

SUMMARY

This summary is an overview of the information contained in this document and does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the [REDACTED].

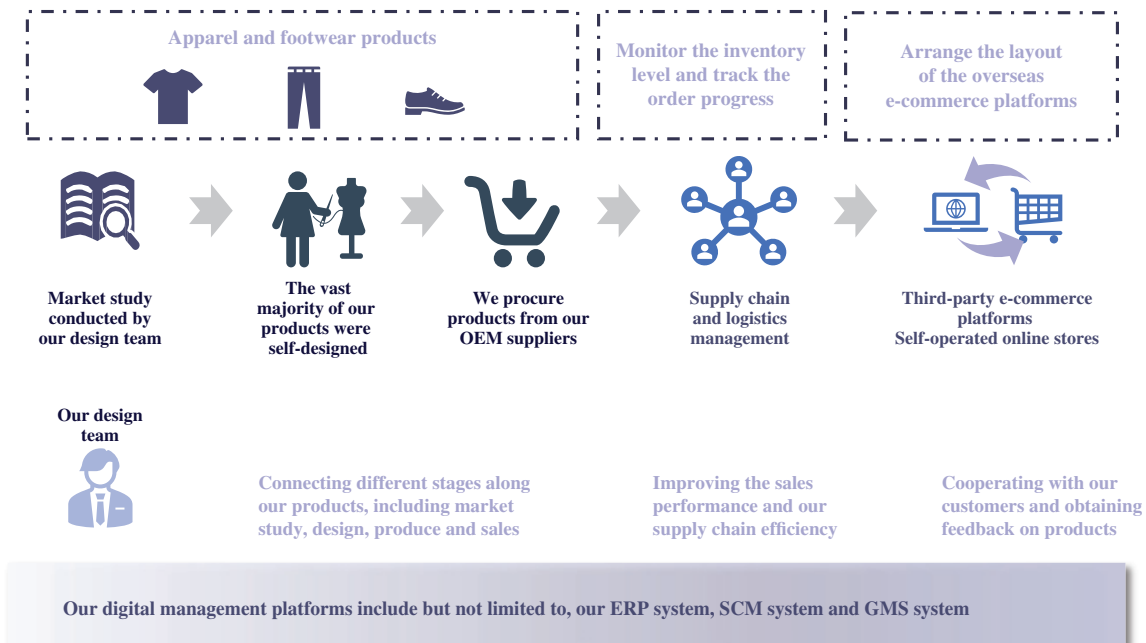
There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

We are one of the largest cross-border e-commerce companies in China focusing on the sale of apparel and footwear products through third-party e-commerce platforms. According to Frost & Sullivan, we ranked third amongst all platform-based sellers in China’s cross-border e-commerce export B2C apparel and footwear market in terms of GMV in 2021, holding a market share of 0.4% in the RMB596.5 billion market. In addition, we ranked first in terms of GMV generated through North America amongst all platform-based sellers in China’s cross-border e-commerce export B2C apparel and footwear market in 2021, holding a market share of 0.7% in the RMB303.0 billion market. In recognition of our outstanding performance, we have been awarded the “Best Cross-border E-commerce Brand Award (最佳跨境電商品牌獎)” for six consecutive years in a row since 2016.

Our Business Model

The following diagram illustrates our business model and features:



Since our inception in 2011, we have been primarily focusing on the sale of a wide range of self-designed apparel, footwear and other products worldwide. We primarily design apparel, footwear and other products, procure products manufactured in accordance with our design and on OEM basis from selected OEM suppliers, and subsequently sell such products to customers globally through a combination of third-party e-commerce platforms and our self-operated online stores. Our products are delivered to customers either by third-party logistics service providers or through fulfillment services provided by third-party e-commerce platforms. Leveraging our fully integrated and efficient supply chain, we are able to provide our customers with fashion apparel and footwear products at competitive prices. Our products are sold through major third-party e-commerce platforms and our self-operated online stores to customers located in over 80% of the countries and regions globally, including among others, the United States, Germany and France.

SUMMARY

Our Revenue Source and Financial Performance

During the Track Record Period, we generated revenue primarily from sale of apparel products and sale of footwear products. To a much lesser extent, we also generated revenue from sale of other products such as electronic devices, stationery and sporting goods.

Our revenue had experienced continuous growth during the Track Record Period. Our revenue increased from RMB1,428.9 million for the year ended December 31, 2019 to RMB1,898.1 million for the year ended December 31, 2020, and further to RMB2,346.5 million for the year ended December 31, 2021. Our revenue increased from RMB1,100.7 million for the six months ended June 30, 2021 to RMB1,277.5 million for the six months ended June 30, 2022. Our profit for the year increased from RMB81.1 million for the year ended December 31, 2019 to RMB114.0 million for the year ended December 31, 2020, and further to RMB200.5 million for the year ended December 31, 2021. Our profit for the period decreased from RMB114.2 million for the six months ended June 30, 2021 to RMB61.3 million for the six months ended June 30, 2022. See “Financial Information – Description of Key Items of Consolidated Statement of Comprehensive Income” and “Financial Information – Year to Year/Period to Period Comparison of Results of Operations.”

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success:

- (i) we are one of the largest cross-border e-commerce companies in China focusing on the sale of apparel and footwear products through third-party e-commerce platforms, ranking first in terms of GMV of apparel and footwear products sold in North America through third-party e-commerce platforms;
- (ii) we have a strong design team with extensive experience in designing with the support of our extensive database and big data analysis, and the capability to quickly identify fashion trend and address customers’ evolving needs;
- (iii) we have extensive experience in the digital management and integration of supply chain, thereby holding leading position in the industry;
- (iv) we have strong self-owned brands and extraordinary brand cultivation capability;
- (v) we have effective e-commerce operating capabilities; and
- (vi) we are led by an experienced and dedicated management team.

OUR STRATEGIES

We endeavor to become a world renowned e-commerce fashion brand to meet our global customers’ fashion needs on a timely and seamless basis (致力於成為一家國際知名的時尚服飾及鞋履產品運營商, 讓全球用戶及時便捷地獲得滿意的服飾及鞋履產品). We intend to pursue the following strategies:

- (i) keep pace with fashion trend and technology innovation and continue to develop fashion products;
- (ii) continue to integrate supply chain resources to improve operating efficiency and expand our global footprint;
- (iii) build brand matrix for our overseas operations and further expand our localized operations;
- (iv) build large-scale independent self-operated online stores to enhance brand recognition and customer loyalty; and
- (v) explore suitable opportunities to invest in or acquire targets along the industry chain to explore synergies.

SUMMARY

OUR PRODUCTS

The following table sets forth our revenue by business segment for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2019		2020		2021		2021		2022	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Sale of apparel products	1,146,892	80.3	1,338,415	70.5	1,833,677	78.2	824,458	74.9	1,016,658	79.6
Sale of footwear products	256,409	17.9	401,130	21.1	453,615	19.3	229,337	20.8	258,087	20.2
Sale of other products ⁽¹⁾	25,553	1.8	158,564	8.4	59,251	2.5	46,891	4.3	2,782	0.2
Total	1,428,854	100.0	1,898,109	100.0	2,346,543	100.0	1,100,686	100.0	1,277,527	100.0

Note:

- (1) Primarily represent sale of electronic devices (such as earphones, home cameras and signal boosters), stationery and sporting goods, etc.

Our Products

Sale of Apparel Products

Since our inception, we have focused on the design and sale of fashion apparel products, in particular, women’s apparel products. We provide our customers with a comprehensive range of apparel products, including among others, sweaters, T-shirts, coats and jackets, dresses, trousers and sportswear.

Sale of Footwear Products

Starting from 2016, we expanded our product portfolio and started to sell footwear products. In particular, we commenced operation of our self-operated online stores to focus on the sale of footwear products in 2018 and recorded significant growth.

Sale of Other Products

In recent years, we have also offered different types of other products, such as electronic devices, stationery and sporting goods.

Our Sales Channels

We have established a broad sales channel covering different sales platforms. To reach online customers and efficiently promote our products, we began selling products through major third-party e-commerce platforms since 2012 and have since expanded our sales channels to include our self-operated online stores in 2018. As of the Latest Practicable Date, our sales channels consisted of (i) Amazon, (ii) Wish, (iii) other third-party e-commerce platforms such as eBay and AliExpress, and (iv) our self-operated online stores. As of the Latest Practicable Date, all of our self-operated online stores were operated on proprietary websites.

SUMMARY

Our revenue generated from Wish decreased from RMB841.1 million in 2020 to RMB304.1 million in 2021, while our gross profit margin generated from Wish increased from 70.6% in 2020 to 75.0% in 2021, primarily as we reduced our sale of products with low profit margin on Wish. Due to the same reason, our revenue generated from Wish further decreased from RMB225.0 million in the first half of 2021 to RMB21.7 million in the first half of 2022, while our gross profit margin generated from Wish increased from 74.3% in the first half of 2021 to 75.1% in the first half of 2022.

