects.

Where a regional franchisee introduces and develops an Ultimate Franchisee within that region, we, the regional franchisee and the Ultimate Franchisee enter into a tripartite franchise agreement. The tripartite franchise agreement sets forth, among other things, (1) the franchise fee,

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the management fee, performance deposit and information system fees payable to the regional franchisee by the Ultimate Franchisee, (2) a term of three years, (3) the procurement structure where the Ultimate Franchisee must sign procurement agreements with the regional franchisee separately and solely use food items sold by regional franchisee without resell to any other third party, (4) brand promotion where the Ultimate Franchisee must implement unified promotional activities approved by us and implemented by the regional franchisee, (5) confidentiality obligations on all trade secrets and operating know how, and (6) compliance with our standards in all material aspects.

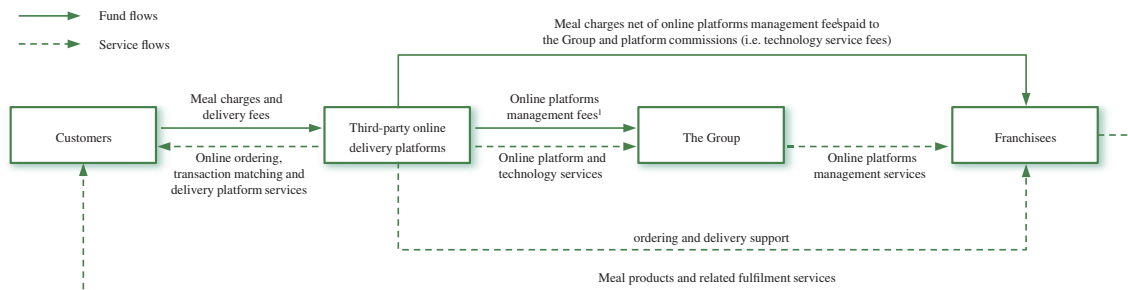
As stipulated by the tripartite franchise agreement, the regional franchisee and the Ultimate Franchisee separately enters into procurement agreement in respect of the supply of raw materials. We are not a party to, nor involved in negotiating or executing, such procurement agreement. The regional franchisee purchases raw materials and products directly from us and makes payment to the Company accordingly. Ultimate Franchisees place purchase orders with, and make payment to, the regional franchisee for the relevant raw materials. We do not receive payments directly from Ultimate Franchisees and does not ship any raw materials directly to those Ultimate Franchisees.

The role of regional franchisees is to act as our regional development and management partners. They are responsible for developing franchisees within their designated regions, providing day-to-day operational support and oversight, coordinating procurement and supply to Ultimate Franchisees, and maintaining the orderly operation of the regional franchising network in accordance with the our standards and requirements. As of December 31, 2023, 2024, 2025 and May 31, 2026, the Southwestern Regional Franchisee had 270, 306, 288 and 299 franchised stores under its network, respectively and the SAR Regional Franchisee had 33, 46, 54 and 56 franchised stores under its network, respectively. In 2023, 2024, 2025 and the five months ended May 31, 2026, revenue from the Southwestern Regional Franchisee contributed 5.4%, 5.0%, 4.9% and 4.8% of our total revenue, respectively and revenue from the SAR Regional Franchisee contributed 1.1%, 1.3%, 1.3% and 1.3% of our total revenue, respectively.

Arrangement with Online Delivery Platforms

We work with third-party online delivery platforms for delivery orders, and enter into master agreement with these platforms for all of our franchisees and self-operated stores. Orders are placed with stores selected by consumers through the delivery platforms, and we do not control the allocation of orders between our self-operated stores and franchised stores. Delivery services are provided by the delivery platforms, which arrange riders and complete the delivery to consumers.

With respect to order processing, upon receipt of an order placed through a delivery platform, the franchised store is responsible for preparing the food. Customer service responsibilities are allocated based on the nature of the issue. Issues relating to delivery, including delivery timing and rider-related matters, are handled by the delivery platforms, while issues relating to food quality and order accuracy are handled by the franchised stores. Refunds are typically initiated through the delivery platforms’ systems, with the franchised stores responsible for processing the refunds. The following flowchart illustrates the fund flows among us, our franchisees and third-party online delivery platforms in respect of online orders:



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Note:

1. The online platforms management fee is charged by the Company to franchisees and is determined at a certain percentage of the online sales amount (net of the platform commission). The platform will directly settle such amount with the Company on behalf of the franchisees.

For online orders placed with franchisees, after deducting the technology service fees charged by the online delivery platforms, we retain only online platforms management fees, while the remaining meal charges are remitted to the respective franchisees.

With respect to liability appointment, delivery platforms are responsible for delivery-related liabilities, including issues arising from spillage during delivery, adverse weather conditions or other factors not attributable to the store. Where delivery issues arise due to storerelated reasons, such as delayed food preparation resulting in late dispatch, the franchised store bears the corresponding responsibility. Franchisees are responsible for food safety obligations at the store level.

Salient Terms of Contracts with Online Delivery Platforms

The major online delivery platforms used by us include JD.com, Meituan and Taobao.

On revenue sharing and commission structure, we pay technology service fees to the online platforms based on a percentage of the GMV. Contract is valid on a long-term basis unless mutually terminated by both parties. Settlement is made automatically, deducting technology service fees and other applicable charges before remitting the net amount. None of the platforms impose exclusivity. Promotional subsidies, discounts and joint-marketing costs are typically allocated in accordance with the applicable campaign rules, with each platform having discretion to grant fee reductions depending on campaign performance. We are responsible for product quality and platforms are responsible for delivery-side logistics and issues.

Operating Data with Online Delivery Platforms

The following table sets forth our order numbers and GMV online platforms.

	Year ended December 31			Five Months ended May 31,	
	2023	2024	2025	2025	2026
Online orders (<i>in millions</i>) . .	85.8	128.3	183.2	51.1	81.8
Online GMV (<i>RMB in millions</i>)	1,746.5	2,538.9	3,451.2	1,007.5	1,542.1

OUR DISTRIBUTORS

During the Track Record Period, we sold our Yuen Kee Taste offerings mostly via distributors, which included trade merchants and supermarkets, and to a lesser extent, via our online self-operated stores on major e-commerce platforms and via direct group catering. In the case of supermarkets, we sell directly to supermarkets first, who in turn sell our Yuen Kee Taste products to end consumers. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, revenue from Yuen Kee Taste accounted for 2.7%, 2.5%, 3.4%, 2.7% and 5.3% of our total revenue, respectively. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, revenue generated from distributors accounted for 56.6%, 60.4%, 57.8%, 74.0% and 45.1% of total revenue under Yuen Kee Taste, respectively. Revenue generated from self-operated online stores accounted for 38.7%, 31.2%, 37.8%, 23.6% and 50.8% of total revenue under Yuen Kee Taste, respectively. Revenue generated from others being primarily group catering services accounted for 4.7%, 8.4%, 4.4%, 2.4% and 4.1% of total revenue under Yuen Kee Taste. By partnering with distributors, we

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are able to (i) leverage local market expertise as our distributors possess in-depth knowledge of regional consumer behavior and retail dynamics; (ii) access established sales and distribution networks as our distributors typically have long-standing relationships with key retail chains and convenience, allowing for faster and broader market penetration; and (iii) accelerate market entry and scale where we can enter new markets more quickly and scale our presence with lower capital investment.

Selection and Management of Distributors

We have a seller-buyer relationship with our distributors whereby the ownership of the products is transferred to our distributors upon collection of the products from our warehouses. We select our distributors based on a number of factors, including their qualifications, scope of operations, business scale, relevant industry experience, local distribution network, and points of sale coverage. The purchase price charged to distributors is determined based on a cost-plus pricing mechanism and prices charged to distributors do not differ materially from prices offered through other sales channels. As of December 31, 2023, 2024, 2025 and May 31, 2026, we had 9, 19, 46 and 57 distributors for our Yuen Kee Taste offerings.

Major Terms with Our Distributors

We generally enter into distribution agreements with our distributors, which are sales and purchases agreements in nature. While certain commercial terms, such as pricing and the contract term, may vary depending on market conditions and the distributor’s capabilities and are therefore negotiated on a case-by-case basis, such agreements largely adhere to our standard distribution template. Typically, the term of these agreements is one year. Distributors are strictly restricted to selling products within pre-negotiated channels and regions, and any sales activities conducted outside such stipulated channels are deemed to constitute a material breach. The distributor purchase price for products is determined based on a pre-negotiated price list. While we provide recommended standard retail prices, distributors are not permitted to adjust selling prices without our prior written consent. We provide advance notice to distributors in the event of any price adjustments resulting from new product launches or changes in market conditions. In general, we do not permit distributors to return products unless there are product quality issues attributable to us. We typically require distributors to make full payment for orders prior to delivery, although we may grant credit terms on a case-by-case basis after considering factors such as the history of cooperation and the distributor’s credit standing. Distributors are required to maintain reasonable inventory levels in accordance with our guidelines to avoid stock shortages, and we are entitled to inspect their warehousing and logistics conditions to ensure proper storage of our products. In addition, all distributors are required to comply with the anti-bribery undertakings set out in the distribution agreements, and any violation of such undertakings constitutes a material breach. We reserve the right to terminate the cooperation if a distributor fails to remedy a material breach within the applicable rectification period.

Distributor Independence

To the best knowledge of our Directors, during the Track Record Period and as of the Latest Practicable Date, all our distributors were independent third parties, and none of our distributors was controlled by any of our former or present employees during the Track Record Period. During the Track Record Period and as of the Latest Practicable Date, none of our distributors had any business, employment, family or financing relationships with any of our Directors, Shareholders, senior management or employees.

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Remote Channel Stuffing Risk

We believe that our sales correspond to actual consumer demand and therefore our products are at low risk of channel stuffing in our distribution network, because: (i) we closely monitor the inventory level of distributors and require them to report to us regularly on, and to maintain a reasonable level of, their inventory; (ii) we generally require certain prepayment amount before delivering products to distributors and generally do not set minimum purchase requirements as we believe such arrangements encourage distributors order products based on actual sales forecasts; and (iii) we generally do not allow returns of products sold to distributors except for quality issues.

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We determine supply pricing with reference to market benchmarks from, our procurement and production costs, and relevant logistics and ancillary expenses. During the Track Record Period, we did not experience material inflation-driven volatility in raw materials, labor, or other operating costs. While market pork prices in China experienced fluctuations during the Track Record Period, we did not experience material inflation-driven volatility in its raw material costs primarily because a significant portion of its key pork inputs is procured under pricing arrangements that lock in purchase prices for the relevant supply period, which reduces the extent to which short-term market movements translate into our actual procurement costs. We generally maintain stable retail pricing and adjusts prices prudently based on overall cost movements, competitive conditions and consumer acceptance, rather than responding mechanically to short-term commodity price swings. In addition, we have continued to broaden our product offering by developing and introducing products using other proteins such as seafood, chicken and beef, which reduces our reliance on pork, optimizes our product mix and further mitigates the potential impact of pork price volatility on our overall cost structure and pricing policies. Franchisees are in turn required to sell at our retail prices which may vary based on regions.

OUR SUPPLY CHAIN NETWORK

Anchored by our own manufacturing facilities and self-operated warehousing and logistic solutions, it links large-scale regional factories, warehouses, and stores into a single, tightly coordinated flow. Our plants standardize the most craftsmanship-intensive steps, filling production and dough preparation, under uniform quality controls, then ship chilled components through a mature nationwide cold-chain. Pre-positioned hubs stage and portion daily demand by market, ensuring freshness and load balancing, before last-kilometer delivery to stores. At the store level, teams complete only the final steps, which include defrosting the meat fillings and wrappers, washing the vegetables, mixing the filling and hand wrapping them into dumplings and wontons and in the case of RTE products, cooking them at the store level, so consumers receive freshly hand-wrapped products with consistent flavor. This in turn improved our products’ quality and stability. This infrastructure, reinforced by a high-capacity cold-chain that serves more than 4,300 stores as of May 31, 2026, underpins stable quality at scale. With respect to our overseas supply chain, in Singapore, meat fillings and flour wrappers are produced locally to ensure freshness and compliance with local regulatory requirements. Such meat fillings are processed and seasoned by our approved local suppliers before delivery to stores. Certain standardized items such as compound seasonings for meat fillings and packaging materials, are exported from China. The compound seasonings used in our meat fillings are based on our proprietary recipes and are produced in China to ensure product consistency. For Thailand, our supply arrangements are primarily localized, supplemented by limited imports of selected standardized ingredients and supplies as necessary. Compared with our operations within Chinese Mainland, our overseas stores generally achieve higher gross profit margins due to higher selling prices, while raw materials procurement costs account for a relatively low percentage of sales revenue as procurement costs are maintained at reasonable levels through our centralized supplier selection and pricing arrangements with approved local suppliers.

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Procurement

We source raw materials used to make our food products, including flour, pork, condiments, packaging materials and agricultural products, directly from vetted vendors, ensuring stable quality and supply for our production lines. Store equipment and key fixtures are procured from qualified manufacturers to ensure reliability across our network.

Supplier selection and management

Supplier selection is governed by strict food-safety and quality thresholds, with all raw materials sourced from a qualified list of vetted vendors to keep specifications consistent nationwide. We audit and onboard vendors through a controlled procurement workflow, then source exclusively from this qualified list to maintain standardization across our plants. During the Track Record Period, we did not experience any material incidents of supply interruption, early termination of contractual arrangements with our suppliers or failure to secure sufficient quantities of raw materials.

Our supplier selection and evaluation process typically begins with the identification of potential suppliers. The procurement team sources and refreshes suppliers for existing SKUs, while the product development team identifies partners for new products and flavors. Following an initial screening by the procurement team, candidates are required to submit a formal application and execute our food-safety undertaking. They are then onboarded into our supplier management system by the food safety team for data registration and credential verification.

With product specifications finalized through collaboration between our procurement and development teams, we conduct joint tasting and sample testing to assess product fit and consistency. Candidates are subsequently required to complete a full safety testing panel for the finalized products and submit independent test reports. We first conduct a document-based review of licenses, certifications and traceability records, followed by on-site audits against our inspection checklist where appropriate. For approved suppliers, we conduct scheduled annual audits as well as unannounced spot checks. Upon successfully passing all evaluations, we finalize the bill of materials, commence limited production for trial sales, and subsequently onboard the supplier for regular supply.

Terms of our supply arrangements

Our procurement arrangements with suppliers generally follow a standard framework. The procurement agreements are generally valid for one year and may be automatically extended for an additional three months unless either party objects. Product names, specifications, quantities and prices are subject to the confirmed quotation sheets, and packaging must comply with applicable national standards as well as our requirements, with brand and product information clearly labeled. Settlement prices are typically based on the mutually confirmed quotation sheets, and where market changes require price adjustments, suppliers are required to notify us in advance, with new prices taking effect upon mutual agreement. Suppliers generally deliver goods to our designated addresses, and while we are responsible for unloading and logistics costs, the risk of loss remains with the supplier until actual delivery. We may raise objections within a specified period after delivery, and suppliers are required to replace, repair, supplement or accept returns of defective goods at their own cost. Payment may be made in advance, upon delivery or on a monthly basis as agreed in the relevant orders, and where monthly settlement applies, payment is due within ten days after receipt of the invoice for the previous month. If a supplier is held liable for food safety or quality violations, we may terminate the contract and claim liquidated damages. In addition, the procurement agreements may be unilaterally terminated in circumstances including repeated late delivery, quality issues or overdue payments.

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Production Process

Self-production is one of the critical aspects that distinguishes us from most of our peers. Our production is built for scalable and consistent flavor. Automated production lines drive a standardized, automated flow; critical points are measured, controlled, and traceable, which cuts variability at the source. Across all plants and processes, a unified food safety system sets clear limits, monitors compliance in real time, and audits outcomes.

The following diagram sets forth the key steps of our flour wrapper production process.



The following diagram sets forth the key steps of our meat fillings.



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Our Factories

We operate six self-built factories across China, totalling more than 42,000 square meters, with automated lines for both wrappers and fillings. Our factories focus primarily on producing wonton and dumpling wrappers, noodles and meat fillings, which form the core components of our products. For our pre-packaged products under Yuen Kee Taste, we also outsource part of production to our connected parties, Huifengyuan, Fanlaizhiwei and Hunan Hufeng, primarily covering frozen dumplings, which represent a key product category under Yuen Kee Taste, as well as certain meat fillings and wrappers used in our pre-packaged products. In 2023, 2024, 2025 and the five months ended May 31, 2026, the amount of outsourcing costs paid to these connected parties amounted to RMB16.5 million, RMB35.3 million, RMB48.6 million and RMB33.9 million, respectively, representing approximately 1.1%, 1.8%, 2.3% and 3.6% of cost of sales for the same periods. During the Track Record Period, these connected parties are subject to the same set of requirements as other independent suppliers. See “Connected Transactions” for details.

Our lines rank among the leading flour-production setups in China, and we rigorously follow GMP and SSOP, with a HACCP system in place to safeguard product quality and food safety. For goods produced by our outsourcing suppliers, we have also implemented systematic control measures to ensure compliance with our quality and food safety standards, including designating responsible departments to oversee procurement, quality control and compliance, establishing prescribed procurement and replenishment cycles of seven to 20 days, maintaining safety stock levels of four to seven days for most materials and approximately three months for pre-packaged products, imposing stringent qualification and admission requirements, and conducting periodic performance assessments. We conduct factory audits before admitting suppliers to our approved supplier list, require first-batch products to pass suppliers’ self-inspections, third-party testing or our sampling inspections before the suppliers commencing mass production and supply, and require outsourcing suppliers to provide quality inspection reports for each batch of products supplied to us.

The following table sets forth a summary of our factories.

Factory	Primary function and products	Year established	Total gross floor area (in square meters)
Foshan Yuanhong factory . .	Meat fillings and small bites	2020	12,803
Foshan Hansao factory	Meat fillings and flour wrappers	2019	4,891
Foshan Maideli factory	Flour wrappers and noodles	2021	6,850
Suzhou Yuen Kee factory . .	Meat fillings, small bites, flour wrappers and noodles	2018	14,642
Foshan Yuanchuang factory .	Condiments for meat fillings and flour wrappers	2023	3,000
Chengdu Yuantuo factory . .	Meat fillings and flour wrappers	2026	5,831

The following table sets forth the production capacity and utilization rate of our factories for the periods indicated.

Factory	Production Capacity ⁽¹⁾				Utilization ⁽²⁾			
	2023	2024	2025	May 31, 2026	2023	2024	2025	May 31, 2026
Foshan Yuanhong factory	50,000 tons	50,000 tons	55,555 tons	18,341 tons	50%	63%	51% ⁽⁴⁾	54%
Foshan Hansao factory . .	12,290 tons	15,950 tons	17,634.5 tons	7,833 tons	72%	54% ⁽⁴⁾	55%	57%
Foshan Maideli factory .	6,400 tons	9,705 tons	16,430 tons	5,671 tons	60%	75%	70%	84%
Suzhou Yuen Kee factory	32,500 tons	48,900 tons	64,975 tons	29,457 tons	85%	63% ⁽⁴⁾	62%	57%
Foshan Yuanchuang factory	135,200 boxes	343,200 boxes	405,600 boxes	195,000 boxes	64% ⁽³⁾	57% ⁽⁴⁾	48% ⁽⁴⁾	44%
Chengdu Yuantuo factory	–	–	–	6,240 tons	–	–	–	27%

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Notes: (1) Production capacity equals the number of equipment multiplied by production capacity per unit and further multiplied by effective working time; (2) Utilization rate equals actual output divided by design capacity multiplied by 100%, and annualized where applicable; (3) Actual production only lasted for six and a half months as the Yuanchuang factory was newly opened in 2023; (4) The utilization rates of our Foshan Yuanhong, Foshan Hansao, Suzhou Yuen Kee and Foshan Yuanchuang factories decreased in 2024 and/or 2025 primarily due to the expansion of production capacity in order to reserve sufficient capacity for business growth and peak-season production. In addition, the Suzhou Yuen Kee factory added new machinery workshops, handbag workshops and ready-to-eat food workshops in 2024 and 2025, which significantly expanded its overall production capacity.