Meanwhile, we strategically focused more on sale through other third-party e-commerce platforms, especially Amazon. As a result, we experienced a significant increase in revenue generated from the sale through Amazon in 2021. Our revenue generated from Amazon increased from RMB615.1 million in 2020 to RMB1,672.3 million in 2021, primarily due to the increased sales volume of both our hot-selling products and new products launched through Amazon, resulting from our continuous efforts in developing our sale through Amazon.

For risks in relation to our reliance on a few third-party e-commerce platforms, see “Risk Factors – Risks Relating to Our Business and Industry – Disruption of our relationships and unfavorable changes in terms of our arrangements with third-party e-commerce platforms, in particular, Amazon and Wish, could have a material adverse effect on our business and results of operations.”

Our Geographical Coverage

In addition, we have a worldwide customer geographical coverage. As of the Latest Practicable Date, our products have been primarily sold to customers located in over 80% of the countries and regions globally, including among others, the United States, Germany and France. The following table sets forth a breakdown of our revenue by geographical location of our customers for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2019		2020		2021		2021		2022	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
North America										
United States	840,173	58.8	1,309,955	69.0	2,007,191	85.5	876,302	79.6	1,213,163	95.0
Others ⁽¹⁾	59,621	4.2	68,347	3.6	22,190	1.0	13,154	1.2	6,931	0.5
Sub-total	899,794	63.0	1,378,302	72.6	2,029,381	86.5	889,456	80.8	1,220,094	95.5
Europe										
Germany	93,751	6.6	80,744	4.3	71,021	3.0	46,562	4.2	19,459	1.5
United Kingdom	48,453	3.4	67,425	3.6	42,207	1.8	20,233	1.8	10,129	0.8
France	80,526	5.6	55,155	2.9	20,815	0.9	12,781	1.2	2,730	0.2
Italy	24,108	1.7	21,434	1.1	7,035	0.3	3,898	0.4	1,601	0.1
Others ⁽²⁾	167,820	11.7	156,849	8.2	96,498	4.1	71,603	6.5	12,567	1.0
Sub-total	414,658	29.0	381,607	20.1	237,576	10.1	155,077	14.1	46,486	3.6

SUMMARY

During the Track Record Period, the additional tariffs imposed had been passed to our customers through the increase of selling prices of our products without any material adverse impact on our competitiveness as evidenced by our continuous growth. Besides, it has been noted that positive negotiations have been recently carried out between China and the U.S. in many fields to ease the bilateral tension. Nevertheless, if any additional tariffs are imposed on our products, we will be able to pass the increased expenses to our customers without weakening our market competitiveness based on our past experience, as such tariff would be applicable to all similar products exported to the U.S. from China. Therefore, our Directors believe that our business had not been adversely affected by the bilateral tension between China and the United States or additional tariffs imposed during the Track Record Period. Moreover, we intend to gradually reduce our reliance on the U.S. market by actively exploring the market in Southeast Asia and Europe through a combination of sale through third-party e-commerce platforms and our self-operated online stores. Therefore, our Directors are of the view that our ability to carry out our business with customers and/or our collaborative partners in the U.S. and other countries is unlikely to be impeded by the development in China’s relationships with the U.S. and other countries.

Our revenue generated from sale of products in Europe decreased from RMB414.7 million in 2019 to RMB381.6 million in 2020, and further decreased to RMB237.6 million in 2021, primarily as we strategically shifted our focus to sale through Amazon, the market focus of which is mainly North America thus less European customers purchased products from us. In the first half of 2022, we further reduced our resources allocated to the sale through Wish and continued to focus on Amazon, the major market focus of which is not Europe. As a result, our revenue generated from sale of products in Europe decreased from RMB155.1 million for the six months ended June 30, 2021 to RMB46.5 million for the six months ended June 30, 2022. In the future, we plan to further expand our sale to European market as we have accumulated extensive experience in the operation when we developed our sale to the U.S. and are able to transplant such experience in European market. We plan to (i) introduce our hot-selling products in the U.S. market to European customers; (ii) expand our design team targeting European market to develop more localized products; (iii) expand our operating team targeting European market; and (iv) invest more in the marketing activities for our sale in the European market. For further details of our expansion plan on European market, please refer to the section headed “Business – Our Business Process – Our Geographical Coverage” in this document.

SUMMARY

Selected Operational Data

Our extensive product portfolio primarily comprises apparel and footwear products. The following table sets forth a breakdown of our revenue, sales volume, average selling price and price range by our key product category for the periods indicated:

	Year ended December 31,						Six months ended June 30,													
	2019			2020			2021			2022										
	Revenue ⁽¹⁾ RMB'000	Sales volume ⁽¹⁾ '000 pc	Average selling price ⁽¹⁾ RMB	Price range RMB	Revenue ⁽¹⁾ RMB'000	Sales volume ⁽¹⁾ '000 pc	Average selling price ⁽¹⁾ RMB	Price range RMB	Revenue ⁽¹⁾ RMB'000	Sales volume ⁽¹⁾ '000 pc	Average selling price ⁽¹⁾ RMB	Price range RMB								
Apparel Products ⁽²⁾	1,146,892	12,737	90	7-331	1,338,415	13,628	98	7-343	1,833,677	13,837	133	6-353	824,458	6,974	118	7-549	1,016,658	6,378	159	10-387
Footwear Products ⁽²⁾	256,409	1,180	217	60-399	401,130	1,676	239	69-346	453,615	1,773	256	62-382	229,337	1,021	225	82-439	258,087	908	284	101-444
Other Products ⁽³⁾	25,553	1,077	24	6-309	158,564	5,341	30	3-2,414	59,251	700	85	3-1,044	46,891	799	59	3-1,989	2,782	20	139	3-1,692
Total	1,428,854	14,994	95	6-399	1,898,109	20,645	92	3-2,414	2,346,543	16,310	144	3-1,044	1,100,686	8,794	125	3-1,989	1,277,527	7,306	175	3-1,692

Notes:

- The returned products were excluded from the calculation of revenue, sales volume and average selling price.
- During the Track Record Period, the prices of apparel and footwear products sold by us might be lower than the low-end of such price range when we offer discount to customers, while the prices of certain apparel and footwear products for winter season sold by us might be higher than the high-end of such price range. For illustration purpose, during the calculation of such price range, we excluded outliers from our statistical data of all products within their respective product category, representing approximately 2% of the orders of which the prices were either extremely high or extremely low, which we believe may distort statistical analysis and be less indicative. The extremely low prices were primarily the prices for promotional products, while the extremely high prices were primarily the prices for products that are sold occasionally in small quantity.
- Mainly include electronic devices (such as earphones, home cameras and signal boosters), stationary and sporting goods, etc. The high-end of price range for other goods sold in 2020, 2021 and the first half of 2021 and 2022 were relatively high, primarily as we sold outdoor sporting goods in the same periods. For illustration purpose, during the calculation of such price range, we excluded outliers from our statistical data of all other products, representing approximately 2% of the orders of which the prices were either extremely high or extremely low, which we believe may distort statistical analysis and be less indicative. The extremely low prices were primarily the prices for promotional products, while the extremely high prices were primarily the prices for products that are sold occasionally in small quantity.

SUMMARY

Seller Store Arrangement

We operate more than one seller store by one entity (the “**Multiple Seller Store Arrangement**”) and used to operate seller stores registered under the names of some of our employees, and their family members and friends, or the names of companies owned by them (the “**Authorizing Individuals and Companies**”) in accordance with their authorizations (the “**Third-party Seller Store Arrangement**”) on third-party e-commerce platforms.

Under Multiple Seller Store Arrangement, we operate multiple seller stores on the same third-party e-commerce platform, a large number of which mainly operate a single brand in each seller store. Among those seller stores, some operate the same brand on the same third-party e-commerce platform targeting different sales regions or customers, which is in line with the industry practice as confirmed by Frost & Sullivan. After consulting our legal advisors as to all applicable jurisdictions and obtaining confirmations from those third-party e-commerce platforms, our Directors are of the view that the Company’s Multiple Seller Store Arrangement and operating the same brand in multiple seller stores are permitted by and in compliance with the policies of all those platforms.

As to Third-party Seller Store Arrangement, we have acquired the vast majority of the Authorizing Companies and the seller stores registered under the names of the Authorizing Individuals into our Group since March 2021 to enhance our management and control on these seller stores, and fully terminated some seller stores used to register under the names of Authorizing Individuals, which cannot be transferred to us due to the restriction of a third-party e-commerce platform. As of June 30, 2022, all Authorizing Companies and other seller stores registered under the names of Authorizing Individuals had been either acquired or voluntarily closed by us, thus there remained no authorization arrangement with Authorizing Individuals and Companies. After consulting our legal advisors as to all applicable jurisdictions and obtaining confirmations from those third-party e-commerce platforms, our Directors are of the view that our Third-party Seller Store Arrangement is permitted by and in compliance with the policies of all those platforms. For more information of our seller store arrangement, please see “Business – Our Business Process – Seller Store Management.”