Production Expansion

We regard nationwide expansion in China and overseas expansion as our long-term strategic objectives. Taking into account our current pace of store expansion, we plan to build regionally distributed capacity reserves. In forecasting regional demand, we consider factors such as the number of stores in the area, per-store consumption of raw materials and franchise expansion plans, and select locations based on market clustering, cold-chain coverage and proximity to our logistics hubs.

We have already commenced production at our Chengdu Yuantuo factory since end of February 2026, which enables us to shorten local delivery distances and reduce logistics costs. In addition, we intend to complete the first phase of the Foshan Yuanshun factory to expand production capacity in southern China, leverage port connectivity and provide supply-chain support for our expansion into Southeast Asian markets. Furthermore, we will add a new factory with an integrated warehouse to strengthen regional supply in northern China, and we plan to build an automated, digitalized plant in eastern China to elevate efficiency. In parallel, we will expand into overseas markets, by establishing new international factories and warehouses to localize supply and improve service reliability.

Although such capacity planning may result in temporarily lower capacity utilization at certain stages, a geographically distributed production footprint is expected to reduce logistics, wastage and procurement costs, optimize our cost structure, strengthen quality control and enhance coordination across our store network, which is well aligned with our near-term growth objectives. As store density increases and our overseas expansion progresses, we expect our overall capacity utilization rate to improve over time.

Warehousing and Logistics

As of May 31, 2026, our comprehensive cold chain warehousing and distribution network included 24 warehouses, spanning across China. As of the same date, we self-operate all of our warehouses while collaborating with third parties for the pre-positioned hubs. We had 10 pre-positioned hubs, each typically serving stores within a delivery distance of approximately 200 kilometers, and over 82% of our stores are located within 200 kilometers of one of our warehouses or pre-positioned hubs. The pre-positioned hubs function as intermediate transit and consolidation points between our warehouses and offline stores, enabling faster replenishment, more flexible routing and more efficient last-mile distribution.

Benefiting from efficient network planning, nearly 70% of our stores received deliveries every two days, which is our standard delivery frequency. Orders are fulfilled through optimized routing and monitored cold-chain logistics, with most deliveries conducted overnight. Upon arrival, drivers unpack items into store freezers and upload time-stamped photos as proof of proper handling. Our logistics model keeps core data while leveraging external parties for delivery vehicles, operating across two layers: a trunk network (supplier-to-factory, factory-to-warehouse, and warehouse-to-warehouse) and a distribution network that links each warehouse to its corresponding pre-positioned hubs and covered stores. For the digitalization efforts during this process, see “— Digitalization.”

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We primarily provide delivery services through partnerships with local delivery service providers, which are integrated into our logistics system and subject to strict quality controls, to reduce costs and improve efficiency. As of May 31, 2026, we commanded a fleet of over 200 multi-temperature zone delivery vehicles sourced from third-party logistic partners, enabling delivery of fresh materials to thousands of stores on a daily basis. These vehicles are owned and operated by the third-party logistics partners.

We enter into service agreements with these logistics partners, pursuant to which they provide transportation services in accordance with our specifications. All vehicles must be reviewed and approved by us prior to deployment, and logistics partners are not permitted to replace approved vehicles without our consent. The vehicles are subject to regular maintenance by the logistics partners. During transportation, any product damage caused by improper temperature control or other vehicle-related defects is borne by the logistics partner. All deployed vehicles are also required to be equipped with GPS tracking systems and temperature- and humidity-monitoring devices, which must remain continuously operational throughout the delivery process, and the corresponding temperature data must be submitted to us upon completion of each delivery.

FOOD SAFETY AND QUALITY CONTROL

We emphasize safety across our network with clear rules, training, monitoring and rapid response. We are responsible for food safety management at the production and supply stage. Franchisees are responsible for food safety at the store level, including storage, handling, preparation and sale of food products, and must comply with our food safety standards and operating requirements. Franchisees are liable for store-level food safety compliance. Our routine visits focus on food safety and hygiene; findings drive immediate corrective actions, including temporary closure when required. We have also formed standardized incident reporting and an emergency response mechanism, including annual drills, to ensure swift, orderly handling of issues. We also operate a comprehensive food safety management system across sourcing, logistics and stores, as evidenced by the below details.

Supply Chain Control. We operate an approved-supplier system for all foods, ingredients, and related raw materials. Prospective vendors are screened through document reviews, on-site audits, and product testing; only those that pass are admitted to our qualified supplier roster. We source exclusively from this list, and each batch must comply with PRC national food safety standards as well as Yuen Kee’s own certification and inspection protocols.

Production Process Control. We maintain a professional quality control team in each of our production plants. We conduct real-time inspections at each stage of production. In addition, we have achieved visual monitoring of the entire production process to prevent safety incidents.

Finished Products. Before release, each lot is tested against defined product specifications and cleared only after passing rigorous inspections. For products distributed nationwide, we operate a full-chain traceability and recall system that enables rapid lot identification and backward/forward tracking, allowing us to investigate and resolve consumer-reported quality issues promptly and execute targeted recalls when necessary.

Warehousing and Delivery. Our integrated plants, warehouses, and logistics network give us end-to-end control over quality. Our warehouse and transport management systems, coupled with GPS-enabled temperature monitoring and a broad cold-chain footprint, provide real-time visibility and traceability across storage and distribution, ensuring products remain within specified conditions from dispatch to store delivery.

Store Monitoring. All stores are equipped with video monitoring system covering key work areas, including cashier counters, raw-material processing areas, cooking areas, filling preparation stations, serving/pick-up points and washing areas. The cameras are connected to the network and support remote real-time inspections by headquarters and regional teams, with video records

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retained for not less than 14 days. Cameras are installed only in operational areas and do not cover privacy-sensitive areas. We have also maintained a dedicated supervisory team to conduct regular and ad-hoc inspections of store operations to ensure food safety. Ad-hoc inspections include unannounced on-site physical inspections as well as remote video-based checks conducted through our centralized video monitoring system. Remote video inspections are carried out on a random basis each month, covering no less than 20% of our total stores, while the frequency of on-site inspections is dynamically adjusted based on risk levels, with higher-risk stores subject to more frequent inspections. The number of ad hoc on-site inspections conducted was 215, 300, 707 and 84 in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, representing approximately 7.1%, 7.7%, 16.7% and 2% of our total number of stores, respectively. The scope of inspections covers all key operational stages, including raw material acceptance, storage conditions, processing procedures, cleaning and disinfection of equipment and utensils, pest control, employee health management and the storage and sale of finished products. See “— Our Store Operations and Management — Store Monitor, Compliance and Evaluation”.

In addition, we maintain a strict control system over production and handling time limits, temperature conditions and shelf life for our raw materials to ensure consistent product quality, safety and freshness throughout the supply chain. For example, the key raw material used in Yuen Kee Dumpling is meat fillings, for which we apply differentiated controls based on storage conditions. For Yuen Kee Taste’s pre-packaged dumplings and wontons, products are maintained at -18°C with a shelf life of 270 days.

2024 Food Safety Incident

A franchised store was involved with a food safety incident involving a foreign object found in a product in Haidian District, Beijing, on November 19, 2024. Based on our internal investigation, a customer who placed an order for a fresh meat wonton noodle dish reported that a foreign object was found in the remaining portion of the dish during consumption, and the matter subsequently escalated into broader public attention and media coverage. Following the incident, the franchised store compensated the customer in the amount of RMB500, and the relevant franchised store was fined RMB15,000 by the competent authorities. Our subsequent traceability review confirmed that the incident was attributable to inadequate cleaning and handling of vegetables at the store level, resulting in the foreign object being mixed into the food. The incident also showed deficiencies in store-level execution and management (including staff’s failure to follow hygiene procedures and insufficient supervision by the store manager), as well as gaps in our early-stage complaint handling, escalation, and public-opinion monitoring and response. Notwithstanding the foregoing, the incident did not have a material and adverse impact on our operations or overall business performance. During the Track Record Period and after the incident, our business continued to grow steadily, with our revenue increasing from RMB2,026.1 million in 2023 to RMB2,561.1 million in 2024 and further to RMB2,795.1 million in 2025. Our revenue further increased from RMB934.0 million in the five months ended May 31, 2025 to RMB1,305.5 million in the five months ended May 31, 2026.

Following the incident, we took remedial actions to address both the store-level issue and the underlying control weaknesses. These included suspending operations of the relevant store for rectification, strengthening store-level food safety requirements and training, enhancing inspection and calibration measures around key handling steps (in particular, vegetable acceptance and cleaning procedures), and improving our complaint handling and escalation process by setting clearer time requirements for initial response and resolution and by strengthening internal coordination among operations, quality management and customer service teams. During the Track Record Period and up to the Latest Practicable Date, except for the incident described above, there had been no material food safety or product quality incidents involving our self-operated or franchised stores.

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We also implemented broader remedial measures to address the root causes and strengthen our franchise network controls. First, we launched a nationwide special food inspection focused on vegetable cleaning, staff operating discipline and pest control, using a combination of remote video monitoring and on-site inspections, with written rectification notices issued to stores specifying corrective actions and deadlines, and verification conducted store by store after completion. Second, we upgraded our vegetable handling and sourcing controls by (i) standardizing the vegetable cleaning process into a four-step procedure (soaking, two rounds of rinsing, drying and re-check), and (ii) strengthening acceptance requirements for store-procured vegetables. Third, we strengthened physical controls by installing pest-prevention facilities across stores, including insect-proof curtains at raw food preparation areas and insect screens at service windows, to reduce pest ingress pathways. Fourth, we enhanced governance and response mechanisms by adopting a more transparent and timely public opinion response and communication mechanism, together with strengthened customer complaint handling and escalation arrangements to ensure faster response, clearer ownership and closed-loop resolution.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material investigation by any government authority nor material administrative penalties related to product quality or food hygiene and safety. Franchisees are responsible for incidents they cause at the store level, while if an issue stems from products we supply, consumers may seek recourse from the franchisee or, where applicable, from us. Our franchise agreements stipulate that store-level food safety or quality incidents may constitute a breach and can lead to penalties, including suspension or termination.

We have also established a comprehensive process for handling complaints and product returns. When a store encounters a complaint or return, it submits a work order through our internal system, which automatically forms a dedicated working group for follow-up by our customer service team. For complaints, the customer service team first verifies the issue and then addresses it based on the request. For returns, the team confirms the reason and determines the appropriate resolution. For example, where a return results from an incorrect order placed by a store, the returned materials are assessed against resale standards before a decision is made on acceptance. In 2023, 2024, 2025 and the five months ended May 31, 2026, the volume of product returns amounted to 6,090, 9,435, 10,130 and 4,194, respectively, representing return rates of 0.07%, 0.08%, 0.08% and 0.11%, respectively. The return rate is calculated as the amount of returned products in a given year/period divided by the total value of products delivered during the same year/period. These returns were primarily attributable to packaging damage, order errors or excess orders, rather than product quality issues. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, there were no actual or pending legal proceedings against us relating to food safety or product quality, and our Directors confirm there were no incidents, recalls/returns, or complaints, that had a material adverse impact on our overall business.

DIGITALIZATION

Our digital infrastructure encompasses a suite of IT systems tailored to our specific business needs, supporting various key aspects of our business, including consumer outreach and engagement, store operation and management, and supply chain.

Digitalization on Consumer Outreach and Engagement

We have implemented a membership management system that leverages digital technologies to manage the membership engagement and improve members' experience. As of May 31, 2026, we had more than 49 million members.

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Digitalization on Store Operation and Management

The in-house store order system digitizes issue reporting and resolution through a collaborative, and closed-loop process. Our master data management system for store management and operation serves as the foundation for store lifecycle management, from site acquisition and contract signing to opening and ongoing operations, ensuring accuracy and consistency of store information for reliable decision-making. Our headquarters monitoring system also enables real-time remote inspections, sales forecasting, and food safety traceability, enhancing oversight and risk control across all stores.

Digitalization on Supply Chain

We have established a fully digital supply chain system that connects front-end ordering with back-end warehousing and logistics for efficient coordination. The store ordering system processes around 2,500 orders from our stores to us daily with an average handling time of under one hour. Warehouse management integrates with ERP and transport systems to maintain high inventory accuracy and improve operational efficiency, while the transport management system enables routing arrangement and visual management, achieving on-time delivery.

PRODUCT RESEARCH AND DEVELOPMENT

Our competitive edge lies in prioritizing product development and innovation led by experts with knowledge in culinary research and development. By leveraging a strong understanding of consumer preferences, we consistently upgrade our offerings through the creation of unique flavors and complementary ingredients. During the Track Record Period, we launched over 200 new SKUs, spanning across wontons, dumplings and noodles, which further underscores our commitment to proactive innovation and continuous improvement.

Our typical product development cycle consists of four key stages. We begin with concept development and product planning, during which we conduct market research and analyze consumer behavior to define product positioning, identify target customers and formulate market strategies tailored to different regions and cities. This is followed by the sampling and testing stage, where we work closely with suppliers to communicate product concepts and requirements, conduct rigorous testing to ensure quality, taste and presentation meet our standards, and finalize detailed product specifications, including production guidelines, weight, flavor profile and appearance. We then proceed to trial sales, typically through a 15-day regional trial across selected stores, during which we monitor performance and assess market acceptance. Based on the trial results, we either advance to small-scale production and further regional testing or conduct additional reviews and adjustments before retesting. Products that successfully pass regional trials are subsequently evaluated for national readiness and launched nationwide, followed by ongoing monthly, quarterly and semi-annual performance reviews.

SUPPLIERS

Our suppliers primarily comprise meat providers, flour producers and other raw materials to support our production. In 2023, 2024, 2025 and the five months ended May 31, 2026, purchases from our five largest suppliers accounted for 42.5%, 38.7%, 30.8% and 32.1% of total purchases for the respective period. During the same periods, purchases from our largest supplier accounted for 12.8%, 13.1%, 10.0% and 10.6% of total purchases, respectively.

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The following table sets forth details of our five largest suppliers by purchase amount for the respective period.

Year ended December 31, 2023

Supplier	Place	Transaction amount (in RMB thousands)	Percentage of purchase	Products supplied	Years of business relationship	Background
Bayan Wanrun . . .	Heilongjiang, the PRC	180,234	12.8%	Pork	Since 2017	A private company engaged in meat processing and specialized in agricultural product sales services, serving as a key supplier in the regional food industry.
Supplier B	Shandong, Beijing, Liaoning, Hebei, the PRC	141,352	10.1%	Pork	Since 2020	A company listed on Shenzhen Stock exchange engaged in diversified agribusiness operations and specialized in agricultural product sales and related services, leveraging the group’s extensive supply chain network.
Supplier C	Shandong, Heilongjiang, the PRC	97,727	7.0%	Pork	Since 2019	A company listed on Shenzhen Stock exchange engaged in meat food processing and specialized in agricultural product sales services, with a strong presence in the domestic meat supply market.
Supplier D	Henan, Jilin, the PRC	95,970	6.8%	Pork	Since 2021	A private company engaged in agricultural product trading and specialized in supply chain services, supporting large-scale distribution across multiple regions.
Supplier E	Guangdong, the PRC	81,975	5.8%	Packaging materials	Since 2019	A private company engaged in the production and specialized in sales of packaging materials, providing solutions for food and consumer goods industries.
Total		597,258	42.5%			

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Year ended December 31, 2024

Supplier	Place	Transaction amount (in RMB thousands)	Percentage of purchase	Products supplied	Years of business relationship	Background
Bayan Wanrun . . .	Heilongjiang, the PRC	244,667	13.1%	Pork	Since 2017	A private company engaged in meat processing and specialized in agricultural product sales services, serving as a key supplier in the regional food industry.
Supplier B	Shandong, Beijing, Liaoning, Hebei, the PRC	168,627	9.0%	Pork	Since 2020	A company listed on Shenzhen Stock exchange engaged in diversified agribusiness operations and specialized in agricultural product sales and related services, leveraging the group’s extensive supply chain network.
Supplier C	Shandong, Heilongjiang, the PRC	117,334	6.3%	Pork	Since 2019	A company listed on Shenzhen Stock exchange engaged in meat food processing and specialized in agricultural product sales services, with a strong presence in the domestic meat supply market.
Supplier D	Henan, Jilin, the PRC	103,499	5.5%	Pork	Since 2021	A private company engaged in agricultural product trading and specialized in supply chain services, supporting large-scale distribution across multiple regions.
Supplier E	Guangdong, the PRC	90,067	4.8%	Packaging materials	Since 2019	A private company engaged in the production and specialized in sales of packaging materials, providing solutions for food and consumer goods industries.
Total		724,194	38.7%			

Year ended December 31, 2025

Supplier	Place	Transaction amount (in RMB thousands)	Percentage of purchase	Products supplied	Years of business relationship	Background
Bayan Wanrun . . .	Heilongjiang, the PRC	198,538	10.0%	Pork	Since 2017	A private company engaged in meat processing and specialized in agricultural product sales services, serving as a key supplier in the regional food industry.

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Supplier	Place	Transaction amount (in RMB thousands)	Percentage of purchase	Products supplied	Years of business relationship	Background
Supplier B	Shandong, Beijing, Liaoning, Hebei, the PRC	166,029	8.3%	Pork	Since 2020	A company listed on Shenzhen Stock exchange engaged in diversified agribusiness operations and specialized in agricultural product sales and related services, leveraging the group’s extensive supply chain network.
Supplier C	Shandong, Heilongjiang, the PRC	107,285	5.4%	Pork	Since 2019	A company listed on Shenzhen Stock exchange engaged in meat food processing and specialized in agricultural product sales services, with a strong presence in the domestic meat supply market.
Supplier D	Henan, Jilin, the PRC	74,544	3.7%	Pork	Since 2021	A private company engaged in agricultural product trading and specialized in supply chain services, supporting large-scale distribution across multiple regions.
Supplier F	Guangdong, the PRC	68,562	3.4%	Packaging materials	Since 2023	A private company engaged in the production and specialized in sales of packaging materials, providing solutions for food and consumer goods industries.
Total		614,958	30.8%			

Five Months ended May 31, 2026

Supplier	Place	Transaction amount (in RMB thousands)	Percentage of purchase	Products supplied	Years of business relationship	Background
Bayan Wanrun . . .	Heilongjiang, the PRC	82,039	10.6%	Pork	Since 2017	A private company engaged in meat processing and specialized in agricultural product sales services, serving as a key supplier in the regional food industry.
Supplier B	Shandong, Beijing, Liaoning, Hebei, the PRC	49,652	6.4%	Pork	Since 2020	A company listed on Shenzhen Stock exchange engaged in diversified agribusiness operations and specialized in agricultural product sales and related services, leveraging the group’s extensive supply chain network.

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Supplier	Place	Transaction amount <i>(in RMB thousands)</i>	Percentage of purchase	Products supplied	Years of business relationship	Background
Supplier C	Shandong, Heilongjiang, the PRC	44,595	5.8%	Pork	Since 2019	A company listed on Shenzhen Stock exchange engaged in meat food processing and specialized in agricultural product sales services, with a strong presence in the domestic meat supply market.
Supplier G	Guangdong, the PRC	40,752	5.3%	Seafood	Since 2022	A private company engaged in aquatic product processing and specialized in seafood sales and distribution, with integrated procurement, processing and cold-chain warehousing capabilities.
Supplier F	Guangdong, the PRC	31,221	4.0%	Packaging materials	Since 2023	A private company engaged in the production and specialized in sales of packaging materials, providing solutions for food and consumer goods industries.
Total		248,259	32.1%			

During the Track Record Period and up to the Latest Practicable Date, to the knowledge of our Directors, none of our Directors and their respective close associates or any of our Shareholders who held more than 5% of our issued share capital had any interest in our five largest suppliers for each year/period during the Track Record Period.