Key Operating Data of Our Business

The following table sets forth the key operating data of our online seller stores on Amazon for the periods indicated:

	Year ended December 31,			Six months ended
	2019	2020	2021	June 30, 2022
Key operating data				
Number of orders ⁽¹⁾ (in thousands)	3,127	4,115	11,103	7,876
Sales income ⁽¹⁾ (RMB in millions)	574.8	758.5	2,103.2	1,574.4
Average price per order (RMB)	183.8	184.4	189.4	199.9
Range of order size ⁽²⁾ (RMB)	47-491	49-502	49-584	64-394
Return rate ⁽³⁾ (%)	18.5	17.1 ⁽⁴⁾	19.8 ⁽⁵⁾	25.5 ⁽⁶⁾
Repeat customer rate ⁽⁷⁾ (%)	N/A	N/A	N/A	N/A

Notes:

- (1) The number of orders refers to the number of orders placed by customers and shipped by us, and the sales income refers to the total transaction amount of the orders placed by customers and shipped by us. The calculation of number of orders and the sales income included returned products, and excluded canceled orders and transactions with our corporate customers through third-party e-commerce platforms.
- (2) The range of order size is broad as the order size may vary significantly depending on the quantity and price of products purchased in one single order. For illustration purpose, the range of transaction size of Amazon, Wish and other third-party ecommerce platforms refers to the range of transactions size of our top 20 online seller stores with the largest transaction volume, under their respective category. When

SUMMARY

calculating the price range, we excluded outliers from our statistical data, representing approximately 2% of the orders of which the prices were either extremely high or extremely low, which we believe may distort statistical analysis and be less indicative. The extremely low prices were primarily the prices for promotional products, while the extremely high prices were primarily the prices for products that are sold occasionally in small quantity.

- (3) Return rate was calculated by dividing the transaction amount of products returned to us by our sales income during the relevant year/period. Given the time difference between product delivery, revenue recognition and product return, the amount of returned products may include products ordered in the previous year/period and returned in the relevant year/period and does not reflect products ordered in the relevant year/period and returned in the following year/period.
- (4) We recorded decreased product return rate for our sale through Amazon in 2020, primarily because footwear products sold represented a decreased portion of our total revenue in 2020 as compared to that in 2019, which normally have relatively high product return rate due to the discrepancies in shoe’s size among different regions.
- (5) We recorded increased product return rate for our sale through Amazon in 2021, as footwear products sold represented an increased portion of our total revenue in 2021 as compared to that in 2020. In addition, the increased product return rate was also attributable to more flexible product return policies adopted by Amazon since August 2021.
- (6) We recorded increased product return rate for our sale through Amazon in the first half of 2022, primarily as (i) the high inflation and the increasing interest rates in the United States in the first half of 2022 had deteriorated the spending power and changed the purchasing habits of our customers in the United States, resulting in more conservative consumption and more frequent product return, as confirmed by Frost & Sullivan, as a result of which, customers may purchase several products and only keep their most favorable product while returning the rest after fitting; and (ii) Amazon adopted a flexible product return policy allowing unconditional product returns within 30 days upon delivery.
- (7) Due to the system restriction, we do not have full user data for customers chose FBA model. As a result, we do not have full statistics to calculate repeat customer rate of our seller stores on Amazon.

The following table sets forth the key operating data of our online seller stores on Wish for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2019	2020	2021	2022
Key operating data				
Number of orders (in thousands)	12,029	15,186	4,096 ⁽²⁾	223 ⁽²⁾
Sales income (RMB in millions)	863.3	916.0 ⁽¹⁾	305.2 ⁽²⁾	20.4 ⁽²⁾
Average price per order (RMB)	71.8	60.3	74.5	91.1
Range of order size (RMB)	14-262	13-267	14-319	20-343
Return rate (%)	8.4	8.9	5.8	4.8
Repeat customer rate ⁽³⁾ (%)	33.8	40.1 ⁽⁴⁾	23.2 ⁽⁵⁾	7.5 ⁽⁵⁾

Notes:

- (1) The increase of the sales income generated from Wish in 2020 was generally in line with the fluctuation of our revenue generated from sale through Wish. Our revenue generated from Wish increased in 2020, primarily due to our increased sales through Wish to North America in 2020, as (i) Wish adopted more flexible shipment policies; and (ii) we continued to focus more on the development of our sale to North American market through third-party e-commerce platforms, including Wish.
- (2) The number of orders and sales income of our online seller stores on Wish experienced significant decline in 2021 and the first half of 2022, as we strategically shifted our business focus to sale through Amazon. In addition, as confirmed by Frost & Sullivan, there was a decline in the growth rate of GMV generated by China-based sellers on Wish since 2019, which resulted in significant decreases in both the number of orders and sales income of our online seller stores on Wish in 2021 and the first half of 2022. According to Frost & Sullivan, the annual growth rate of Wish was approximately -5.1%, 12.7% and -30.5% for the years ended December 31, 2019, 2020 and 2021, respectively.
- (3) Repeat customer rate is calculated by dividing the number of customers who purchased from our seller stores more than once and the products had been shipped during the relevant year/period, by the total number of customers who purchased from our online seller stores and the products had been shipped during the relevant year/period.

SUMMARY

- (4) The increased repeat customer rate of Wish in 2020 was primarily due to higher online consumption facilitated more orders due to the outbreak of COVID-19 in 2020, especially in the first half of 2020.
- (5) The decreased repeat customer rate of Wish in 2021 and the first half of 2022 was primarily due to the reduction in the investment in the marketing and advertising activities for our sale through Wish since the second half of 2020, with the intention to concentrate our resources on Amazon.

The following table sets forth the key operating data of our online seller stores on other third-party e-commerce platforms for the periods indicated:

	Year ended December 31,			Six months ended
	2019	2020	2021	June 30, 2022
Key operating data				
Number of orders (in thousands)	1,094	755 ⁽¹⁾	1,088 ⁽²⁾	287 ⁽³⁾
Sales income (RMB in millions)	107.4	55.9 ⁽¹⁾	79.9 ⁽²⁾	24.0 ⁽³⁾
Average price per order (RMB)	98.1	74.0	73.4	83.5
Range of order size (RMB)	31-461	19-631	23-616	17-348
Return rate (%)	10.0	6.9	6.1	8.8
Repeat customer rate (%)	16.2	15.1	13.4	11.4 ⁽⁴⁾

Notes:

- (1) The number of orders and sales income on other third-party e-commerce platforms experienced decrease in 2020, as certain new stores on other third-party e-commerce platforms recorded unsatisfactory sales performance and we subsequently consolidated our seller stores to focus on the operations on certain third-party e-commerce platforms, such as Joom and Walmart.
- (2) The number of orders and sales income of our online seller stores on other third-party e-commerce platforms increased in 2021, primarily due to our increased sale through AliExpress. We newly established a number of seller stores on AliExpress in the second half of 2020 and the first half of 2021. The increase was also attributable to more selling and marketing efforts on such platform.
- (3) The number of orders and sales income of our online seller stores on other third-party e-commerce platforms decreased in the first half of 2022, primarily due to (i) less revenue generated from eBay in the first half of 2022, as in accordance with our Group’s business strategies to focus on the sale of apparel and footwear products and gradually reduce our sale of other products since 2022, we reduced our sale of other products on eBay, such as furniture and sports goods, which were our primary products sold on such platform, and (ii) less revenue generated from Joom during the same period, mainly as we ceased our sale to certain countries or regions such as Russia and Ukraine that may subject us to sanction risks thus generated less revenue from there.
- (4) The declining repeat customer rate of our online seller stores on other third-party e-commerce platforms during the Track Record Period was primarily due to our reduction in the investment in marketing and advertising activities on other third-party e-commerce platforms especially those failed to record satisfactory business performance, with the intention to concentrate our resources on Amazon.