CUSTOMERS

Our customers primarily comprise the franchisees who operate franchised stores pursuant to the franchise agreements with us. We generated a substantial portion of our revenue from the sale of food items to franchised stores, and fees associated with the franchise management services we provided to our franchisees. To a much lesser extent, we also sell our products directly to retail customers through self-operated stores.

All of our five largest customers during the Track Record Period were our franchisees and distributors. Revenue generated from our largest customer in 2023, 2024, 2025 and the five months ended May 31, 2026 accounted for 5.4%, 5.0%, 4.9% and 4.8%, respectively, of our revenue for the respective period. Revenue generated from our five largest customers in each year/period during the Track Record Period accounted for 10.2%, 9.3%, 9.2% and 8.7%, respectively, of our revenue for the respective period.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

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Third-party Payment Arrangements

Background for the third-party payment arrangements

Historically, some of our franchisees (individually or collectively, the “**Relevant Franchisees**”) settled their payments with our Group through accounts of third-party payors designated by these Relevant Franchisees at their requests (the “**Third-Party Payment Arrangements**”). During the Track Record Period, third-party payors designated by the Relevant Franchisees primarily included their employees, friends, and non-immediate family members. Our Directors have confirmed that none of the third-party payors designated by the Relevant Franchisees during the Track Record Period is a connected person of our Group and such designated third-party payors are independent from any of our Group’s Directors, senior management and Shareholders. Furthermore, during the Track Record Period, neither the Relevant Franchisees nor their designated third-party payors had any other past or present relationship (whether business, employment, family, trust, fund flow, financing or otherwise) with us, our subsidiaries, or any of our shareholders, directors or senior management, or their respective associates. For additional information, see also “Risk Factors — Risks Relating to Our Business and Industry — We are subject to various risks relating to third-party payment arrangements”.

In 2023, 2024 and 2025, a total number of 767, 379 and 284 Relevant Franchisees utilized the Third-Party Payment Arrangements to settle payments with us, respectively. During the same periods, the aggregate amount of payments from their designated third-party payors was RMB437.8 million, RMB245.5 million and RMB153.2 million, respectively, representing 21.6%, 9.6% and 5.5%. Throughout the Track Record Period, no individual Relevant Franchisee made material contribution to our Group’s revenue.

As of December 1, 2025, our Group had ceased all the Third-Party Payment arrangements.

Reasons for the third-party payment arrangements

To the best of our knowledge, the Relevant Franchisees requested to utilize the Third-Party Payment Arrangements to settle payments with us for convenience and flexibility. Specifically, certain Relevant Franchisees operated multiple stores with frequent payment cycles, and the use of third-party payors facilitated timely settlement where such franchisees had limited capacity to handle repeated payments. This was particularly the case in circumstances where franchisees encountered temporary banking constraints, including transaction limits or temporary unavailability due to travel. In such circumstances, the Relevant Franchisees commonly opted for settlements through personal accounts held by designated third-party payors, such as their employees and other family members, friends, and business partners. As confirmed by CIC, it is not uncommon for franchisees to use third-party payors to settle corporate transactions with their suppliers due to convenience and flexibility.

Our Directors confirm that, during the Track Record Period, (i) the Third-Party Payment Arrangements were initiated by the Relevant Franchisees, rather than our Group for the purpose of circumventing any applicable laws and regulations, (ii) our Group did not participate in any other forms of such arrangement, (iii) our Group did not provide any discount, commission, rebate or other benefits to any of the Relevant Franchisees to facilitate or encourage the Third-Party Payment Arrangements, (iv) the pricing and payment terms of the agreements we entered into with the Relevant Franchisees were in line with those of franchisees not involved in the Third-Party Payment Arrangements, (v) all payments received under the Third-Party Payment Arrangements were appropriately recorded following accounting procedures and policies, and (vi) our Group had not been subject to any actual or pending disputes or administrative penalties related to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date.

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Implications of third-party payment arrangements

During the Track Record Period and up to the Latest Practicable Date, we did not provide any discount, commission, rebate or other benefits to any of the Relevant Franchisees or the designated third-party payors to facilitate or incentivize the Third-Party Payment Arrangements. During the Track Record Period, we did not initiate any Third-Party Payment Arrangements, and the Third-Party Payment Arrangements were arranged based on the Relevant Franchisees’ requests. To the best of our knowledge, during the Track Record Period, the relevant payments were based on bona fide underlying transactions and valid contractual relationships. The pricing and payment terms we provided to the Relevant Franchisees were in line with those customers not involved in the Third-Party Payment Arrangements. We believe that the cessation of Third-party Payment Arrangements did not and will not have a material adverse effect on our business. No franchisees terminated their relationships with us as a result of the cessation of Third-party Payment Arrangement. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, we were not aware of any commercial bribery, money laundering, tax evasion or existing or potential disputes under the Third-party Payment Arrangements, and were not subject to any administrative notice, investigation or penalty related to the Third-party Payment Arrangements. In addition, we had not encountered any refund requests, actual or pending dispute or disagreement due to Third-Party Payment Arrangements or any material claims against us in relation to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date.

Legal consequences for the third-party payment arrangements

In consideration of the above, as advised by our PRC Legal Advisor, (i) the Third-Party Payment Arrangements in China are not prohibited by the Civil Code of the People’s Republic of China or other pertinent laws or regulations in China, and the Third-party Payment Arrangement is not in breach of mandatory requirements of current applicable laws and regulations in China; (ii) the risks that we would be deemed as committing the crime of money laundering and be subject to relevant criminal liability thereto are remote; and (iii) the risks of such arrangement being deemed as circumventing relevant mandatory provisions of PRC laws and regulations or that we would be deemed to have committed any act for the purposes of covering up or concealing the source and nature of illegally obtained proceeds or gains under Article 191 of the Criminal Law are remote. In light of the above, our Directors concur with the PRC Legal Advisor’s view.

Our rectification for the third-party payment arrangements

We have enhanced our internal control to manage the risks associated with the Third-Party Payment Arrangements, including the following.

- (i) requiring all of our existing franchisees to settle payments with us through their own bank accounts, and no third-party payors would be allowed;
- (ii) contractually mandating settlement through franchisees’ own bank accounts, which is applicable to any new franchisees or franchise renewals in China and overseas in the future;
- (iii) developing and maintaining a whitelist of permitted bank accounts, which includes only the bank accounts belonging to individual franchisees, as applicable, who executed the franchise agreements, upon review by our dedicated finance and internal control teams. In the event a distributor initiates a payment request, the payment will go through only if the paying account is on our whitelist of permitted bank accounts; and

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- (iv) implementing internal control measures to ensure franchisees compliance with our payment settlement requirements such as requiring franchisees to confirm the use of their own bank accounts for payment settlement for each order placed in our system by franchisees, and assigning dedicated employees to conduct periodic inspections to assess the effectiveness of our internal control system, including rectification of Third-Party Payment Arrangements.

Based on the follow-up review of the implementation of these measures, our Directors are of the view that these measures are effective and adequate in preventing unauthorized Third-Party Payment Arrangements and the associated risks. Our Directors consider that the rectification of the Third-Party Payment Arrangements and the implementation of the rectification measures did not have, nor will have, any material adverse effect on the Group, taking into account the relationship with our customers, business operation and financial performance, as (i) all of the Relevant Franchisees had cooperated with our rectification process; and (ii) the rectification of Third-Party Payment Arrangements did not affect the payment settlement arrangement from our Relevant Franchisees to us, under which we typically require our Relevant Franchisees to settle payments before we provide the products. Going forward, our Directors will continue to oversee the effectiveness of the aforementioned enhanced internal control on the Third-Party Payment Arrangements.

BRANDING AND MARKETING

We place great emphasis on brand-building and adopt flexible and diversified marketing strategies to access our consumer base. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our selling and marketing expenses amounted to RMB77.0 million, RMB125.9 million, RMB136.9 million, RMB42.1 million and RMB66.0 million, respectively, representing 3.8%, 4.9%, 4.9%, 4.5% and 5.1% of our total revenue in each respective year/period.

We pursue an integrated marketing communications strategy anchored in digital channels and supported by targeted offline campaigns. Centered on the consumer journey, we deliver valuable content and interactions at each key touchpoint to drive conversion and loyalty.

COMPETITION

Chinese-style QSR industry is highly competitive and is the largest segment within China's QSR industry, growing from RMB529.6 billion in 2020 to RMB867.9 billion in 2025, according to CIC. Looking ahead, the market is expected to reach RMB1,329.6 billion by 2030, indicating a CAGR of 8.9% from 2025 to 2030.

The value chain of Chinese-style QSR includes ingredient obtaining, processing, and food service. Market drivers include, among other things, (i) rising dining-out rate, (ii) increasing standardization of products and processes, (iii) rising chain penetration, (iv) enhancement of supply chain infrastructure, (v) strengthening digital channels and online delivery penetration. Despite the potential opportunities and involving market drivers, the entry barriers require, among other things, (i) strong brand influence, quality perception and consumer trust, (ii) integrated supply chain and production capabilities, (iii) scalable, standardized and efficient operating model and (iv) multi-channel coverage and multi-scenario consumer reach, (v) brand globalization and overseas expansion capability.

The Chinese-style QSR industry comprises a wide range of brands that differ significantly in store scale, operational models and geographic coverage. Store count has become a key indicator of a brand's ability to execute standardized operations, build supply chain density and expand across regions. Among global Chinese-style QSR companies, only a small number of brands have built networks of over several thousand stores, reflecting the operational capabilities required to achieve such scale. We are faced with intense competition with other leading players in various aspects of our business, including innovation, safety, quality, consumer experience as well as consumer acquisition and retention. “Industry Overview.”

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If we fail to effectively compete with, or are out-competed by, the other leading players, we may experience a material and adverse impact on our results of operations, financial conditions and business prospects. See “Risk Factors — Risks relating to Our Business and Industry — We are faced with increasingly intense competition with other leading players within the industry. Any failure to compete effectively may negatively impact our market share and profitability.”

SEASONALITY

Our business is subject to seasonal fluctuations because of several factors including holidays, weather and other factors. However, generally there was no distinguishable seasonality for us.

DATA PRIVACY AND SECURITY

In the ordinary course of business, we may from time to time collect, store and use certain personal information, such as the personal information of consumers and franchisees. For example, (i) for consumers who use our mini programs and opt to become our members, we may collect their phone number and membership card number for registration and membership service; (ii) for franchisees, during the franchisee onboarding process, we may collect their basic information such as names, phone numbers, ID numbers and email address. As of May 31, 2026, we had more than 49 million registered members on our mini-programs. With respect to such members on our mini programs, we inform them of the scenarios and purposes for collecting their personal information through our privacy policy, and obtain their consent on such privacy policy through the user interaction interface of our mini programs. During the Track Record Period and up to the Latest Practicable Date, we had obtained prior consent from consumers within Chinese Mainland and franchisees for the collection of their personal information, and we did not collect any consumer personal information overseas.

In terms of the personal information of consumers, our franchisees only have access to such information of their respective consumers. We may provide such franchisees with their respective consumers’ information, such as necessary order details and relevant contact information, for the purpose of the processing of transactions and provision of services by the franchisees. We make efforts in cooperation with our franchisees to strengthen the protection of consumers’ personal information. For example, we have agreements (or provisions) with our franchisees requiring them to fulfill personal information protection obligations, including without limitation, implementing effective management, technical, and physical measures to ensure that the personal information they process is maintained with a reasonable level of security, and the franchisees are subject to liability in case of breach of such agreements (or provisions).

To ensure proper and sufficient protection for user privacy and data security, we have implemented internal data security and protection protocols which provide data management responsibilities, data protection and confidentiality procedures, which include among others:

- **Data Collection.** For personal information directly collected by us, we notify relevant consumers and franchisees and obtain consent from them about how we collect and use their personal data. In respect of the transaction data sourced from third-party business platforms such as food delivery platforms, such data is generally already encrypted or anonymized prior to our access.
- **Data Processing.** We process personal information of relevant consumers and franchisees in a manner that protects the legitimate rights of data subjects. We process such personal information for a specific and reasonable purpose and limit our personal information processing activities to the minimum scope for achieving such purpose.
- **Data Usage.** We have established access control mechanisms with strict least-privilege access policy enforced, allowing employees to access only data within their authorized scope and prohibiting unauthorised access to our database.

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- **Data storage:** All consumer personal information collected during our daily business operations within Chinese Mainland is stored in Chinese Mainland, with no cross-border transmission of any consumers’ personal information to any third party outside mainland China. We do not share with, transfer or disclose consumers’ personal information to any third party except under certain limited circumstances, including for example when it is expressly authorized by consumers, necessary to fulfill our main services to consumers, or in compliance with the applicable laws and regulations. We in the meantime implement comprehensive personal information and data protection procedures such as data backup procedures and security emergency plans.

We are committed to protecting personal information and complying with applicable laws in relation to personal information protection and we continuously improve our practices by internal inspections, supervision, review and other measures to ensure effective protection of personal information. Therefore, in addition to the above-mentioned data security and protection protocols, we have various technical and managerial internal measures in place for data protection purpose, which include: (1) we have appointed our Digital Decision Center as the internal department responsible for cybersecurity, data security, and personal information protection of us; (2) we have established comprehensive internal data security and protection policies and procedures, such as the Data Security Management Measures, Data Confidentiality Management Measures, Data Backup and Disaster Recovery Management Measures, and Personal Information Protection Measures; (3) we have implemented a series of technical measures such as anti-virus and anti-cyberattack measures, data storage and transmission encryption and data backup mechanisms, and control over data access; and (4) our relevant information system has attained Classified Protection of Information Security Level III (“信息系統安全等級保護三級”) certified by the local branch of the MPS of the PRC, which demonstrates our data security capability. Internally, employees are subject to comprehensive relevant internal policies and provided with relevant trainings. For details on our risks associated with the protection of personal information, see “Risk Factors — Risks Relating to Our Business and Industry — Any failure to comply with data security, cybersecurity and personal information protection laws could damage our reputation and we could suffer a loss of revenue, incur substantial additional costs and become subject to litigation and regulatory scrutiny.” Based on the consultations conducted by our PRC legal advisor with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (formerly known as the China Cybersecurity Review Technology and Certification Center), the competent institution entrusted by the CAC to set up cybersecurity review consultation hotlines, the listing in Hong Kong does not fall within the definition of a listing in a foreign country, and therefore the obligation to proactively apply for a cybersecurity review by an entity seeking listing in a foreign country shall not be applicable to us.

During the Track Record Period and up to the Latest Practicable Date, we complied with applicable PRC 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.

INTELLECTUAL PROPERTY

As of May 31, 2026, we had registered 36 patents, 98 copyrights and 11 domain names in China, and we had registered 634 trademarks in China that were material to our operations. For details, see “Appendix VI — Statutory and General Information”.

We have implemented measures to prevent the infringement of the “Yuen Kee Dumpling” and “Yuen Kee Taste” intellectual property rights. These measures include maintaining centralized ownership and management of trademarks and other core IPs, conducting regular monitoring of market use and brand representations, and setting clear internal policies on the use of our brand, trademarks and related materials by employees, business partners, franchisees and other third parties. We also require store-level compliance with standardized branding guidelines. During the Track Record Period and up to the Latest Practicable Date, we did not have any outstanding material

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proceedings in connection with infringement of intellectual property rights sued by any third party. We were not aware of any threatened material proceedings or claims relating to intellectual property rights against us. However, despite our best efforts, we cannot be certain that third parties will not infringe or misappropriate our intellectual property rights or that we will not be sued for intellectual property infringement. See “Risk Factors — Risks Relating to Our Business and Industry — If we are not able to adequately protect our intellectual properties, or if we are not able to maintain the popularity of our IPs, our business will be materially and adversely affected” for details.

EMPLOYEES

As of May 31, 2026, we had a total number of 1,635 full-time employees in Chinese Mainland and 112 full-time employees outside of Chinese Mainland. The following tables set forth our full-time employees by functions:

Function	Number of employees	Percentage (%)
Production	641	39.2
Offline store operation and management	414	25.3
Product supply ⁽¹⁾	214	13.1
Online business	162	9.9
Finance	59	3.6
Digitalization	40	2.5
Human Resources and Administration	48	2.9
Others ⁽²⁾	57	3.5
Total	1,635	100

Notes: (1) Product supply primarily includes supply chain, procurement, R&D, and quality management; and (2) Others primarily include investment center, compliance center, and board of directors.

We believe that our success, to a considerable extent, depends upon our ability to attract, motivate and retain qualified employees. We enter into individual employment contracts and confidentiality agreements with our employees. The employment contracts cover matters such as wages, benefits and grounds for termination.

We provide our employees with opportunities to develop their knowledge and skills. For store managers, we offer standardized process guidance, on-the-job mentoring, and training in marketing strategies. In addition, we are currently enhancing our store manager training manual and certification framework. For new employees, mentors are assigned by their respective departments, and we also conduct monthly onboarding training sessions that cover a wide range of topics, including corporate culture, administrative procedures, usage guidelines for the Yuen Kee learning app, financial reimbursement processes, and compliance and anti-corruption awareness. For existing employees, training is delivered through talent development programs, rotational assignments, external courses, and internal workshops. These initiatives are tailored to departmental needs and individual career development plans, ensuring a targeted approach to employee growth and alignment with organizational objectives.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there were no material labor disputes or strikes that would have a material and adverse effect on our business, financial conditions or results of operations.

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INSURANCE

Our primary insurance policies include: (i) property insurances covering major business interruptions and accidental loss for our fixed assets and inventories, (ii) employer liability insurance, (iii) personal accident insurance and health insurance for our key employees, and (iv) food safety liability and public liability insurance. Our Directors believe that our insurance coverage is in line with industry practice and standard business practices of relevant countries. For risks associated with the insurance coverage, see “Risk Factors — Risks Relating to Our Business and Industry — The insurance policies we have might not offer sufficient coverage for all risks related to our business operations”.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We regard environmental, social and governance (“ESG”) considerations as an integral part of our operations. We attach great importance to ESG affairs and are committed to integrating ESG management into the company’s operational processes.

Governance

ESG Governance

Our Board of Directors assumes ultimate responsibility for ESG matters, including the oversight of ESG-related affairs and the approval of our overall ESG strategy, policy framework, major resource allocations and annual targets. The Board also conducts regular reviews of ESG performance and its alignment with business development to ensure that ESG objectives contribute to long-term value creation.

Following our [REDACTED], we plan to establish a three-tier ESG governance structure comprising the “Board of Directors — ESG Committee — ESG Working Group”. The ESG Committee will be responsible for coordinating ESG management, including the formulation and cascading of annual ESG targets, as well as the oversight of ESG-related risks. The ESG Working Group will serve as the executive arm to implement ESG policies and specific initiatives across business units, and will report progress to the ESG Committee and the Board on a regular basis.

Corporate Governance

We are committed to achieving high-level decision-making through the integration of professional skills, knowledge and experience by maintaining a clear and effective governance structure and fostering a diverse board of directors.

ESG Risk Identification and Assessment

We maintain transparent and efficient communication channels with stakeholders — including shareholders, employees, customers, suppliers, franchisees, regulators, communities, and the public — through various online and offline means. We actively solicit their feedback on our ESG management and continuously improve our practices to meet their expectations.