SUMMARY

The following table sets forth the key operating data of our self-operated online stores for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2019	2020	2021	2022
Key operating data				
Number of orders ⁽¹⁾ <i>(in thousands)</i>	424	1,185 ⁽²⁾	757 ⁽⁵⁾	215 ⁽⁵⁾
Sales income ⁽¹⁾ <i>(RMB in millions)</i>	117.2	406.9	274.9 ⁽⁵⁾	83.9 ⁽⁵⁾
Average price per order <i>(RMB)</i>	276.1	343.5 ⁽³⁾	363.0	390.1
Range of order size <i>(RMB)</i> ⁽⁴⁾	118-833	102-1,110	180-1,158	142-455 ⁽⁷⁾
Return rate (%)	4.8	5.5	5.3	5.4
Repeat customer rate (%)	4.7	7.4 ⁽⁶⁾	7.0	7.5

Notes:

- (1) The number of orders refers to the number of orders placed by customers and shipped by us, and the sales income refers to the total transaction amount of the orders placed by customers and shipped by us. The calculation of number of orders and sales income included returned products, and excluded canceled orders and transactions with our corporate customers through our self-operated online stores.
- (2) The number of orders increased significantly in 2020, as we expanded our operations of self-operated online stores and newly commenced operations of a large number of self-operated online stores during the same year.
- (3) The increase in the average price per order in 2020 was primarily due to the rising logistics cost caused by COVID-19, as well as more footwear products sold with relatively high unit prices.
- (4) The range of order size is broad as the order size may vary significantly depending on the quantity and price of products purchased in one single order. For illustration purpose, the above range of transaction size refers to the range of transactions size of our top 20 self-operated online stores with the largest transaction volume. When calculating the price range, we excluded outliers from our statistical data, representing approximately 2% of the orders of which the prices were either extremely high or extremely low, which we believe may distort statistical analysis and be less indicative. The extremely low prices were primarily the prices for promotional products, while the extremely high prices were primarily the prices for products that are sold occasionally in small quantity.
- (5) The number of orders and sales income of our self-operated online stores decreased in 2021 and the first half of 2022, primarily as (i) we adjusted our operating strategies in the first half of 2021 to focus on the cultivation of selected self-operated online stores with better sales performance and profitability potential, which needs ramp-up time before the realization of normal growth, and (ii) we reduced our investment in the sales and marketing for our self-operated online stores during the same period.
- (6) The increased repeat customer rate of our self-operated online stores in 2020 was primarily due to our efforts to cultivate selected self-operated online stores with better sales performance and profitability potential. The increased repeat customer rate was also in line with the increased sales through self-operated online stores in 2020.
- (7) We recorded a relatively small range of order size for sale through our self-operated online stores in the first half of 2022, primarily due to decreased sale to corporate customers through self-operated online stores, resulting in relatively less procurement in a single order by individual customers as compared with those by corporate customers.

SUMMARY

The following table sets forth a breakdown of our sales income, sales volume, average selling price and price range by subcategory of our apparel products for the periods indicated:

	Year ended December 31,						Six months ended June 30,													
	2019			2020			2021			2022										
	Sales income ⁽¹⁾ RMB'000	Sales volume '000 pc	Average selling price ⁽²⁾ RMB	Price range ⁽³⁾ RMB	Sales income ⁽¹⁾ RMB'000	Sales volume '000 pc	Average selling price ⁽²⁾ RMB	Price range ⁽³⁾ RMB	Sales income ⁽¹⁾ RMB'000	Sales volume '000 pc	Average selling price ⁽²⁾ RMB	Price range ⁽³⁾ RMB								
Women's apparel and related products ⁽⁴⁾	1,139,022	13,669	83	7-289	1,309,778	16,343	80	7-278	1,868,530	14,424	130	6-281	840,292	7,631	110	7-296	1,166,951	7,272	160	11-360
Men's apparel products	192,904	1,594	121	13-331	226,815	1,683	135	14-343	306,457	1,948	157	10-353	136,253	977	139	18-367	155,659	975	160	24-387
Children's apparel products	39,232	601	65	7-211	32,279	449	72	7-207	79,731	645	124	8-214	17,714	192	92	13-222	51,312	392	131	21-229
Other apparel products	3,894	42	93	10-267	3,934	60	66	7-278	2,922	49	60	7-296	2,524	46	55	13-549	148	2	74	10-225
Total apparel products	1,375,052	15,906	86	7-331	1,572,806	18,535	85	7-343	2,257,640	17,066	132	6-353	996,783	8,846	113	7-549	1,374,070	8,641	159	10-387

Notes:

- The sales income included transaction amount of apparel products returned to us. As excluded from our revenue, the total transaction amount of apparel products returned to us, according to our internal record, amounted to RMB165.3 million, RMB190.9 million, RMB383.6 million, RMB144.6 million and RMB339.6 million in 2019, 2020 and 2021 and the first half of 2021 and 2022, respectively, representing approximately 12.0%, 12.1%, 17.0%, 14.5% and 24.7%, respectively, of the total transaction amount of our apparel products delivered for the same periods. The products returned to us are recorded under the general apparel product category instead of the breakdown for each subcategory. The increase in transaction amount of apparel products returned to us in 2021 was primarily due to the increase of our sale through Amazon under the FBA model, which provided customers with more flexible return policy as compared with those delivered through international direct mail method. As a result, we recorded increased product return rate in that year.
- The significant increase in transaction amount of apparel products returned to us in the first half of 2022 was primarily as (i) the high inflation and the increasing interest rates in the United States in the first half of 2022 had negatively affected the spending power and changed the purchasing habits of our customers in the United States, resulting in more conservative consumption and more frequent product return, as confirmed by Frost & Sullivan, as a result of which, customers may purchase several products and only keep their most favorable product while returning the rest after fitting; and (ii) Amazon adopted a flexible product return policy allowing unconditional product returns within 30 days upon delivery. Accordingly, we recorded increased product return rate during the same period.
- The calculation of sales volume and average selling price included apparel products returned to us. The increase of the average selling prices of the women's apparel and related products, men's apparel products and children's apparel products in 2021 was caused by the increase of our sale through Amazon, which primarily targets mid- to high-end customers with strong spending power and our selling prices on which are relatively high.
- For illustration purpose, during the calculation of price range, we excluded outliers from our statistical data of all apparel products within their respective product subcategory, representing approximately 2% of the orders of which the prices were either extremely high or extremely low, which we believe may distort statistical analysis and be less indicative. The extremely low prices were primarily the prices for promotional products, while the extremely high prices were primarily the prices for products that are sold occasionally in small quantity.

(4) Women's apparel and related products include apparel products for women and related products, such as accessories.

SUMMARY

OUR SUPPLIERS AND CUSTOMERS

Our Suppliers

Our suppliers primarily consist of third-party OEM suppliers and logistics service providers, most of which are located in the PRC. We procure all of our products from selected domestic OEM suppliers. For the years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022, purchases from our five largest suppliers in each year during the Track Record Period collectively accounted for approximately 51.9%, 46.7%, 48.8% and 61.9% of our total purchases during the same periods, respectively, and purchases from our largest supplier in each year during the Track Record Period accounted for approximately 23.5%, 19.7%, 38.6% and 57.4% of our total purchases during the same periods, respectively. Our five largest suppliers during the Track Record Period comprise third-party e-commerce platforms, logistics service providers and marketing service providers.

Jiahe Group (Hong Kong) Limited (“**Jiahe Group**”), our fourth largest supplier for the year ended December 31, 2020, is a company used to be controlled by a family relative of Ms. Yu, before its disposal to one of our former employees, who is an Independent Third Party in May 2021. Except for Jiahe Group (prior to its disposal to the Independent Third Party), all of our five largest suppliers during the Track Record Period are Independent Third Parties. For transactions with Jiahe Group, see “Financial Information – Related Party Transactions.” We ceased to procure advertising agency services from Jiahe Group in May 2021 when our contract with Jiahe Group expired upon mutual consent and engaged Independent Third Parties to provide similar services. We will not continue to procure advertising agency services from Jiahe Group. To the best knowledge of our Directors, none of our Directors, their respective close associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period, except for Jiahe Group before May 2021. Supplier A, a third-party e-commerce platform, was one of our five largest suppliers and also our customer during the Track Record Period. Other than Jiahe Group and Supplier A, none of our five largest suppliers during the Track Record Period were also our customers. See “Business – Supply Chain Management.”

Our Customers

Our customers are primarily retail customers who purchased our products either through major third-party e-commerce platforms, or our self-operated online stores directly. To a much lesser extent, our customers also include corporate customers such as third-party e-commerce platforms and other third-party merchants. Although we primarily target female customers aging from 18 and 45 years who seek quality womenswear with reasonable and affordable prices, given the dispersed base of our customers, we do not have a concentration risk. The revenue contributed by our five largest customers in each period during the Track Record Period accounted for less than 1.6% of our total revenue of the relevant period. Our five largest customers during the Track Record Period primarily comprised third-party e-commerce platforms, other third-party merchants and individual customers. Among our five largest customers, Jiahe Group, our second largest customer for the year ended December 31, 2021, was our fourth largest supplier for the year ended December 31, 2020. In addition, Supplier A, a third-party e-commerce platform, was one of our five largest suppliers and also our customer during the Track Record Period. Besides, our fourth largest customer for the year ended December 31, 2020, an e-commerce platform which also provides logistics services, who primarily procured sporting goods and toys from us, was also our logistics service supplier during the Track Record Period. Other than the above-mentioned three customers, none of our five largest customers was our suppliers during the Track Record Period. As advised by Frost & Sullivan, it is the industry norm for e-commerce platforms to purchase products from e-commerce companies like us and provide platform services such as logistics or advertising services.