Based on our business characteristics and stakeholder concerns, we have identified the following material ESG issues and take targeted actions to manage associated risks and opportunities, as detailed in subsequent sections:

- **Environment Section:** Environmental Management, Climate Change Response, Packaging Materials Management.
- **Social Section:** Product Quality & Safety (Food Safety), Supply Chain Management, Franchisee Management, Employee Management, Social Welfare.

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Business Ethics

The Company has established policies and systems to prevent bribery, extortion, fraud and money laundering, and strictly regulates employee conduct through internal systems. Meanwhile, we screen for adverse records such as commercial bribery and false advertising, and require partners to sign a Supplier Integrity Pledge. We regularly conduct anti-corruption training, distribute anti-bribery and anti-corruption cases, and conduct regular or irregular employee interviews and special matter declarations.

We have set up a reporting email and a reporting portal on the WeChat official account, encourage all employees and partners to report violations, protect whistleblowers, and strictly prohibit any form of retaliation.

Environment

Environmental Management

- *Environmental Objectives*

Our key objectives include: zero discharge of untreated industrial wastewater; SO₂ emissions not exceeding 20 mg/m³; 100% execution rate for environmental impact assessments; 100% pass rate for cleaner production audits; 100% implementation of environmental emergency plans; energy conservation and consumption reduction meeting national standards; and workplace dust and noise levels complying with national standards.

- *Energy Management*

We treat energy management as core approach to sustainable operations, promoting energy-saving measures and optimization daily by defining office/production energy standards and setting lighting/air-conditioning rules. We implement initiatives like power-off when unused, optimized air-conditioning temperatures, replacing old high-energy equipment, and process refinement to boost efficiency.

Indicators	unit	As of December 31,			As of May 31,
		2023	2024	2025	2026
Direct energy consumption . . .	megawatt-hours	1,346.89	2,383.27	1,931.07	1,438.69
Direct energy consumption intensity	MWh/10,000 RMB operating income	0.01	0.01	0.01	0.01
Indirect energy consumption . . .	megawatt-hours	14,286.37	14,269.79	18,077.18	7,821.57
Indirect energy consumption intensity	MWh/10,000 RMB operating income	0.07	0.06	0.06	0.06
Total energy consumption . . .	megawatt-hours	15,633.26	16,653.06	20,008.25	9,260.26
Energy consumption intensity	MWh/10,000 RMB operating income	0.08	0.07	0.07 ¹	0.07

1. The sum of direct energy consumption intensity and indirect energy consumption intensity does not equal energy consumption intensity due to rounding

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- Water Resource Management*

In production, we optimize water flows based on factory processes, adjust key steps like cleaning/soaking (e.g., switching from continuous to intermittent flow) to cut water use per unit. Daily inspections flag issues like continuous flow, with responsible units assessed per internal rules to reduce waste. In offices, we advocate water conservation, guiding employees to save water via prompts and concept promotion.

Indicators	unit	As of December 31,			As of May 31,
		2023	2024	2025	2026
Total water consumption	tons	147,743.6	152,932.5	184,750	88,855
Water consumption intensity	tons/10,000 RMB operating income	0.73	0.60	0.66	0.68

- Waste Management*

We strictly comply with relevant laws and regulations, and standardize the whole process of waste collection, temporary storage, transfer and disposal by establishing internal management systems. We set phased targets for waste, ensuring 100% compliance of wastewater and exhaust gas discharge, and 100% compliant and safe disposal of hazardous waste and general solid waste.

We control solid waste through comprehensive utilization technology of industrial waste residue; we preliminarily identify that the hazardous waste generated from the mining and processing of each factory mainly comes from the sludge produced in the process wastewater treatment, and we store it in classified temporary storage in accordance with regulations and entrust qualified units for harmless disposal.

Addressing Climate Change

We actively identify climate risks that have a potential impact on our business operations and development, and formulate targeted counter-measures.

Risk type	Risk Name	Risk description	Countermeasures
Physical risk	The severity of extreme weather events has increased	The frequency and intensity of extreme weather events such as typhoons, heavy rains, floods, and heat waves have increased, which may affect the supply of raw materials, store foot traffic and distribution services	Ensure operational continuity by diversifying supply chains and strengthening weather warning and emergency response mechanisms
	The risk of high temperature and high humidity environment is intensified	Rising temperatures and increased humidity can affect food production and storage, leading to product quality risks	Strengthen cold chain logistics, optimize the production environment, and formulate emergency plans to deal with hot weather to ensure stable food quality and supply

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Risk type	Risk Name	Risk description	Countermeasures
Transformation risk	Policy and legal changes	Compliance costs are increasing, addressing existing and emerging climate-related policies and trends	Regularly monitor policy trends on climate change to ensure appropriate measures are in place to address change
	Increased energy costs	Rising energy costs can lead to increased production costs, affecting profitability	optimize energy use and promote energy conservation and emission reduction in stores and production facilities; Optimize logistics efficiency and reduce energy consumption during transportation
	Stakeholder concerns about sustainability	Increased consumer and stakeholder concerns about sustainability can impact brand reputation	Strengthen sustainability measures, enhance brand image, and respond to consumers’ concerns about environmental protection and social responsibility

We identify potential opportunities and are committed to creating a more low-carbon operating model to win the favor of brand partners and consumers.

The following table lists the greenhouse gas (GHG) emissions for the periods indicated:

Indicators	unit	As of December 31,			As of May 31,
		2023	2024	2025	2026
Total GHG emissions (Scope 1 and Scope 2). ¹	tons of carbon dioxide equivalent	7,989.42	8,230.93	10,166.28	4,544.43
GHG emission intensity (Scope 1 and Scope 2)	ton carbon dioxide equivalent/ 10,000 RMB operating income	0.04	0.03	0.04	0.03
Scope 1 emissions.	tons of carbon dioxide equivalent	323.36	573.76	466.07	347.37
Scope 2 emissions.	tons of carbon dioxide equivalent	7,666.07	7,657.17	9,700.21	4,197.05
Scope 3 emissions ²	tons of carbon dioxide equivalent	108.77	846.57	928.82	434.75

Packaging Material Management

Adhering to the “reduction and conservation” concept, we implemented packaging label and material management rules, promoted streamlined packaging design, encouraged single-material and recyclable materials to reduce over-packaging. We also prioritize recyclable, degradable single-material eco-packaging (e.g., standard paper-based materials like corrugated/honeycomb cardboard, biodegradable plastics), promote low-gram-weight, high-strength functional materials, and build a packaging recycling system.

¹ Scope 1 and 2 GHG emission data are calculated with reference to the *General Principles for Comprehensive Energy Consumption Calculation (GB2589-2020)* and *Provincial Greenhouse Gas Inventory Guidelines (Trial)*.

² Scope 3 GHG emissions are calculated with reference to the GHG accounting system. Scope 3 data includes waste generated from C6 business travel and C5 operations. Among them, the carbon emission scenario for C6 business travel in 2023 only includes hotel accommodation.

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Society

Product Quality & Safety (Food Safety)

We strictly comply with relevant laws and regulations, formulate internal systems, and build a food safety management system covering raw material procurement, production, warehousing, transportation and sales to strengthen management and prevent risks. We conduct regular compliance checks on stores (covering food processing, personnel hygiene, material/equipment use, cleaning/disinfection, and storage conditions), issue rectification requirements, track progress, and assess non-compliant stores to ensure stable and controllable products and processes. For quality abnormalities, we perform hierarchical assessment, traceability, recall and disposal to timely control risks and prevent problematic products from entering the market. No major food safety incidents or product recalls occurred during the Track Record Period.

In order to effectively protect health and rights of consumers, we have established a clear customer complaint handling process to respond to customer feedback promptly via diversified channels and continuously optimize service experience; and we attach great importance to information security and privacy protection, formulate internal rules to standardize customer personal information management, and strengthen data security through digital means. Additionally, we have developed internal measures to clarify the management processes for intellectual property rights such as trademarks, patents and copyrights, so as to safeguard the legitimate rights and interests of our own brands and technological achievements.

Supply chain management

We formulate internal policies and a full-process supplier management mechanism (access, review, evaluation, cooperation, exit) to ensure procurement quality and reduce supply chain risks. We enforce strict access audits (qualification checks + on-site evaluations), track performance, and implement closed-loop rectification for non-compliant suppliers. To drive supply chain sustainability, we integrate ESG into supplier evaluations: environmentally, we require compliant “three wastes” handling, verify annual environmental documents, and demand rectification or terminate cooperation for non-compliance; socially and in governance, we include labor rights, work safety, etc., monitoring performance via self-inspection and our verification. In annual assessments, ESG, product quality and supply capacity guide cooperation adjustments. We build long-term partnerships by understanding supplier needs and resolving issues promptly.

Franchisee management

We regard franchisees as key partners, and have formulated policies to standardize franchise system operations. We monitor franchised stores’ product quality, safety and customer service via daily inspections, ad hoc store audit, special audits and third-party testing, while conducting multi-dimensional assessments covering food safety, service quality and operational compliance. Additionally, we empower franchisees to enhance ESG management through training — including corporate culture, food safety and customer-friendly service — requiring them to pass assessments and sign commitment letters to ensure job skills and product knowledge meet standards.

Employee management

- ***Employee rights and interests protection***

We comply with labor laws, standardize recruitment to eliminate discrimination, underage labor, forced labor and other illegal practices. For career development, we provide clear promotion paths with transparent processes, and build a comprehensive training system (internal, external, independent learning) plus pre-job training and mentoring for new hires. In remuneration and benefits, we offer basic pay, performance incentives, social insurance, welfare allowances, paid holidays, holiday condolences and team building to create a stable, attractive work environment.

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- *Occupational safety and health*

We continue to improve our occupational health and safety management, formulate internal regulations, clarify the safety responsibilities of each position and each link, regularly organize risk identification and safety inspections, and promptly rectify the identified problems and follow up on their implementation.

We implement a systematic safety training system, and carry out safety training for all employees on an annual, monthly and weekly basis. We have also established an incident emergency management system, improved various emergency plans, and organized fire drills at least once a year to enhance the emergency response capabilities of our employees.