Our second largest customer for the year ended December 31, 2021 was Jiahe Group. For transactions with Jiahe Group, see “Financial Information – Related Party Transactions.” Our largest customer for the years ended December 31, 2019, 2020 and 2021, Super Summer, used to be our subsidiary before we disposed it to an Independent Third Party in July 2019. For more details, please see “History, Reorganization and Corporate Structure – Reorganization – Offshore Reorganization – (v) Acquisition and Subsequent Disposal of Super Summer.” Other than Jiahe Group and Super Summer, all of our five largest customers during the Track Record

SUMMARY

Period are Independent Third Parties. To the best knowledge of our Directors, none of our Directors, their respective close associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during the Track Record Period, except for Jiahe Group before May 2021 and Super Summer before July 2019. See “Business – Our Customers.”

PRICING

In line with the industry norm, we adopted market-oriented pricing approach. We principally offer customers products at competitive prices. We price our products based on, to the extent applicable, a series of factors including: (i) historical purchase volume and sales statistics; (ii) customer review; (iii) selling prices of comparable products and competitive landscape of our products; (iv) market trends; (v) pricing policy of certain third-party e-commerce platforms; (vi) product positioning and target customer base; and (vii) foreign exchange rate fluctuations.

RISK FACTORS

Our business faces risks including those set out in the section headed “Risk Factors.” As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the “Risk Factors” section in its entirety before you decide to invest in our [REDACTED]. Some of the major risks that we face include:

- (i) disruption of our relationships and unfavorable changes in terms of our arrangements with third-party e-commerce platforms, in particular, Amazon and Wish, could have a material adverse effect on our business and results of operations;
- (ii) we may not be able to identify and respond to changes in fashion trends, consumer preferences and market demand in a timely manner;
- (iii) any material shortage or delay in supply by our OEM suppliers or instability of their product quality, and any difficulty in maintaining our current relationships with our OEM suppliers or find replacements for our OEM suppliers in a timely manner, could materially and adversely affect our business;
- (iv) failure to maintain optimal inventory level could increase our operating costs or lead to unfulfilled customer demands, either of which could have a material adverse effect on our business, financial condition, results of operations and prospects; and
- (v) our business operations may be affected by risks related to logistics services provided by third parties.

OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the Capitalization Issue and the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Hua and Ms. Yu, through their respective holding companies (namely Hone Ru, Wiloru Holdings, Gfxtmyun, Hyufeng and TMY ONE), will together be interested in and entitled to exercise the voting rights attaching to approximately [REDACTED]% of our enlarged total issued share capital, and Mr. Hua, Ms. Yu, Hone Ru, Wiloru Holdings, Gfxtmyun, Hyufeng and TMY ONE will be considered as a group of Controlling Shareholders for the purpose of the Listing Rules upon [REDACTED]. For details, please see the section headed “Relationship with Controlling Shareholders.”

[REDACTED] INVESTORS

Several [REDACTED] Investors, including Ningbo Zhongyao, Calor Capital and Aloe Tower, were introduced to become the shareholders of our Group, and their investment demonstrates their confidence in the operation of our Group and serves as an endorsement of our Company’s performance, strength and prospects. For details, please see the section headed “History, Reorganization and Corporate Structure – [REDACTED] Investments.”

SUMMARY

SUMMARY OF HISTORICAL AND FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountant’s Report set out in Appendix I to this document.

Consolidated Statement of Comprehensive Income

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>			<i>(unaudited)</i>	
Revenue	1,428,854	1,898,109	2,346,543	1,100,686	1,277,527
Cost of sales	(430,919)	(520,301)	(581,008)	(266,225)	(308,411)
Gross profit	997,935	1,377,808	1,765,535	834,461	969,116
Selling expenses and distribution costs	(833,610)	(1,162,217)	(1,413,705)	(636,422)	(838,255)
General and administrative expenses	(69,636)	(70,979)	(108,969)	(55,616)	(62,923)
Net impairment losses on financial assets	(616)	(697)	15	(293)	(3,077)
Other income	4,340	8,981	15,982	3,755	5,596
Other gains/(losses), net	3,477	(11,753)	(9,092)	(4,752)	8,656
Operating profit	101,890	141,143	249,766	141,133	79,113
Finance income	365	–	–	–	1,215
Finance costs	(8,655)	(6,720)	(9,876)	(3,871)	(6,706)
Finance costs – net	(8,290)	(6,720)	(9,876)	(3,871)	(5,491)
Fair value changes of redeemable convertible preferred shares	–	–	(2,259)	(287)	(2,274)
Profit before income tax	93,600	134,423	237,631	136,975	71,348
Income tax expense	(12,491)	(20,462)	(37,122)	(22,742)	(10,034)
Profit and total comprehensive income for the year/period, all attributable to owners of the Company	81,109	113,961	200,509	114,233	61,314
Earnings per share for profit attributable to owners of the Company (express in RMB per share)					
– Basic and diluted	0.20	0.28	0.50	0.29	0.15

SUMMARY

During the Track Record Period, our revenue experienced continuous growth, primarily due to our expanding operations on Amazon during the Track Record Period and our development of self-operated online stores in 2020. Our profit for the year increased from RMB81.1 million in 2019 to RMB114.0 million in 2020, and further increased significantly to RMB200.5 million in 2021, primarily due to our increased sales through Amazon and the associated high gross profit. Our profit for the period decreased from RMB114.2 million for the six months ended June 30, 2021 to RMB61.3 million for the six months ended June 30, 2022, primarily due to (i) the high inflation and the increasing interest rates in the United States in the first half of 2022, which imposed negative impact on the spending power and the purchasing habits of our customers, resulting in more conservative consumption and increased return rate of sale through Amazon as confirmed by Frost & Sullivan, which caused the slowdown of our revenue growth rate; (ii) the increase in marketing and advertising expenses, primarily due to the increased advertising prices driven by more sellers intending to place advertisements on Amazon under advertising bidding scheme, in line with the industry trend as confirmed by Frost & Sullivan; (iii) the increase in freight and insurance cost in our selling expenses and distribution costs, primarily due to the increase in prices for outbound shipping under the FBA model since early 2022, in line with the industry trend as confirmed by Frost & Sullivan; and (iv) the increase in employee benefit expenses in both selling expenses and distribution costs and general and administrative expenses, mainly caused by the increased number of employees, mainly consisted of staff we recruited for our sales and operation, product designing and development and IT teams, to expand our talent reserves for future business expansion. See “Financial Information – Description of Key Items of Consolidated Statement of Comprehensive Income” and “Financial Information – Year to Year/Period to Period Comparison of Results of Operations.”

Gross Profit and Gross Profit Margin

	Year ended December 31,						Six months ended June 30,			
	2019		2020		2021		2021		2022	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Sale of apparel products	785,164	68.5	944,551	70.6	1,373,770	74.9	625,171	75.8	766,477	75.4
Sale of footwear products	194,590	75.9	314,215	78.3	362,257	79.9	184,501	80.4	201,018	77.9
Sale of other products	18,181	71.2	119,042	75.1	29,508	49.8	24,789	52.9	1,621	58.3
Total	997,935	69.8	1,377,808	72.6	1,765,535	75.2	834,461	75.8	969,116	75.9

Our gross profit represents revenue less cost of sales. Our cost of sales primarily consists of (i) cost of inventories sold, comprising our cost of procurement from our OEM suppliers; (ii) freight and insurance cost, mainly representing inbound shipping charges and related insurance fees; and (iii) impairment provision of inventories, mainly representing the impairment provision we made for inventories. During the Track Record Period, we provided a significant amount of impairment loss on inventories, primarily as we assessed the net realizable value of inventories and the amount of impairment based on multiple factors, including product lifecycle, sales performance and aging of inventories. Our gross profit increased continuously during the Track Record Period, generally in line with our increased revenue during the same periods. Our gross profit margin increased from 69.8% in 2019 to 72.6% in 2020, and further to 75.2% in 2021, primarily as (i) we strategically focused more on developing our sales through Amazon, which primarily targets mid- to high-end customers with strong spending power; and (ii) we developed and streamlined our self-operated online store business, through which we enjoyed a relatively high gross profit as our sale through self-operated online stores mainly target at mid-end customers, the price of products sold to whom are generally at a relatively high level. Our gross profit margin remained relatively stable at 75.9% in the first half of 2022 compared with 75.8% in the first half of 2021.