We continue to strengthen occupational health management, equip employees with labor protection equipment, inform employees of possible occupational hazards in the workplace, and effectively protect employees' health.

Social Welfare

We continuously carry out multi-level public welfare actions around natural disasters, public health events and daily livelihood needs, providing support to society in areas such as education, materials and emergency response capabilities.

During the Track Record Period, we donated RMB500,000 to the Yiyang Heshan District Education Foundation, to improve the teaching conditions of local schools and support student development-related projects. We also jointly launched the “Vibrant Childhood, Yuan Dream Set Sail” public welfare program with One Foundation, raising 120,000 yuan through 450 stores in the South China region to build sports fields for rural primary schools. In addition, during the flood disasters in Huaiji, Guangdong, Rongjiang and Guizhou we donated emergency communication relay stations to the Foshan Nanshi Rescue Team to assist in the construction of temporary emergency communication networks, ensure on-site instruction transmission and information communication, and improve rescue response efficiency.

PROPERTIES

Our headquarters are located in Guangdong, China. We occupy certain properties in China and overseas in connection with our business operations.

As of May 31, 2026, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Owned Properties

As of May 31, 2026, we owned properties with an aggregate floor area of approximately 4,891 square meters, and land area of 60,004 square meters, which are primarily used for production and warehousing spaces in China.

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Leased Properties

As of May 31, 2026, we leased 47 properties in China with an aggregate floor area of approximately 76,912.34 square meters from third parties, mainly for office spaces, production and warehousing purposes.

As of May 31, 2026, the lessors for 13 properties with an aggregate area of 4,584.64 square meters mainly used as our office spaces, warehousing facilities and self-operated stores had not provided us with title certificates or authorizations from the property owners for the lessors to sublease the properties. These 13 lease agreements have not been registered and filed with the relevant government authorities in the PRC. As advised by our PRC Legal Advisor, as the tenants, we would not be subject to any administrative penalties pursuant to the relevant laws and regulations. However, if any of these leases is terminated as a result of challenges by third parties, we may not be able to continue to use the properties.

As of May 31, 2026, the lease agreements for 29 leased properties with an aggregate area of 16,196.05 square meters mainly used as our office spaces, warehousing facilities and self-operated stores have not been registered and filed with the relevant government authorities in the PRC, mainly due to the difficulty of procuring the relevant landlords’ cooperation to register their leases. Our PRC Legal Advisor has advised us that the failure to complete the registration of lease agreements will not affect the validity of the lease agreement; however, the relevant PRC authorities may require us to complete the registration, and if we still fail to do so, we may be imposed a fine ranging from RMB1,000 to RMB10,000 for each of such lease agreements.

As of May 31, 2026, the lease agreements for five leased properties with an aggregate area of 328.52 square meters used for self-operated stores had usage inconsistencies against the titles’ indicated usage, where the title ownership certificates indicated residential, office or other general use as the intended use. Our PRC Legal Advisor has advised us that the relevant PRC authorities may impose a fine up to RMB30,000 for each of such lease agreements on the lessors.

Our Directors believe that the foregoing issues, individually or in aggregate, do not have a material adverse impact on our business operations or financial condition, given that (i) during the Track Record Period and up to the Latest Practicable Date, our leases for the leased properties with title defects were not challenged by third parties or relevant authorities that had resulted in any material disputes, lawsuits or claims in connection with the rights to lease and use such properties occupied by us; (ii) the lack of registration of the leased properties does not affect the validity of the respective lease agreements; (iii) some of our lease agreements provide for breach liability if the lessor fails to perform under the lease or if there are defects in the properties; if the lessor fails to perform under the lease or causes loss to us due to defects in the leased property, the lessor is liable for damages or penalties, allowing us to seek remedies under these provisions; (iv) the Company leased the title-usage inconsistent properties for food and beverage operations with a relatively small proportion of leased area with an immaterial revenue contribution during the Track Record Period; and (v) there is a sufficient supply of similar properties and do not expect any impediments to our promptly obtaining alternative properties on equivalent terms.

LICENSES, APPROVALS AND PERMITS

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to obtain various licenses and regulatory approvals to operate our business, such as Food Business License (食品經營許可證) and the Single purpose Commercial Prepaid Cards filing (單用途預付卡備案). See “Regulatory Overview.”

During the Track Record Period and up to the Latest Practicable Date, we had obtained all necessary licenses that are material to our business operations from the relevant government authorities. All of our licenses are valid and subsisting. Our Directors do not expect any impediment in the renewal of our licenses.

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INTERNAL CONTROL AND RISK MANAGEMENT

Our internal control system is established based on the Internal Control Policy Framework and covers our entire business chain. It comprises approximately 200 implemented policies and procedures spanning integrated governance, business operations and functional support, forming a structured and comprehensive internal control environment.

Our risk management framework combines source-level oversight by business units with coordinated support from inspection and control functions. All employees are responsible for reporting risks identified at their respective levels, and business units serve as the primary reporting parties for incidents. The inspection department oversees risk execution and fraud prevention and receives reports through multiple channels, including telephone, email and an anonymous OA portal. The compliance and internal control department leads risk identification and assessment and formulates the internal control framework, while the internal audit department independently evaluates the effectiveness of risk controls and corrective actions.

We have also established a comprehensive set of anti-corruption policies and procedures, including quality control, supply chain management and franchisee management. Disciplinary and anti-fraud matters are led by the inspection department, which is responsible for reviewing leads, conducting investigations internally or through external agencies, and reporting findings to the compliance and internal control department or the Chairman. A whistle-blower mechanism is in place to encourage the reporting of suspected misconduct, supported by a structured incentive system.

AWARDS AND ACCOLADES

Due to our recognition within the industry and among customers, we have received a number of awards and accolades during the Track Record Period. Major awards include the *Industry Contribution Unit awarded by China Food Safety Newspaper* in 2025, the *National Enterprise of Integrity in Product and Service Quality Commitment* awarded by the *China Quality Inspection Association* in 2025, the inclusion in the *2024 China Top 100 Catering Franchise Brands* jointly awarded by *Meituan* and the *China Chain Store & Franchise Association* and the *2023 China Top 100 Catering Enterprises by the China Cuisine Association*.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business involving employment, copyrights, contract disputes and other matters. Our Directors, as advised by our PRC Legal Advisor, confirm that during the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral, administrative proceedings or non-compliance incidents that led to fines, enforcement actions or other penalties against us, which could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

Social Insurance and Housing Provident Funds

According to relevant PRC laws and regulations, we are required to make contributions to the social insurance and housing provident funds for the benefit of our employees in China. During the Track Record Period, we had not made adequate contributions to the social insurance and housing provident funds with respect to our employees as required by the relevant PRC laws and regulations. In 2023, 2024, 2025 and the five months ended May 31, 2026, our shortfall for social insurance and housing provident fund amounted to RMB41.6 million, RMB36.0 million, RMB31.6 million, and RMB11.4 million, respectively.

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As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05% and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, pursuant to applicable PRC laws and regulations, if an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the relevant authority could order the employer to make the payment and deposit within a prescribed time limit and, failing which, an application may be made to a court in China for compulsory enforcement. Notwithstanding the above-mentioned shortfall amount, The General Office of the State Taxation Administration issued the Circular on Conducting the Collection and Administration of Social Insurance Premiums in a Steady and Orderly Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) on September 13, 2018, which requires the tax bureaus of all provinces to properly address the issue of historical arrears in accordance with the principle of clarifying and taking over the accounts of historical arrears and prohibits them from independently initiating arrears recovery efforts. It further stipulates that enforcement inspections must be standardized and that they are prohibited from independently conducting investigations into arrears from previous years.

During the Track Record Period and up to the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay any shortfall with respect to social insurance and housing provident funds or imposing any administrative penalties on us with respect to our social insurance and housing provident fund contributions, nor were we aware of any material employee complaints or involved in any material labor disputes with our employees with respect to social insurance and housing provident funds. We have also obtained the compliance certificates from the local authorities in charge of social insurance and housing provident funds, which sets out that no administrative penalties had been imposed on us in connection with the non-compliant incidents of social insurance and housing provident funds during the Track Record Period. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date. If the relevant authorities order us to pay the outstanding social insurance and/or housing provident funds or take rectification measures in accordance with applicable laws and regulations, we will make such payments or make such rectification measures promptly as soon as practicable.

Considering the relevant regulatory policies, regulatory confirmations, interviews and the facts as mentioned above, our PRC Legal Advisor is of the view that on the premise that no significant changes of the current policies and regulations, as well as implementation and supervision requirements of the local governments, the likelihood that we would be required by relevant authorities to pay the shortfall for social insurance and housing provident fund contributions or being subject to material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions within the stipulated period for our all employees is remote.

Our Directors believe that the incident described above would not have a material adverse effect on our business, financial condition and results of operations, considering that during the Track Record Period and up to the Latest Practicable Date, (i) we did not receive any notification from the relevant authorities requiring us to pay for the shortfalls in a centralized way with respect to social insurance and housing provident funds, nor did we receive any material employee complaint or have any material disputes with employees concerning their payment of social insurance and housing provident funds; (ii) as confirmed in the compliance certificates by the competent government authorities in charge of social insurance and housing provident funds, no administrative penalties was imposed on us with respect to the payment of social insurance and

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housing provident funds during the Track Record Period and up to the Latest Practicable Date; and (iii) if we receive a notice from relevant authorities requiring us to rectify, pay or make up social insurance and housing provident funds within a specified period, we will promptly comply with the requirements of such notice.

We have taken the following internal control measures to prevent future occurrences of such non-compliance: (i) enhancing our human resources management policies, which require social insurance and housing provident fund contributions to be made in accordance with applicable local requirements; (ii) strengthening the training of our personnel, including training on various compliance-related topics for our employees; (iii) regularly keeping abreast of the latest developments in PRC laws and regulations relating to social insurance and housing provident funds; and (iv) actively communicating with relevant social insurance and housing fund local authorities to ensure we have the most updated information about the relevant laws and regulations concerning social insurance and housing provident fund.