SUMMARY

Summary of Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>			
Property, plant and equipment	6,549	6,172	9,109	12,094
Right-of-use assets	26,194	20,879	40,225	48,746
Deferred income tax assets	13,286	13,505	11,451	13,014
Total non-current assets	48,220	43,176	64,865	80,075
Inventories	178,144	255,840	664,323	761,082
Trade receivables	189,673	166,500	119,226	180,733
Prepayments and other receivables	31,238	86,816	89,146	39,711
Cash and cash equivalents	27,097	83,000	80,855	82,913
Total current assets	426,675	599,336	954,810	1,065,738
Total assets	474,895	642,512	1,019,675	1,145,813
Lease liabilities	13,374	8,381	25,335	28,452
Total non-current liabilities	13,374	8,381	25,635	28,752
Trade and other payables	266,568	235,669	232,005	283,940
Contract liabilities	24,741	132,576	29,650	11,225
Borrowings	79,518	71,000	209,939	224,309
Redeemable convertible preferred shares	–	–	106,091	108,365
Total current liabilities	396,765	461,664	621,064	682,771
Total liabilities	410,139	470,045	646,699	711,523
Net current assets	29,910	137,672	333,746	382,967
Net assets	64,756	172,467	372,976	434,290

Summary of Consolidated Statements of Cash Flows

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>			<i>(unaudited)</i>	
Operating profit before changes in working capital	136,013	185,347	288,685	156,473	115,067
Changes in working capital	(41,765)	(47,193)	(479,553)	(249,524)	(97,756)
Interest received	99	86	67	38	33
Income taxes paid	(12,385)	(24,122)	(16,248)	(10,290)	(5,306)
Net cash generated from/(used in) operating activities	81,962	114,118	(207,049)	(103,303)	12,038
Net cash (used in)/ generated from investing activities	(3,642)	(8,000)	(764)	1,567	(8,325)
Net cash (used in)/generated from financing activities	(100,221)	(48,069)	206,997	133,639	(3,710)
Net (decrease)/ increase in cash and cash equivalents	(21,901)	58,049	(816)	31,903	3

SUMMARY

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
			<i>RMB'000</i>		
				<i>(unaudited)</i>	
Cash and cash equivalents at the beginning of the year/period	48,603	27,097	83,000	83,000	80,855
Effects of exchange rate changes on cash and cash equivalents	395	(2,146)	(1,329)	(663)	2,055
Cash and cash equivalents at the end of the year/period	27,097	83,000	80,855	114,240	82,913

We recorded net cash used in operating activities of RMB207.0 million for the year ended December 31, 2021, primarily as we used more cash to procure inventories in order to (i) satisfy the continuous expansion of our business scale and active prospect of our sales; (ii) satisfy the foreseeable increase of our sale through Amazon under the FBA model, the shipment time of which is relatively long thus requires sufficient stock of products; and (iii) be prepared for the customer demand considering the relatively long life cycle of our products sold through Amazon. See “Financial Information – Liquidity and Capital Resources – Cash Flows” and “Risk Factors – Risks Relating to Our Business and Industry – We recorded negative cash flows from operating activities during the Track Record Period, which may have an adverse effect on our business, financial condition, results of operations and prospects.” Subsequent to December 31, 2021, our operating cash flow position has been improved in line with our sale of products in stock. We recorded net cash inflow from operating activities for the six months ended June 30, 2022.

Key Financial Ratios

	Year ended December 31,			Six months ended June 30,
	2019	2020	2021	2022
Profitability ratios				
Gross profit margin	69.8%	72.6%	75.2%	75.9%
Net profit margin	5.7%	6.0%	8.5%	4.8%
Return on equity	125.3%	66.1%	53.8%	N/A
Return on assets	17.1%	17.7%	19.7%	N/A
	As of December 31,			As of June 30,
	2019	2020	2021	2022
Liquidity ratios				
Current ratio	1.1x	1.3x	1.5x	1.6x
Quick ratio	0.6x	0.7x	0.5x	0.4x
Capital adequacy ratios				
Gearing ratio	199.6%	53.2%	95.5%	87.7%
Debt to equity ratio	157.6%	5.1%	73.8%	68.6%
Liabilities to assets ratio	86.4%	73.2%	63.4%	62.1%

For details of our key financial ratios, see “Financial Information – Key Financial Ratios.”

SUMMARY

COMPETITION

According to Frost & Sullivan, there were over 16,000 sellers in China’s cross-border e-commerce export market in 2021, amongst whom over 5,000 sellers focuses on B2C business. The market size of China’s cross-border e-commerce export B2C market in 2021 was approximately RMB2,738.4 billion in terms of GMV. The total market share of the top five participants in China’s cross-border e-commerce export B2C market was approximately 6.5% in 2021. Amongst all sellers in China’s cross-border e-commerce export B2C market, platform-based sellers were the majority, holding a market share of approximately 74.5% in such market in terms of GMV in 2021. As the largest component of China’s cross-border e-commerce export B2C market, China’s cross-border e-commerce export B2C apparel and footwear market took a market share of approximately 27.4% in terms of GMV in 2021. The total market share of the top five participants in China’s cross-border e-commerce export B2C apparel and footwear market was approximately 1.8% in terms of GMV generated through third-party e-commerce platforms in 2021. In the same year, the total market share of the top five participants in China’s cross-border e-commerce export B2C apparel and footwear market in terms of GMV generated through third-party e-commerce platforms in North America market was approximately 2.1%, indicating a highly fragmented market.

According to Frost & Sullivan, we ranked third amongst all China’s platform-based sellers in cross-border e-commerce export B2C apparel and footwear market in terms of GMV in 2021, holding a market share of 0.4% in the RMB596.5 billion market. In addition, we ranked first in terms of GMV generated through North America amongst all platform-based sellers in China’s cross-border e-commerce export B2C apparel and footwear market in 2021, holding a market share of 0.7% in the RMB303.0 billion market.

According to Frost & Sullivan, we operate in the highly competitive cross-border e-commerce export B2C apparel and footwear industry. We primarily compete on a few major factors: (i) brand awareness and customer loyalty; (ii) the diversification of product portfolio; (iii) marketing and promotion; (iv) sales network coverage; (v) operation capabilities; (vi) pricing; and (vii) delivery efficiency. However, we believe we are well positioned to capitalize on the future industry growth, leveraging our leading market position on third-party e-commerce platforms and extensive market knowledge. See “Industry Overview” for a more detailed discussion regarding the industries and markets where we operate.

COMPLIANCE AND LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable laws and regulations in all material aspects in material jurisdictions in relation to our operations. We were not imposed any material administrative penalties and experienced any material or systemic non-compliance incidents. As of the Latest Practicable Date, we were not a party to any ongoing material litigation, arbitration or administrative proceedings, and were not aware of any claims or proceedings contemplated by government authorities or third parties which would materially and adversely affect our business. As of the same date, our Directors were not involved in any actual or threatened material claims or litigation.

SUMMARY

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
[REDACTED] of our [REDACTED] ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) All statistics in the table are based on the assumption that none of the [REDACTED] is exercised.
- (2) The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED].

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2022	Estimated impact to the consolidated net tangible assets upon the conversion of the redeemable convertible preferred shares	Estimated [REDACTED] from the [REDACTED]	Unaudited pro forma adjusted net tangible assets attributable to owners of our Company as of June 30, 2022	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB	HK\$
Based on an [REDACTED] of HK\$[REDACTED] per Share	430,818	108,365	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per Share	430,818	108,365	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note:

- (1) Please see “Appendix II – Unaudited Pro Forma Financial Information” for further details regarding the assumptions used and the calculation method.

[REDACTED]

Our [REDACTED] mainly include [REDACTED], legal and professional fees paid to the professional parties and other expenses for their services rendered in relation to the [REDACTED] and the [REDACTED]. The estimated total [REDACTED] (based on the mid-point of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED] (including (i) [REDACTED], SFC transaction levy, Stock Exchange trading fees and FRC transaction levy for all [REDACTED] of approximately HK\$[REDACTED], and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED], which consist of (a) fees and expenses of legal advisors and accountants of approximately HK\$[REDACTED], and (b) sponsor fee and other fees and expenses of approximately HK\$[REDACTED]), representing approximately [REDACTED]% of the gross [REDACTED] based on the same assumptions. During the Track Record Period, we incurred [REDACTED] in aggregate of HK\$[REDACTED], of which (i) HK\$[REDACTED] was charged to the consolidated statements of profit or loss as general and administrative expenses; and (ii) HK\$[REDACTED] was directly attributable to the issuance of shares and will be recognized as a deduction in equity directly upon the [REDACTED]. We expect approximately HK\$[REDACTED] to be recognized as general and administrative expenses and approximately HK\$[REDACTED] to be recognized as a deduction in equity directly upon the [REDACTED].

DIVIDENDS

No dividend had been paid or declared by us during the Track Record Period. We do not currently have a pre-determined dividend payout ratio.

SUMMARY

USE OF [REDACTED]

We estimate the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-end of the [REDACTED] stated in this document), will be approximately HK\$[REDACTED], after deduction of [REDACTED] and commissions and estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised.

We intend to use the [REDACTED] of the [REDACTED] for the following purposes:

Approximately HK\$ in millions	Percentage of [REDACTED]	Future Plan
[REDACTED] [REDACTED]	[REDACTED]% [REDACTED]%	to enhance our sales and branding capabilities to enhance our supply chain management system
[REDACTED]	[REDACTED]%	to establish large-scale independent self-operated online stores
[REDACTED]	[REDACTED]%	to enhance our product research and development capabilities
[REDACTED]	[REDACTED]%	to enhance our IT system

For details, see “Future Plans and Use of [REDACTED].”

IMPACT OF COVID-19

There has been an outbreak of an infectious disease caused by a novel coronavirus (the “COVID-19”). The disease quickly spread within the PRC and globally, and has materially and adversely affected the domestic and global economy. The outbreak of COVID-19 worldwide has the following impacts on our business, results of operations and financial conditions:

Industry and market: though the outbreak of COVID-19 had demonstrated its adverse impact on the global economy and the cross-border e-commerce export industry and caused interruptions to logistics services and the suspension of OEM suppliers, especially at the beginning of the outbreak, in the long term, the outbreak of COVID-19 has positively influenced the industry as the customers’ online consumption habits have been cultivated, logistics infrastructure and warehouse facilities have been better established to actively respond to the outbreak, and favorable government policies have also been promulgated to benefit the industry.

Supply chain: we encountered shortage or delay in the supply of, or fluctuation in the price of, certain products in a short period from February 2020 to March 2020, primarily due to the suspension of operations of our OEM suppliers in the PRC. From February 2020 to March 2020, approximately 13% of the products we ordered in terms of product volume, were in short supply, higher than the annual average of approximately 3% under normal circumstance. However, our operations have resumed quickly due to the improvement of health conditions in China and the efforts of our procurement department.

Logistics: for orders placed by our customers on third-party e-commerce platforms, we encountered delay in the shipment to such third-party e-commerce platforms from February 2020 to March 2020. In addition, certain of our overseas logistics services had been adversely affected as a result of the spread of COVID-19 in other countries from June 2020 to the first quarter of 2021. Normally, it takes 20 days or less from the receipt of customer orders to the shipment of products from the warehouse. With the spread of COVID-19, in 2020, 2021 and the first half of 2022, the value of our products shipped later than 20 days from the order time due to the above-mentioned reason amounted to approximately RMB189.7 million, RMB210.1 million and RMB39.5 million, representing 8.8%, 7.5% and 2.3% of our products shipped during the same periods, respectively. We are responsible for losses arising from any delay in shipment caused by the shortage of our products, while our logistics service providers are generally liable to compensate for our losses arising from failing to deliver on-time. In addition, the logistics service fees increased during the COVID-19 pandemic, primarily due to

SUMMARY

the limited shipping capacity. According to Frost & Sullivan, cross-border logistics services have returned to normal since the first quarter of 2021. Accordingly, most of the international delivery has resumed and our sales amount has been increasing.

Employees: we have promptly taken precautionary measures in areas affected by the COVID-19 outbreak and crowded places and maintained good indoor ventilation. To the best knowledge of our Directors, there had been no confirmed case of COVID-19 infection among our employees as of the Latest Practicable Date. As of June 30, 2022, we had incurred approximately RMB0.2 million in respect of the precautionary measures taken in order to prevent the transmission of COVID-19. See “Financial Information – Key Factors Affecting Our Results of Operations – The Outbreak of COVID-19.”

On the above basis, our Directors are of the view that the outbreak and spread of COVID-19 had no material adverse impact on our business operation and financial condition during the Track Record Period and up to the Latest Practicable Date. Nevertheless, in the event that the COVID-19 cannot be successfully countered globally in a timely manner, our supply chain or international logistics may continue to be affected. See “Risk Factors – Risks Relating to Our Business and Industry – Our business operations may be affected by the outbreak of COVID-19.”

RECENT DEVELOPMENT

Since early 2022, there has been an increasing global inflation, especially in the United States. The Federal Reserve of the United States raised the interest rates in the United States several times in the first half of 2022. According to Frost & Sullivan, such inflation and the corresponding economic uncertainty adversely affected the spending power and the purchasing habits of customers, resulting in more conservative consumption and more frequent product return in cross-border e-commerce export B2C market. Such high inflation and increasing interest rates have been continuing since July 2022, according to Frost & Sullivan. Under such circumstance, our Directors expect the high inflation and increasing interest rates in the United States may continue affecting the growth rate of our results of operations during the remaining time of 2022. Considering that (i) our revenue growth rate is adversely affected by more conservative consumption and increased return rate of sale through Amazon in relation to the continuous negative impact on the spending power and customers’ purchasing habits brought by the high inflation and the increasing interest rates in the United States; and (ii) we do not plan to reduce our investments in marketing and advertising activities aiming to maintain and strengthen our competitive position, thus we expect to continue to incur substantial marketing and advertising expenses in the second half of 2022, we expect to record decreased net profit for the year ending December 31, 2022, compared with that for the year ended December 31, 2021. See “Risks Factors – Risks relating to Our Business and Industry – Our business and financial position may be adversely affected if we are not able to continue servicing the United States market effectively or if there is any adverse change in the macroeconomic situation or economic downturn in the United States.”

Since July 2022, there have been further waves of recurrence of COVID-19 cases in certain parts of the PRC, including Shanghai and Sanya. The PRC government has also imposed temporary regional control measures in cities where confirmed cases are reported. However, neither our OEM suppliers nor we were subject to any regional control measures which would materially and adversely affect our business, results of operations and financial conditions, as our procurement from OEM suppliers had not experienced any material interruption and none of our OEM suppliers informed us of any material impact caused by regional control measures. As of the Latest Practicable Date, none of our OEM suppliers were located in Shanghai or Sanya, which were the cities mostly affected by the recent recurrence of COVID-19 and thus subject to strict regional control measures. To our best knowledge after making reasonable inquiries with our major OEM suppliers, our OEM suppliers proactively adopt measures to mitigate the impact of COVID-19 pandemic. For example, some OEM suppliers require their employees to live and stay in their workshop and avoid unnecessary cross-regional traveling to meet the timing requirement of products supply during the pandemic. Therefore, our procurement, sales and delivery maintained stable subsequent to the Track Record Period and up to the Latest Practicable Date. We closely monitor the indicators for any further waves of COVID-19 outbreaks and proactively take precautionary measures to minimize the risk of spreading and contracting COVID-19 in our office premises.

SUMMARY

RECENT REGULATORY DEVELOPMENTS

Regulatory Changes on Data Privacy and Protection

The regulatory environment in relation to data privacy and protection in China has been undergoing a number of recent changes and reforms.

On June 10, 2021, the Standing Committee of the National People’s Congress of the People’s Republic of China (全國人民代表大會常務委員會) (the “SCNPC”) passed the *Data Security Law of the PRC* (《中華人民共和國數據安全法》) (the “**Data Security Law**”), which became effective on September 1, 2021. On July 30, 2021, the State Council published the *Security Protection Regulations on the Critical Information Infrastructure* (《關鍵信息基礎設施安全保護條例》) (the “**CII Regulations**”), which was passed by the State Council on April 27, 2021 and took effect on September 1, 2021. On August 20, 2021, the SCNPC passed the *Personal Information Protection Law of the PRC* (《中華人民共和國個人信息保護法》) (the “**PIPL**”), which became effective on November 1, 2021.

On November 14, 2021, the Cyberspace Administration of China (國家互聯網信息辦公室) (the “CAC”) published *Regulations on the Administration of Cyber Data Security (Draft for Comments)* (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Data Security Regulations**”), the Draft Data Security Regulations has been published quite recently and some of the requirements in the Draft Data Security Regulations are subject to more specific explicit provisions or implementation standards, we are still in the process of evaluating the applicability of the various requirements under the Draft Data Security Regulations on our business.

On December 28, 2021, the CAC promulgated the *Measures for Cybersecurity Review* (《網絡安全審查辦法》) (the “**Cybersecurity Review Measures**,” together with the Draft Data Security Regulations, the “**CAC Measures and Draft**”) and became effective on February 15, 2022.

According to Article 2 of the Cybersecurity Review Measures, where any critical information infrastructure operator purchases network products and services, or any network platform operator (網絡平台運營者) conducts any data processing activity, which affects or may affect national security, a cybersecurity review shall be conducted in accordance with the Cybersecurity Review Measures. The Cybersecurity Review Measures shall be applied to both critical information infrastructure operators and network platform operators.

According to the Draft Data Security Regulations, “internet platform operators (互聯網平台運營者)” refer to data processors who provide users with internet platform services such as information release, social networking, transactions, payment and audiovisual.

According to the *Guidelines for the Classification and Grade of Network Platforms (Draft for Comment)* (《互聯網平台分類分級指南(徵求意見稿)》) promulgated by the State Administration for Market Regulation (國家市場監管總局), “internet platforms (互聯網平台)” provide the connection of people, goods, services, information, entertainment, capital, and computing power through network technology.

The data collected and processed by us are mainly the mailing address used by our overseas customers. It is probable that some of the customers overseas may be Chinese. The customer data are transmitted to our ERP system in the PRC for subsequent shipments.

With reference to the Draft Data Security Regulations and the *Guidelines for the Classification and Grade of Network Platforms (Draft for Comment)*, since we use the network to carry out data processing activities within the territory of the PRC in our business operations, we shall be defined as a network platform operator, and the Cybersecurity Review Measures shall be applied to us.

Pursuant to Article 2 of the Draft Data Security Regulations, the Draft Data Security Regulations apply to: (i) data processing activities carried out by using the network in the PRC; and (ii) supervision and management of network data security in the PRC. Since we use the network to carry out data processing activities in the PRC, the Draft Data Security Regulations shall be applied to us.

SUMMARY

Pursuant to Article 5 and 7 of the Cybersecurity Review Measures, enterprises shall apply for the cybersecurity review under the following circumstances: (i) a critical information infrastructure operator that intends to purchase network products and services that affect or may affect national security; (ii) a network platform operator that processes the personal information of more than one million users and intends for “foreign listing (國外上市).”

As for the definition of “critical information infrastructure operators,” pursuant to Article 2 of the CII Regulations, critical information infrastructure refers to the important network facilities and information systems in important industries and fields, as well as other important network facilities and information systems which, in case of destruction, loss of function or leak of data, may result in serious damage to national security, the national economy and the people’s livelihood and public interests.

Pursuant to Article 10 of the CII Regulations, the identity of the critical information infrastructure operator shall be determined by the PRC government authorities responsible for critical information infrastructure protection, and the identified critical information infrastructure operator shall be notified by the competent PRC government authority. We have not received any notice or determination from competent PRC government authorities identifying us as a critical information infrastructure operator.

As for the definition of “foreign listing,” the Cybersecurity Review Measures provide no further explanation or interpretation. According to mainstream opinions, “foreign listing” also does not include “listing in Hong Kong.”

As for the definition of “affects or may affect national security,” the Cybersecurity Review Measures provides no further explanation or interpretation for “affects or may affect national security,” and the PRC government authorities may have wide discretion in the interpretation of “affects or may affect national security.” According to *National Security Law of the PRC* (《中華人民共和國國家安全法》) issued on July 1, 2015, and became effective on the same date, national security refers to a status in which the regime, sovereignty, unity, territorial integrity, welfare of the people, sustainable economic and social development, and other major interests of the state are relatively not faced with any danger and not threatened internally or externally and the capability to maintain a sustained security status.

Our PRC Legal Advisors are of the view that, since we may process personal information generated from Chinese people living overseas, it cannot be ruled out that the competent PRC government authorities initiate cybersecurity reviews on us.

Although the possibility that our data processing activities may affect national security cannot be completely ruled out, the possibility that the competent PRC government authorities initiate cybersecurity reviews on us is low, primarily because: (i) the types of data processed by us are mainly used for the purpose of providing shipment services. Although we had provided data to our International Sanctions Legal Advisors, the outbound data transfer had been completed, and we are not conducting any on-going outbound data transfer. At present, there are no circumstances in which our aforesaid data processing practices have affected or may affect national security. Therefore, taking into account our business, the nature of the data and the processing purpose, our PRC Legal Advisors are of the view that it is unlikely that the activities of our [REDACTED] in Hong Kong will give rise to national security risks; and (ii) the Draft Data Security Regulations has not been formally adopted and is subject to further guidance, and we have not been involved in any investigations on cybersecurity review made by the CAC on such basis and nor have we received any inquiry, notice, warning, or sanctions in such respect.

Pursuant to Article 13 of the Draft Data Security Regulations, data processors shall, in accordance with relevant state provisions, apply for cybersecurity review when carrying out the following activities: (i) the merger, restructuring or separation of network platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or could affect national security; (ii) data processors that handle the personal information of more than one million people intend for “foreign listing;” (iii) data processors seeking to be listed in Hong Kong, which affect or may affect national security; or (iv) other data processing activities that affect or may affect national security.

SUMMARY

Our Directors and our PRC Legal Advisors are of the view that the Cybersecurity Review Measures and the Draft Data Security Regulations shall be applied to us, but are unlikely to have material adverse impacts on our business operations or the proposed [REDACTED] in Hong Kong at the present stage, since we have not been involved in any investigation on cybersecurity review made by the PRC government authorities or received any inquiry, notice, warning or sanctions from the PRC government authorities on such basis. During the Track Record Period and up to the Latest Practicable Date, there had been no incident of data or personal information leakage, violation of data protection and privacy laws and regulations or investigation or other legal proceeding against us that will adversely affect our business operations. Moreover, our PRC Legal Advisors are of the view that Hong Kong listing does not fall within the scope of “foreign listing” under the Cybersecurity Review Measures. Therefore, although we possess more than one million overseas customers’ shipment information, our PRC Legal Advisors are of the view that the requirement is not applicable to us given that we are seeking the [REDACTED] in Hong Kong instead of seeking to be listed abroad. Our PRC Legal Advisors do not foresee any material impediment for us to take measures for compliance with the Cybersecurity Review Measures and the Draft Data Security Regulations.

Additionally, since the Draft Data Security Regulations shall be subject to more specific rules, there still exists uncertainty of the requirements under the Draft Data Security Regulations on our business. Therefore, it is hard for the PRC Legal Advisors to preclude the possibility that new rules or regulations promulgated in the future will impose additional compliance requirements on us. We have adopted a series of data compliance management and technical measures in accordance with current PRC laws and regulations, in order to comply with PRC cybersecurity, data security and personal information protection regulations. Therefore, the Draft Data Security Regulations will not have an immediate and significant impact on our [REDACTED] at the present.

As advised by our PRC Legal Advisors, we shall pay close attention to law enforcement of the Cybersecurity Review Measures and legislative developments of the Draft Data Security Regulations as well as its specific provisions or implementation standards, maintain ongoing dialogue with competent PRC government authorities and consult competent PRC government authorities as necessary and in due course. We shall also rectify, adjust, and optimize our data practices in a timely manner to keep pace with regulatory development. We shall strictly follow the requirements under the applicable legal requirements at the time accordingly.

On July 7, 2022, the CAC promulgated the *Measures on Security Assessment of Outbound Data Transfer* (《數據出境安全評估辦法》) (the “**Measures on Security Assessment of Outbound Data Transfer**”), which became effective on September 1, 2022. These measures shall apply to the security assessment of the provision of important data and personal information collected and generated by data processors in the course of their operations within the territory of the PRC by such data processors to overseas recipients (the “**outbound data transfer**”). Where there are other provisions in laws and administrative regulations, such other provisions shall prevail. These Measures specify that an outbound data transfer by a data processor that falls under any of the following circumstances, the data processor shall apply to the CAC for the security assessment via the local provincial-level cyberspace administration authority: (i) outbound transfer of important data by a data processor; (ii) outbound transfer of personal information by a critical information infrastructure operator or a personal information processor who has processed the personal information of more than 1,000,000 people; (iii) outbound transfer of personal information by a personal information processor who has made outbound transfers of the personal information of 100,000 people cumulatively or the sensitive personal information of 10,000 people cumulatively since January 1 of the previous year; or (iv) other circumstances where an application for the security assessment of an outbound data transfer is required as prescribed by the CAC.

As of the Latest Practicable Date, the data collected and processed by us are mainly the mailing address used by our overseas customers. It is probable that some of the customers overseas may be Chinese. The customer data are transmitted to our ERP system in the PRC for subsequent shipments. There is no outbound data transfer involved during our daily business operations. Although we had provided data to our International Sanctions Legal Advisors, the outbound data transfer had been completed, and we are not conducting any on-going outbound data transfer. As advised by our PRC Legal Advisors, we have not received any notice or determination from competent PRC government authorities identifying us as a critical information infrastructure operator, and we have not met the threshold as stipulated under

SUMMARY

circumstances (iii) which shall be required to apply for security assessment on outbound data transfer. Nonetheless, the identification of important data as stipulated under circumstance (i) is still subject to the formation of specified catalogue of important data by relevant government authorities, and the implementation under circumstance (iv) is still subject to elaboration by relevant government authorities, there remains uncertainty as to how the new regulation will be implemented. Therefore, we shall closely monitor the implementation of these measures, and we shall apply for security assessment of outbound data transfer in case we transfer personal information abroad after September 1, 2022.

Based on the above-mentioned and as advised by our PRC Legal Advisors, our Directors are of the view that the Measures on Security Assessment of Outbound Data Transfer will not have a material adverse impact on our business operations and financial performance.

See “Regulatory Overview” for details of the recent regulatory developments. See “Risk Factors – Risks Relating to Our Business and Industry—Our business generates and possesses a large amount of overseas customers’ shipment information, and the improper collection, storage, use or disclosure of such information could materially and adversely affect our business and reputation” for the associated risks.

NO MATERIAL CHANGE AND DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2022, being the date of the latest audited consolidated financial position of our Group as set out in the Accountant’s Report in Appendix I to this document.

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules.