華潤飲料(控股)有限公司

China Resources Beverage (Holdings) Company Limited

(Registered by way of continuation in the Cayman Islands with limited liability)

Stock Code: 2460

GLOBAL OFFERING

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

UBS 瑞銀集團 | 中銀國際 BOCI | CITIC SECURITIES | BofA SECURITIES

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CICC 中金公司 | 招銀国际 CMB INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

HSBC | 华泰国际 HUATAI INTERNATIONAL | 農銀國際 ABC INTERNATIONAL | 建银国际 CCB International

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

華潤飲料(控股)有限公司
China Resources Beverage (Holdings) Company Limited

(Registered by way of continuation in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**347,826,200 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**38,261,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**309,565,200 Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$14.50 per Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**US$0.0000005 per Share**
Stock code	**:**	**2460**

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, October 21, 2024 (Hong Kong time) and, in any event, not later than 12:00 noon on Monday, October 21, 2024 (Hong Kong time). The Offer Price will be not more than HK$14.50 and is currently expected to be not less than HK$13.50 per Offer Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Monday, October 21, 2024 (Hong Kong time) between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Share may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$14.50 for each Hong Kong Offer Share together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and a Hong Kong Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price as finally determined is less than HK$14.50.

The Overall Coordinators (for themselves and on behalf of the Underwriters), and with our consent may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK$13.50 to HK$14.50) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (for themselves and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" of this prospectus.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may be offered and sold only (a) in the United States to "Qualified Institutional Buyers" in reliance on Rule 144A under the US Securities Act or another exemption from, or in a transaction not subject to, the registration requirements under the US Securities Act and (b) outside the United States in an offshore transaction in accordance with Regulation S under the US Securities Act.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the websites of our Company at www.crbeverage.com and the Hong Kong Stock Exchange at www.hkexnews.hk. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

October 15, 2024

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.crbeverage.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **HK eIPO White Form** service at **www.hkeipo.hk**; or

(2) apply through the **HKSCC EIPO** channel to electronically cause HKSCC Nominees to apply on your behalf, including by instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

See "How to Apply for Hong Kong Offer Shares" in this prospectus for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares. If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
200	2,929.24	6,000	87,877.40	100,000	1,464,623.26	5,000,000	73,231,162.50
400	5,858.50	7,000	102,523.62	200,000	2,929,246.50	6,000,000	87,877,395.00
600	8,787.73	8,000	117,169.85	300,000	4,393,869.76	7,000,000	102,523,627.50
800	11,716.99	9,000	131,816.09	400,000	5,858,493.00	8,000,000	117,169,860.00
1,000	14,646.23	10,000	146,462.33	500,000	7,323,116.26	9,000,000	131,816,092.50
1,200	17,575.48	20,000	292,924.66	600,000	8,787,739.50	10,000,000	146,462,325.00
1,400	20,504.73	30,000	439,386.98	700,000	10,252,362.76	12,000,000	175,754,790.00
1,600	23,433.97	40,000	585,849.30	800,000	11,716,986.00	14,000,000	205,047,255.00
1,800	26,363.21	50,000	732,311.63	900,000	13,181,609.26	16,000,000	234,339,720.00
2,000	29,292.46	60,000	878,773.96	1,000,000	14,646,232.50	19,130,400(1)	280,188,286.22
3,000	43,938.70	70,000	1,025,236.28	2,000,000	29,292,465.00		
4,000	58,584.94	80,000	1,171,698.60	3,000,000	43,938,697.50		
5,000	73,231.17	90,000	1,318,160.93	4,000,000	58,584,930.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the websites of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our Company at **www.crbeverage.com**.*

Hong Kong Public Offering commences . . . . 9:00 a.m. on Tuesday, October 15, 2024

Latest time for completing electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[2] . . . . 11:30 a.m. on Friday, October 18, 2024

Application lists open[3] . . . . 11:45 a.m. on Friday, October 18, 2024

Latest time for (a) completing payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4] . . . . 12:00 noon on Friday, October 18, 2024

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close[3] . . . . 12:00 noon on Friday, October 18, 2024

Expected Price Determination Date[5] . . . . on or before 12:00 noon, Monday, October 21, 2024

Announcement of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.crbeverage.com** . . . . .on or before 11:00 p.m. on Tuesday, October 22, 2024

Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Hong Kong Stock Exchange at **www.crbeverage.com** and **www.hkexnews.hk** respectively[9] . . . . .on or before 11:00 p.m. on Tuesday, October 22, 2024

- from "Allotment Results" page in the designated results of allocations website at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result** with a "search by ID" function from . . . . .11:00 p.m. on Tuesday, October 22, 2024 to 12:00 midnight on Monday, October 28, 2024

- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from. . . . . .Wednesday, October 23, 2024 to Monday, October 28, 2024 (excluding Saturday, Sunday and public holidays in Hong Kong)

Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[7][9][10] . . . . .Tuesday, October 22, 2024

HK eIPO White Form e-Auto Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price per Offer Share is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched on or before[8][9][11] . . . . Wednesday, October 23, 2024

Dealings in Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on . . . . Wednesday, October 23, 2024

Notes:

(1) All dates and times refer to Hong Kong dates and times, except as otherwise stated.

(2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning and/or Extreme Conditions, collectively ("**Bad Weather Signals**") in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, October 18, 2024, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares — E. Bad Weather Arrangements".

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via HKSCC EIPO channel or instructing your **broker** or **custodian** to apply on your behalf via HKSCC EIPO channel should refer to "How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels."

(5) The Price Determination Date is expected to be on or around Monday, October 21, 2024 and, in any event, not later than 12:00 noon on Monday, October 21, 2024. If, for any reason, we do not agree with the Overall Coordinators (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares on or before 12:00 noon on Monday, October 21, 2024, the Global Offering will not proceed and will lapse. We expect to announce the pricing of the Offer Shares on or around the Price Determination Date.

(6) None of the website set out in this section or any of the information contained thereon forms part of this prospectus.

(7) The Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, which is expected to be Wednesday, October 23, 2024, provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of Share certificates or the Share certificates becoming valid evidence of title do so entirely at their own risk.

(8) e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's identification document number before encashment of the refund check. Inaccurate completion of an applicant's identification document number may invalidate or delay encashment of the refund checks.

(9) Applicants who have applied through the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares may collect Share certificates in person from our Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, October 23, 2024 or such other date as notified by us as the date of dispatch/collection of Share certificates/e-Auto Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

(10) Applicants who have applied for Hong Kong Offer Shares through the HKSCC EIPO channel should refer to the section headed "How to Apply for Hong Kong Offer Shares — D. Dispatch/Collection of Share Certificates and Refund of Application Monies" for details.

(11) Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

(12) Share certificates and/or refund checks for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

(13) Further information is set out in the section "How to Apply for Hong Kong Offer Shares — D. Dispatch/Collection of Share Certificates and Refund of Application Monies".

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares", respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, we will make an announcement as soon as practicable thereafter.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers or the Underwriters, any of our or their respective directors or advisors, or any other person or party involved in the Global Offering. Information contained on our website, located at ***www.crbeverage.com****, does not form part of this prospectus.*

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This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the entire document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors" in this document. You should read that section carefully before you decide to invest in the Offer Shares.

WHO WE ARE

We are a renowned company in China's packaged drinking water industry and China's RTD soft beverage industry. According to the CIC Report, we were one of the first enterprises specializing in the production of packaged drinking water in China, having commenced production in 1990. After four decades of development, we have grown into the second largest company in the packaged drinking water market in China and the largest company in the purified drinking water market in China by retail sales value in 2023, with a market share of 18.4% and 32.7%, respectively. The retail sales value of our "C'estbon" purified drinking water products reached RMB39.5 billion in 2023, standing as the number one brand in China's purified drinking water market, according to the CIC Report. Anchored on our "C'estbon" ("怡寶") brand, and rooted in the success of our purified drinking water products, we persistently enhance our product portfolio of packaged drinking water products through diversification of water types and expansion of product specifications, catering to a wide range of consumption scenarios including outdoor, indoor, business, catering and sports. For example, we strategically developed our medium- to large-sized packaged drinking water, which, from 2021 to 2023, achieved a CAGR exceeding 10% in both revenue and sales volume, and its revenue share within our packaged drinking water products increased steadily year on year.

Leveraging our established brand image in the packaged drinking water market, along with our extensive nationwide sales network and production capacity layout, we have been actively engaging in R&D and innovation, and have strategically expanded our presence across multiple core product categories in China's RTD soft beverage industry, which have been validated by the market and exhibit considerable growth potential. In 2023, according to the CIC Report, we ranked fifth in terms of retail sales value among China's RTD soft beverage companies, with a market share of 4.7%; in addition, among the top five RTD soft beverage companies in China in terms of retail sales value in 2023, we ranked in the top two, in terms of CAGR from 2021 to 2023, for both retail sales value and net profit. We have successfully crafted multiple hit products under our renowned brands, propelling us to a major position across various core product categories within China's RTD soft beverage industry. According to the CIC Report, in terms of retail sales value in 2023, we ranked among top 10 in various core RTD beverage categories of China, including tea beverage, juice beverage and coffee beverage.

CR Group, one of our Controlling Shareholders, is a state-owned conglomerate headquartered in Hong Kong which ranked 72nd in the Fortune Global 500 in 2024. Its core businesses include consumer goods, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors. Under the CR Group, eight companies are listed on the Hong Kong Stock Exchange and nine companies are listed on the A-share market in Mainland China. Notably, CR Beer, CR Power, CR Land and CR Mixc are constituents of the Hang Seng Index in Hong Kong. As a dedicated RTD soft beverage enterprise within the CR Group, we play a significant role in the CR Group's consumer goods arm. Our corporate culture aligns with that of the CR Group and its associated business units. Benefiting from synergies in various areas including our sales channels, digitalization, raw material procurement, construction management and ESG initiatives, we are able to further improve our operational efficiency, enhance our market share and amplify our brand's influence. We actively uphold our social responsibility, consistently adhering to the quality value. We have been the partner of the Chinese national team, TEAM CHINA since 2019. Our "C'estbon" brand was honored as the "Official Drinking Water of TEAM CHINA" and supplied safe and healthy packaged drinking water and beverage products to over 70 Chinese national sports teams, providing professional and healthy replenishment. We continue to deliver healthy and quality products to consumers, promoting "C'estbon" to become a deeply trusted and widely recognized national brand.

OUR BUSINESS MODEL

We are committed to providing our consumers with RTD beverage products that promote a healthy and positive lifestyle. To this end, we closely track shifts in lifestyle trends and developments in consumer needs, and proactively conduct product R&D to continually enrich our offerings. Our marketing strategy, highlighted by sports marketing, has been a key component of the growth of our brands. Since 2013, we have sponsored marathon events and other sports events, reinforcing our brand image. With our "C'estbon" ranked as the number one brand in China's purified drinking water market, we established a robust portfolio of other beverage brands to further strengthen our market position, covering core categories such as packaged drinking water, tea beverage and juice beverage. Through years of endeavor, we have continually cultivated a strategic roadmap of "one flagship brand accompanied by a spectrum of popular brands" across multiple product categories. As of the Latest Practicable Date, we had a product portfolio of 13 brands, mainly including "C'estbon," "Zhi Ben Qing Run" ("至本清潤"), "Mi Shui Series" ("蜜水系列"), "Holiday Series" ("假日系列") and "Zuo Wei Cha Shi" ("佐味茶事"), comprising a total of 59 SKUs. The picture below shows our packaged drinking water and beverage products as of the Latest Practicable Date.

We primarily generate revenue by the sales of products through our nationwide sales and distribution network. During the Track Record Period, we cooperated with over 1,000 distributors covering over two million retail points of sale in China accumulatively. According to the CIC Report, in 2023, in terms of regional presence, our packaged drinking water products held the highest market share in the packaged drinking water market in six major Chinese provinces, namely Guangdong, Hunan, Sichuan, Hainan, Guangxi and Hubei. According to the CIC Report, the packaged drinking water market in these six provinces represented approximately 30% of the total market size of the packaged drinking water market in China during 2023, making these provinces the core market for packaged drinking water consumption. Our competitive position in these core markets is a testament to our competitive edge, and we are committed to further extending our reach into additional markets. We also ranked among the top three in the packaged drinking water market of another 17 provinces of China in 2023, and the size of the packaged drinking water market in these 17 provinces accounted for approximately 60% of the total market size of the packaged drinking water market in China, according to the CIC Report. Aligned with our nationwide sales network, we have also strategically positioned our comprehensive production capacity layout, implemented a rigorous quality control system and established digitalized supply chain management capability spanning the entire nation.

COMPETITIVE STRENGTHS AND BUSINESS STRATEGY

Our Strengths

We believe that our business success and market position are underpinned by the following key strengths:

- Renowned company in the packaged drinking water market in China and the RTD soft beverage market in China with strong growth and increasing profitability;
- Strategic deployment of sports marketing to convey our brand image and comprehensively reach a broader consumer base through diversified marketing approaches;
- Solidified strategic roadmap of “one flagship brand accompanied by a spectrum of popular brands” and vigorous efforts in R&D and innovation to capture strong market potentials;
- Established sales and distribution network with strong control and high efficiency;
- Comprehensive production capacity layout synergizing with nationwide sales network to continually reduce cost and enhance efficiency;
- Corporate responsibility and promotion of green and sustainable development; and
- Visionary management leadership and dedicated strategic support from shareholders.

Our Strategies

We plan to implement the following strategies:

- Enhance channel efficiency and expedite the expansion of comprehensive channel network;
- Expand and optimize production capabilities to improve supply chain effectiveness;
- Uphold sports marketing strategies to strengthen brand recognition and enhance consumer interaction;
- Accelerate product category expansion and increase investment in R&D;
- Integrate the industry value chain and explore potential acquisitions to capitalize on market opportunities and drive business growth;
- Promote digital transformation to build an interconnected management system and enhance operational efficiency; and
- Persistently strive to attract, cultivate and retain top talents to drive organizational advancement.

OUR BRANDS AND PRODUCTS

Committed to becoming the go-to brand to address the basic and diversified beverage needs of Chinese consumers, we have been developing and offering a variety of quality RTD soft beverages under our diverse brand portfolio. As of the Latest Practicable Date, we had a product portfolio of 13 brands, comprising a total of 59 SKUs. The following table sets forth certain key information of our main products by brand and product category as of the Latest Practicable Date:

Product Category	Brand	Description	Brand Launch Time	Individual Container Volume	Suggested Retail Price to End Customers	Number of SKUs
Packaged drinking water products	C'estbon (怡寶)	Bottled/barreled purified drinking water	1990s	350ml, 400ml, 555ml, 1.18L, 1.55L, 2.08L, 4.5L, 6L, 12.8L and 18.9L	RMB1.5 to RMB23	10
		Bottled purified drinking water and natural drinking water		520ml and 5L	N/A[1]	3
	L'eau (怡寶露)	Premium natural mineral water in glass bottles	2022	350ml and 750ml	RMB15.0 to RMB30.0	2

Product Category	Brand	Description	Brand Launch Time	Individual Container Volume	Suggested Retail Price to End Customers	Number of SKUs
	Bonjour Forêt (本優)	Bottled natural mineral water and natural drinking water	2023	350ml and 555ml	RMB1.5 to RMB2.0	3
	Jialinshan (加林山)	Barreled natural mineral water and purified drinking water	2010	18.9L	RMB18.0 to RMB22.0	2
	FEEL (FEEL氣泡蘇打水)[2]	Canned/bottled sparkling water	2022	330ml and 480ml	RMB3.0 to RMB4.0	4
Tea beverage products	Zhi Ben Qing Run (至本清潤)[3]	Herbal-based tea beverage	2021	310ml, 450ml, 1L and 1.5L	RMB3.0 to RMB8.5	8
	Zuo Wei Cha Shi (佐味茶事)	Sugar-free tea beverage	2019	430ml	RMB5.0	3
	Gogo-no-Kocha milk tea (午後奶茶)	Milk tea beverage	2011[4]	430ml and 500ml	RMB4.0 to RMB5.0	3
Juice beverage products	Mi Shui Series (蜜水系列)[5]	Flavored water	2018	350ml and 480ml	RMB4.0 to RMB5.0	7
	Holiday Series (假日系列)	Low-concentration juice	2019	440ml and 1.5L	RMB4.0 to RMB8.5	5
	Sekai-no-Kitchen (源自世界的廚房)	Low-concentration juice	2022	500ml	RMB5.0	1
Other products . .	Mulene (魔力)	Sports drinks	2011[4]	500ml	RMB5.0	3
	FIRE (火咖)	Coffee beverage	2011[4]	180ml, 260ml, 280ml and 440ml	RMB3.5 to RMB6.0	5

Notes:

(1) As of the Latest Practicable Date, certain bottled water SKUs under our C'estbon brand were not available for retail sales.

(2) We have two SKUs of carbonated beverage under the brand FEEL, representing the lime-flavored canned and bottled sparkling water, in 330ml and 480ml, respectively.

(3) We have one SKU of juice beverage under the brand Zhi Ben Qing Run, representing the Zhi Ben Qing Run sour plum drink in 450ml.

(4) Brand launch time of Gogo-no-Kocha milk tea, Mulene and FIRE refers to the time when we established our strategic collaboration with KIRIN brand and started to sell these products as part of our product portfolio.

(5) We have one SKU of carbonated beverage under the brand Mi Shui Series, representing the Mi Shui Lemon Soda in 480ml.

The following table sets forth some examples of our product images by product category:

Product category	Examples
Packaged drinking water	
Small-sized bottled water products[(1)].	 350ml 400ml 520ml 555ml C'estbon 350ml 750ml L'eau 350ml 555ml 555ml Bonjour Forêt
Medium- to large sized bottled water products[(2)].	 1.18L 1.55L 2.08L 4.5L 5L 6L 12.8L C'estbon
Barreled water products[(3)]	 18.9L C'estbon 18.9L Jialinshan Natural Mineral Water (加林山桶裝水(天然礦泉水)) 18.9L Yonglong Purified Drinking Water (永隆桶裝水(純淨水))
Beverage products . .	 310ml 450ml 1L 1.5L Zhi Ben Qing Run Chrysanthemum Tea (至本清潤菊花茶) 430ml Zuo Wei Cha Shi Oolong Tea (佐味茶事烏龍茶) 440ml 1.5L Grape Holiday (葡萄假日) 350ml and 480ml Lemon Mi Shui (蜜水檸檬)

Notes:

(1) Small-sized bottled water products refer to packaged drinking water products with an individual container volume of no more than 1L.

(2) Medium- to large-sized bottled water products refer to packaged drinking water products with an individual container volume between 1L and 15L.

(3) Barreled water products refer to packaged drinking water products with an individual container volume of 18.9L.

The following table sets forth our revenue by product category for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Packaged drinking water products	**10,817,805**	**95.4**	**11,905,738**	**94.3**	**12,446,560**	**92.1**	**3,624,024**	**92.0**	**3,720,746**	**89.7**
Small-sized bottled water products	6,922,561	61.0	7,484,417	59.3	7,715,685	57.1	2,298,777	58.3	2,317,541	55.9
Medium- to large-sized bottled water products	3,469,225	30.6	3,962,285	31.4	4,242,914	31.4	1,177,076	29.9	1,258,838	30.3
Barreled water products	426,019	3.8	459,036	3.6	487,961	3.6	148,171	3.8	144,367	3.5
Beverage products	**522,076**	**4.6**	**717,038**	**5.7**	**1,068,168**	**7.9**	**315,573**	**8.0**	**429,085**	**10.3**
Total	**11,339,881**	**100.0**	**12,622,776**	**100.0**	**13,514,728**	**100.0**	**3,939,597**	**100.0**	**4,149,831**	**100.0**

We primarily manufacture and sell our packaged drinking water products under our core brand "C'estbon." We generated revenue of RMB10,796.8 million, RMB11,887.4 million, RMB12,405.3 million, RMB3,616.4 million and RMB3,691.8 million from our packaged drinking water products under our core brand "C'estbon", in 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, respectively, representing 99.8%, 99.8%, 99.7%, 99.8% and 99.2% of the total revenue from packaged drinking water products during the same periods. Our revenue growth during the Track Record Period was primarily driven by packaged drinking water products, which was mainly a result of increased customer demand for our products, as we enhanced penetration of the sales network and expanded the sales regions for certain products. Meanwhile, during the Track Record Period, our revenue generated from sales of beverage products increased both in absolute amount and as a percentage of our total revenue, primarily attributable to: (i) our continuous product portfolio expansion; (ii) our expanded sales network for beverage products; and (iii) enhanced brand awareness concerning our beverage products.

The following table sets forth a breakdown of our sales volume by product category for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(in thousand tons, except for percentages)									
Packaged drinking water products	**11,786**	**98.8**	**12,727**	**98.5**	**13,491**	**98.0**	**3,849**	**97.9**	**4,163**	**97.2**
Small-sized bottled water products	5,604	47.0	5,889	45.6	6,189	45.0	1,812	46.1	1,935	45.2
Medium- to large-sized bottled water products	4,284	35.9	4,846	37.5	5,274	38.3	1,439	36.6	1,616	37.7
Barreled water products	1,898	15.9	1,992	15.4	2,028	14.7	598	15.2	612	14.3
Beverage products	**139**	**1.2**	**188**	**1.5**	**275**	**2.0**	**81**	**2.1**	**119**	**2.8**
Total	**11,925**	**100.0**	**12,915**	**100.0**	**13,766**	**100.0**	**3,930**	**100.0**	**4,282**	**100.0**

The sales volume of all product categories of our packaged drinking water and beverage products increased throughout the Track Record Period.

- Sales volume of our packaged drinking water products increased by 8.0% from 11.8 million tons in 2021 to 12.7 million tons in 2022, and further increased by 6.0% to 13.5 million tons in 2023, and increased by 8.2% from 3.8 million tons in the four months ended April 30, 2023 to 4.2 million tons in the same period of 2024, primarily due to increases in the sales volume of our medium- to large-sized bottled water products.

- Sales volume of our beverage products increased by 35.3% from 0.1 million tons in 2021 to 0.2 million tons in 2022, and further increased by 46.3% to 0.3 million tons in 2023, driven mainly by increases in the sales volume of our Zhi Ben Qing Run, Holiday Series and Mi Shui Series. Sales volume of our beverage products increased by 46.9% from approximately 81,000 tons in the four months ended April 30, 2023 to approximately 119,000 tons in the same period of 2024, primarily driven by sales volume growth from new beverage SKUs launched after April 30, 2023.

The following table sets forth a breakdown of our average selling price by product category for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
			(RMB/tons)		
Packaged drinking water products	**918**	**935**	**923**	**942**	**894**
Small-sized bottled water products	1,235	1,271	1,247	1,269	1,198
Medium- to large-sized bottled water products	810	818	804	818	779
Barreled water products	225	230	241	248	236
Beverage products	**3,761**	**3,812**	**3,885**	**3,896**	**3,606**

Note:

(1) According to the CIC Report, the presentation of average selling price by weight is consistent with industry practice and a commonly disclosed metric rather than other metrics, such as average selling price by container, in the RTD soft beverage industry in China. According to the same source, based on public information, none of the other top five companies in (a) China's RTD soft beverage market and (b) China's packaged drinking water market by retail sales value in 2023 have disclosed average selling price by container. The average selling price by container may not be representative given the different volume specifications, product types, brands and market positioning within each of the small-sized bottled water, medium- to large-sized bottled water, barreled water and beverage product categories. Instead, suggested retail price to end customers can provide price representation for different containers of our main products. See "Business — Our Brands and Products."

The average selling price of our packaged drinking water products remained relatively stable in 2021, 2022 and 2023. The average selling price of our packaged drinking water products decreased in the four months ended April 30, 2024 compared to the same period of 2023, primarily due to changes in our product mix of packaged drinking water products, and increased discounts offered to customers, mainly distributors, in light of intense market competition. We usually formulate discount pricing plans on a regular basis after considering a variety of factors such as market competition, as well as our budgets and financial performance.

The average selling price of our beverage products increased year-on-year from 2021 to 2023, primarily reflecting our stronger bargaining power as our brand awareness increased and the growth of our business scale. The average selling price of our beverage products decreased in the four months ended April 30, 2024 compared to the same period of 2023, primarily due to changes in our product mix of beverage products.

The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	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 in thousands, except for percentages)									
Packaged drinking water products	4,821,639	44.6	5,052,642	42.4	5,675,174	45.6	1,606,826	44.3	1,821,992	49.0
Beverage products	149,727	28.7	206,462	28.8	360,040	33.7	100,956	32.0	133,150	31.0
Total	**4,971,366**	**43.8**	**5,259,104**	**41.7**	**6,035,214**	**44.7**	**1,707,782**	**43.3**	**1,955,142**	**47.1**

Our gross margin for packaged drinking water products increased from 44.3% in the four months ended April 30, 2023 to 49.0% in the same period of 2024, primarily due to: (i) a decrease in our cost of raw materials and packaging materials as a percentage of revenue, as the market prices of such materials decreased, such as PET and cardboard; (ii) the implementation of measures to reduce costs and enhance efficiency, such as optimization of packaging, the increased proportion of film packaging and in-house injection molding, and effective control of our Cooperative Manufacturing Partners' service fees primarily resulting from our stronger bargaining power; and (iii) the increased proportion of products produced in our self-owned factories. Our gross margin for packaged drinking water products increased from 42.4% in 2022 to 45.6% in 2023, primarily due to: (i) a decrease in our cost of raw materials and packaging materials, as (a) the market prices of such materials decreased, such as PET and cardboard, (b) our bargaining power increased and (c) we adopted various procurement strategies; and (ii) the implementation of measures to reduce costs and enhance efficiency, such as optimization of packaging, the increased proportion of film packaging and in-house injection molding, and effective control of our Cooperative Manufacturing Partners' services fees primarily resulting from our stronger bargaining power. Our gross margin for packaged drinking water products decreased from 44.6% in 2021 to 42.4% in 2022, primarily due to an increase in our cost of raw materials and packaging materials, as the market prices of PET increased, partially offset by a decrease in our unit Cooperative Manufacturing Partners' services fees primarily resulting from our stronger bargaining power.

Our gross margin for beverage products remained relatively stable at 32.0% and 31.0% in the four months ended April 30, 2023 and 2024, respectively, primarily due to a decrease in the average selling price of our beverage products in the four months ended April 30, 2024 due to changes in our product mix of beverage products, partially offset by market price reduction of certain raw materials and enhanced production efficiency. Our gross margin for beverage products increased from 28.8% in 2022 to 33.7% in 2023, primarily due to: (i) a decrease in our cost of raw materials and packaging materials, as (a) the market prices of such materials decreased, such as PET and cardboard, (b) our bargaining power increased, and (c) we adopted various procurement strategies; and (ii) an increase in the average selling price of our beverage products. The gross margin for beverage products was 28.7% and 28.8% in 2021 and 2022, respectively, mainly as a result of the increased average selling price of our beverage products, offset by an increase in our cost of raw materials and packaging materials, as the market prices of PET increased.

For details, see "Business — Our Brands and Products," "Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Revenue," "Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Gross Profit and Gross Margin" and "Financial Information — Results of Operations."

OUR SALES NETWORK

We have built an extensive sales network to reach a wide range of consumers, enhancing our brand reputation and solidifying our competitive advantages. After years of efforts, we have established a comprehensive distributor network, comprising of distributors and sub-distributors, which allows us to effectively reach a broad base of consumers and covers all of our sales channels, including traditional channel, modern channel, catering channel, specialty channel, e-commerce channel and other channels. We also maintain direct sales relationships with certain customers, such as national and regional supermarkets, chain convenience stores and e-commerce platforms. The following table sets forth a breakdown of our revenue by contribution from our customers for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentage)									
							(unaudited)			
Distributorship	10,047,300	88.6	11,195,213	88.7	11,923,447	88.2	3,547,233	90.0	3,672,700	88.5
Direct sales	1,292,581	11.4	1,427,563	11.3	1,591,281	11.8	392,364	10.0	477,131	11.5
Total	**11,339,881**	**100.0**	**12,622,776**	**100.0**	**13,514,728**	**100.0**	**3,939,597**	**100.0**	**4,149,831**	**100.0**

We price our products based on various factors, such as product positioning, production costs, market competition and reasonable profit level of distributors and direct sales customers in our sales network. We provide our distributors and direct sales customers with suggested retail prices of our products. Our distributors and direct sales customers shall not take any actions that may materially disrupt the retail prices of our products. See "Business — Our Sales Network."

MARKETING AND BRANDING

We adopt a multifaceted marketing strategy designed to connect with our audience and promote our brand in meaningful and impactful ways such as sports marketing, variety show marketing and in-transit marketing initiatives, enabling us to maintain a strong presence in the daily lives of our consumers. We have formed our marketing strategy highlighted by sports marketing, given the overlaps and connections between our product consumption scenarios and sports events. We have been actively promoting sports for all and health for all through sponsoring TEAM CHINA, premier sports events, marathon events, other general public sports events and collaborating with national sports channels (such as CCTV-5). Our diverse marketing strategy allows us to effectively communicate our brand values, engage with our audience on multiple platforms and drive business growth. See "Business — Marketing and Branding."

CUSTOMERS

During the Track Record Period, our customers are distributors, who purchase and distribute our products, and direct sales customers. Except for Customer E who was our direct sales customers, all of our five largest customers in each of 2021, 2022 and 2023 and the four months ended April 30, 2024 were our distributors. See "Business — Our Sales Network." Revenue generated from our five largest customers in each of 2021, 2022 and 2023 and the four months ended April 30, 2024 accounted for 20.7%, 18.2%, 17.6% and 15.5%, respectively, of our total revenue during those respective periods. Revenue generated from our largest customer in each of 2021, 2022 and 2023 and the four months ended April 30, 2024 accounted for 8.4%, 7.3%, 7.1% and 6.1%, respectively, of our total revenues during those respective periods.

OUR PRODUCTION

As of April 30, 2024, we had 13 self-owned factories in operation and 31 Cooperative Manufacturing Partners in China, producing packaged drinking water and beverage products. Combining the production of our self-owned factories in operation and Cooperative Manufacturing Partners as a whole, our standard production capacity of packaged drinking water and beverage products was 18.8 million tons and 6.4 million tons in 2023 and the four months ended April 30, 2024, respectively, while our total annual actual production volume of packaged drinking water and beverage products combined was 13.5 million tons and 4.3 million tons in 2023 and the four months ended April 30, 2024, respectively. We have automated and highly efficient production capacity, in seamless alignment with our nationwide sales network. As of April 30, 2024, we had 61 self-owned production lines and 70 production lines owned by our Cooperative Manufacturing Partners, many of which are equipped with integrated high-speed production lines imported from Europe. We have also introduced aseptic production lines to produce our beverage products. See "Business — Our Production."

SUPPLY CHAIN MANAGEMENT

We procured water from third-party water supply systems and our direct water source. The table below sets forth the water purchase volume from the third-party water supply systems and water taking volume from our direct water source during the Track Record Period.

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(tons in thousands)									
Third-party water supply systems(1)	7,447.1	98.6	7,676.0	98.7	8,139.2	98.4	2,256.5	98.4	3,604.5	98.9
Direct water source(2)	103.3	1.4	103.7	1.3	134.7	1.6	37.4	1.6	38.7	1.1
Total	**7,550.4**	**100.0**	**7,779.7**	**100.0**	**8,273.9**	**100.0**	**2,293.8**	**100.0**	**3,643.3**	**100.0**

Notes:

(1) Including surface water procured by Heyuan Factory (previously known as Biyouxuan Factory) in 2023 from a third-party water supply system, whose water source is Wanlv Lake.

(2) Direct water source during the Track Record Period refers to Jialin Mountain in Guangdong Province, where we sourced natural mineral water.

We usually collaborate with third-party water supply systems near our factories, which ensures our access to quality and stable water sources while enhances our logistical and transport efficiency. Additionally, we have proactively made deployment to access reputable quality water sources in China. See "Business — Supply Chain Management."

RAW MATERIALS AND PACKAGING MATERIALS

The principal raw materials and packaging materials we use in the production of our products include PET, cardboard, bottle caps, labels, milk powder and sugar. Among them, PET is used in manufacturing bottles and is our major raw materials and packaging materials. In 2021, 2022 and 2023 and the four months ended April 30, 2024, purchases of PET amounted to RMB1,665.2 million, RMB2,165.6 million, RMB1,992.7 million and RMB526.3 million, respectively, accounting for approximately 21.8%, 25.2%, 23.6% and 22.0% of our total purchases during the same periods, respectively.

SUPPLIERS

Our major suppliers are suppliers of raw materials and packaging materials, providers of logistics services, marketing services and warehousing services and our Cooperative Manufacturing Partners. CR Chemical, our largest supplier of PET raw materials in each period during the Track Record Period, will become our connected person (as defined under Chapter 14A of the Listing Rules) upon Listing. See "Connected Transactions." The purchase amounts from our largest supplier in each of 2021, 2022 and 2023 and the four months ended April 30, 2024 accounted for 7.0%, 9.7%, 11.0% and 11.8%, respectively, of our total purchase amount during those periods. The aggregate purchase amounts from our five largest suppliers in each of 2021, 2022 and 2023 and the four months ended April 30, 2024 accounted for 31.0%, 33.5%, 33.2% and 28.5%, respectively, of our total purchase amount during those periods.

QUALITY CONTROL

We place great emphasis on the quality of our products, which we believe is vital to our sustainable business growth. We perform various quality inspection and testing procedures, including visual inspection, physical and chemical inspection, microbiological testing and weight checks at different stages throughout our operations, to ensure that our products meet the relevant quality standards and comply with applicable laws and regulations. We implemented our proprietary "China Resources C'estbon Full Value Chain Food Safety and Quality Management System" ("華潤怡寶全價值鏈食品安全與質量管理體系"), a SPM system, and have constantly and meticulously refined the system over the years of its operation to cover every aspect of our supply chain, production process and finished product management. Our quality control measures are also applied to our Cooperative Manufacturing Partners. See "Business — Quality Control."

COMPETITIVE LANDSCAPE

According to the CIC Report, the RTD soft beverage market in China, in terms of retail sales value, is expected to expand to RMB1,203.2 billion by 2028. The RTD soft beverage market is relatively concentrated in China, with the five largest players contributing a 42.6% market share in terms of retail sales value in 2023, which is expected to continue to rise. The major players are expected to maintain and increase their market shares, capitalizing on well-established brand recognition, sales channel presence, comprehensive product portfolio and R&D capabilities. According to the CIC Report, we ranked fifth in terms of retail sales value in the RTD soft beverage market in China in 2023, with a market share of 4.7%.

According to the CIC Report, the size of the packaged drinking water market in China by retail sales value was RMB215.0 billion in 2023, growing at a CAGR of 7.1% from 2018 to 2023 and is expected to reach RMB314.3 billion by 2028, growing at a CAGR of 7.9% from 2023 to 2028. This market accounted for 23.6% of the RTD soft beverage market in China by retail sales value in 2023, which is expected to increase to 26.1% by 2028. The concentration of the packaged drinking water market in China is continuously increasing, with the total market share of the five largest players in terms of retail sales value increasing from 56.2% to

58.6% from 2021 to 2023. Purified drinking water is the largest segment of the packaged drinking water market in China in terms of retail sales value, reaching RMB120.6 billion in 2023, accounting for 56.1% of the packaged drinking water market in China. This segment is expected to experience continual growth, reaching RMB179.8 billion in terms of retail sales value, accounting for 57.2% of the packaged drinking water market in China in 2028. We ranked second in the packaged drinking water market in China in 2023, and ranked first in the purified drinking water market in China in terms of retail sales value. According to the CIC Report, our market share in the packaged drinking water market and the purified drinking water market, in terms of retail sales value, was 18.4% and 32.7%, respectively in 2023. See "Industry Overview."

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in "Risk Factors" in this prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. We believe the most significant risks we face include but are not limited to the following: (i) we may not effectively respond to changing consumer tastes, preferences and spending habits, whether by enhancing our current products, undertaking the process of developing, launching and promoting any new product, or responding to changes in the distribution channels, which could impact our business and financial performance; (ii) we are operating in a highly competitive market; (iii) product defects, product contamination or other product quality and food safety issues related to our products, or concerns about the safety, quality or health effects of our products could damage our reputation, and may materially and adversely affect our business and results of operations; (iv) we may not be able to effectively manage and develop our distribution network and other sales channels, or efficiently sustain our business relationships with or manage our customers, which could adversely affect our brands, operations and results of operations; (v) the price volatility, declining quality or other risks related to the supply of our raw materials and packaging materials may materially and adversely affect our business and profitability; and (vi) any adverse publicity involving our brands, customers, Cooperative Manufacturing Partners, raw materials and packaging materials, or the RTD soft beverage industry in general, will harm our reputation, which may materially and adversely affect our business and results of operations.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The tables below present our summary of consolidated financial data derived from our consolidated statements of profit or loss and other comprehensive income and consolidated cash flow statements for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, and our consolidated statements of financial position as of December 31, 2021, 2022 and 2023 and April 30, 2024, included in the Accountants' Report in Appendix I to this prospectus. The following data and discussion should be read in conjunction with our consolidated financial statements and related notes and the section headed "Financial Information."

Key Items of the Consolidated Statements of Profit or Loss

The following table sets forth certain key items of our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(unaudited)	
Revenue	11,339,881	12,622,776	13,514,728	3,939,597	4,149,831
Cost of sales	(6,368,515)	(7,363,672)	(7,479,514)	(2,231,815)	(2,194,689)
Gross profit	**4,971,366**	**5,259,104**	**6,035,214**	**1,707,782**	**1,955,142**
Other income	295,956	340,172	367,246	83,939	76,291
Other gains and losses	(10,577)	(3,187)	(14,622)	(1,468)	1,060
Impairment losses under expected credit loss model, net of reversal	9,480	(27,222)	(3,817)	(4,421)	(745)
Distribution and selling expenses	(3,756,727)	(3,877,617)	(4,086,510)	(1,152,763)	(1,274,481)
Administrative expenses	(253,238)	(265,029)	(300,562)	(109,413)	(97,784)
Research and development costs	(48,979)	(49,179)	(61,510)	(9,954)	(13,065)
Finance costs	(1,782)	(1,617)	(42,516)	(15,150)	(731)
Listing expenses	–	–	(14,490)	–	(14,066)
Profit before taxation	**1,205,499**	**1,375,425**	**1,878,433**	**498,552**	**631,621**
Income tax expense	(347,358)	(386,704)	(547,063)	(142,766)	(170,955)
Profit for the year/period	**858,141**	**988,721**	**1,331,370**	**355,786**	**460,666**
Attributable to:					
Owners of the Company	858,141	989,808	1,329,341	356,654	446,679
Non-controlling interests	–	(1,087)	2,029	(868)	13,987

Our net profit attributable to owners of the Company increased during the Track Record Period, primarily due to our continual business growth in and increases in the gross profit of both packaged drinking water and beverage products. See "Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss."

Selected Items from the Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Total current assets	7,199,084	7,630,494	5,557,977	5,649,920
Total non-current assets	1,889,356	2,974,350	7,443,777	8,024,012
Total assets	9,088,440	10,604,844	13,001,754	13,673,932
Total current liabilities	4,185,842	4,329,442	5,188,357	5,308,485
Total non-current liabilities	318,627	379,624	440,624	462,182
Total liabilities	4,504,469	4,709,066	5,628,981	5,770,667
Net current assets	3,013,242	3,301,052	369,620	341,435
Net assets / total equity	4,583,971	5,895,778	7,372,773	7,903,265
Equity attributable to owners of the Company	4,583,971	5,573,765	6,903,058	7,349,643
Non-controlling interests	–	322,013	469,715	553,622

Our net assets increased to RMB7,903.3 million as of April 30, 2024 from RMB7,372.8 million as of December 31, 2023, mainly due to (i) profit for the period of RMB460.7 million; and (ii) non-controlling interests from acquisition of a subsidiary of RMB69.9 million, relating to our acquisition of a 70% equity interest in Wuhan Huaxinda Beverage Technology Co., Ltd. (武漢華新達飲品技術有限公司) (currently known as China Resources C'estbon Beverage (Wuhan) Co., Ltd. (華潤怡寶飲料(武漢)有限公司)) in the four months ended April 30, 2024. Our net assets increased to RMB7,372.8 million as of December 31, 2023 from RMB5,895.8 million as of December 31, 2022, mainly due to (i) profit for the year of RMB1,331.4 million; (ii) non-controlling interests from acquisition of a subsidiary of RMB84.0 million, relating to our acquisition of a 79% equity interest in Heyuan Biyouxuan Drinking Water Co., Ltd. (河源市碧優選飲用水有限公司) (currently known as China Resources C'estbon Beverage (Heyuan) Co., Ltd. (華潤怡寶飲料(河源)有限公司)) in 2023; and (iii) capital contribution of subsidiaries from non-controlling interest of RMB61.7 million. Our net assets increased to RMB5,895.8 million as of December 31, 2022 from RMB4,584.0 million as of December 31, 2021, mainly due to (i) profit for the year of RMB988.7 million; and (ii) non-controlling interests from acquisition of a subsidiary of RMB323.1 million, relating to our acquisition of a 70% equity interest in China Resources C'estbon Beverage (Yixing) Co., Ltd. (華潤怡寶飲料(宜興)有限公司) in 2022.

Our net current assets decreased slightly to RMB341.4 million as of April 30, 2024 from RMB369.6 million as of December 31, 2023, primarily due to: (i) a slight increase in our trade and other payables, mainly due to, among other things, increases in our trade payables and transportation payables, in relation to the commencement of the sales peaks from April 2024, partially offset by a decrease in payroll payables, mainly due to the payment of the bonus for the year of 2023 in the four months ended April 30, 2024, while only four months of bonus was accrued as of April 30, 2024; and (ii) an increase in our amounts due to non-controlling shareholder of a subsidiary, which was in relation to our acquisition of China Resources C'estbon Beverage (Wuhan) Co., Ltd. Our net current assets decreased to RMB369.6 million as of December 31, 2023 from RMB3,301.1 million as of December 31, 2022, primarily due to: (i) combination effect of a decrease in our amounts due from fellow subsidiaries of RMB3,536.6 million and an increase of long-term fixed bank deposits of RMB1,577.1 million; and (ii) an increase in our trade and other payables in connection with our construction projects and some of our purchases. Our net current assets remained relatively stable at RMB3,013.2 million and RMB3,301.1 million as of December 31, 2021 and December 31, 2022, respectively, mainly resulting from an increase in cash and cash equivalent related to demand deposit which was partially offset by a decrease in amounts due from fellow subsidiaries. For details, see "Financial Information — Description of Certain Components of Our Consolidated Statements of Financial Position" and "Financial Information — Net Current Assets."

Summary of the Consolidated Statements of Cash Flow

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(unaudited)	
Net cash from operating activities	827,192	844,929	1,718,183	745,640	751,636
Net cash from (used in) investing activities	681,954	1,222	(2,090,451)	(982,105)	(642,378)
Net cash (used in) from financing activities	(19,467)	(21,201)	(60,598)	5,883,709	6,016
Net increase (decrease) in cash and cash equivalents	**1,489,679**	**824,950**	**(432,866)**	**5,647,244**	**115,274**
Cash and cash equivalents at the beginning of the year/period	191,662	1,682,810	2,507,631	2,507,631	2,074,698
Effects of foreign exchange rate changes	1,469	(129)	(67)	119	(99)
Cash and cash equivalents at the end of the year/period	**1,682,810**	**2,507,631**	**2,074,698**	**8,154,994**	**2,189,873**

See "Financial Information — Liquidity and Capital Resources — Cash Flows."

Selected Financial Ratios

The following table sets forth our key financial ratios as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the four months ended April 30,
	2021	2022	2023	2024
Gross margin[(1)]	43.8%	41.7%	44.7%	47.1%
Net profit margin[(2)]	7.6%	7.8%	9.9%	11.1%
Return on total assets[(3)]	10.1%	10.0%	11.3%	N/M[(9)]
Return on equity[(4)]	20.7%	18.9%	20.1%	N/M[(9)]
Return on invested capital[(5)]	15.5%	14.6%	16.9%	N/M[(9)]
Current ratio[(6)]	1.72x	1.76x	1.07x	1.06x
Quick ratio[(7)]	1.62x	1.63x	1.00x	1.00x
Gearing ratio[(8)]	0.7%	0.5%	0.5%	1.1%

Notes:

(1) Gross margin equals gross profit divided by revenue for the period and multiplied by 100%.

(2) Net profit margin equals profit for the period divided by revenue for the period and multiplied by 100%.

(3) Return on total assets equals profit for the period divided by the average of the beginning and ending balances of total assets for the period and multiplied by 100%.

(4) Return on equity equals profit for the period divided by the average of the beginning and ending balances of total equity and multiplied by 100%.

(5) Return on invested capital equals operating profit multiplied by the difference of one minus effective income tax rate, divided by invested capital, and multiplied by 100%.

(6) Current ratio equals current assets divided by current liabilities as of the same date.

(7) Quick ratio equals total current assets less inventories divided by total current liabilities as of the same date.

(8) Gearing ratio equals total interest-bearing debt (including lease liabilities and interest-bearing proportion of the amounts due to non-controlling shareholder of a subsidiary) divided by total equity and multiplied by 100% as of the same date.

(9) These ratios are not meaningful as numbers for the period are not comparable to the numbers for the prior three years of the Track Record Period.

See "Financial Information — Selected Financial Ratios."

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was owned as to 60% and 40% by CRH Beverage and Plateau, respectively.

CRH Beverage is wholly owned by CRE Limited, which is in turn wholly owned by CRH Limited, a subsidiary of CR Holdings. Immediately upon the completion of the Global Offering, CRH Beverage will own approximately 51% of the enlarged share capital of our Company (assuming the Over-allotment Option is not exercised). Therefore, CR Holdings, CRH Limited, CRE Limited, CRH Beverage will constitute a group of our Controlling Shareholders after Listing. CR Holdings is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council.

Plateau is wholly owned by Plateau Consumer Fund, L.P., whose general partner is Plateau Investment Limited. Ms. Dong Yi, through her wholly owned company Plateau Holding Limited, owns 100% equity interests in Plateau Investment Limited. Immediately upon the completion of the Global Offering, Plateau will own approximately 34% of the enlarged share capital of our Company (assuming the Over-allotment Option is not exercised). Therefore, Ms. Dong Yi, Plateau Holding Limited, Plateau Investment Limited, Plateau Consumer Fund, L.P. and Plateau will constitute another group of our Controlling Shareholders after Listing.

See "Relationship with our Controlling Shareholders."

We have entered into and are expected to continue to conduct certain transactions after the Listing with certain associates of our Controlling Shareholders, which will constitute non-exempt continuing connected transactions under Chapter 14A of Listing Rules. See "Connected Transactions."

PRE-IPO INVESTMENT

On August 5, 2022, Plateau acquired 400 shares of our Company with a consideration of US$1,000 million. See "History, Development and Corporate Structure – Pre-IPO Investment."

USE OF PROCEEDS

Assuming an Offer Price of HK$14.00 per Offer Share (being the mid-point of the Offer Price range), we estimate that we will receive net proceeds of approximately HK$4,726.4 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 30% of the net proceeds, or HK$1,417.9 million, for the strategic expansion and optimization of production capacity to increase our overall supply chain efficiency;

- Approximately 23% of the net proceeds, or HK$1,087.1 million, for accelerating the expansion of sales channels and enhancing channel efficiency;

- Approximately 23% of the net proceeds, or HK$1,087.1 million, for conducting sales and marketing activities, to enhance the brand vitality, strengthen the brand image, and improve sales performance;

- Approximately 3% of the net proceeds, or HK$141.8 million, for enhancing our product R&D capabilities to continually extend new product categories and SKUs;

- Approximately 3% of the net proceeds, or HK$141.8 million, for digitalization upgrades, including bolstering our digitalization capabilities across processes encompassing sales, operations, production and logistics, among other things, thereby improving our operational efficiency;

- Approximately 8% of the net proceeds, or HK$378.1 million, for potential investment, merger and acquisition opportunities; and

- Approximately 10% of the net proceeds, or HK$472.6 million, as working capital and for general corporate uses.

See "Future Plans and Use of Proceeds."

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Development

In April 2024, as approved at our Board meeting held on April 21, 2024, our Company declared a dividend of RMB2.5 billion to our existing Shareholders prior to the Listing based on our consolidated retained profits as of December 31, 2023, which is conditional upon the Global Offering being completed (the "**Dividend**"). New shareholders after the Listing will not be entitled to the Dividend. Subject to the satisfaction of the requirements under applicable laws and regulations, the majority of the Dividend is expected to be paid approximately 12 months after the Listing. We shall disclose details of the payment of the Dividend in the annual reports after the Listing. As of December 31, 2023, our consolidated retained profits amounted to RMB6.4 billion. We intend to use our cash resources (other than the proceeds from the Global Offering) to pay the Dividend. As of December 31, 2023, our balance of cash and cash equivalents and fixed bank deposits was RMB5.9 billion. Apart from the Dividend, our remaining consolidated retained profits before the Listing (representing over 60% of our consolidated retained profits as of December 31, 2023) will be retained for our business development or shared among our existing Shareholders and future holders of our Shares after the Listing.

As of the Latest Practicable Date, Heyuan Factory had obtained the Fire Safety Inspection Approval, the permit for Water Discharge into the Drainage Network and pollution discharge license required for its production; Changsha Factory had obtained the pollutant discharge permit and the Fire Safety Inspection Approval, and was in the process of preparing the application for the permit for Water Discharge into the Drainage Network and the Inspection and Acceptance of the Completed Environmental Protection Facilities; Chengdu Factory had obtained the Fire Safety Inspection Approval and the Inspection and Acceptance of the Completed Housing Construction for the second phase of the Chengdu Factory expansion project, where certain production lines were put into operation in April 2024, and was in the process of application for Inspection and Acceptance of the Completed Environmental Protection Facilities. For the first phase of the Chengdu Factory, we have obtained all necessary approvals and permits.

Our business operations continued to expand subsequent to the Track Record Period. Sales volume of our packaged drinking water products increased by 7.2% from approximately 6.8 million tons in the six months ended June 30, 2023 to approximately 7.3 million tons in the same period of 2024. Sales volume of our beverage products increased by 54.6% from approximately 141,000 tons in the six months ended June 30, 2023 to approximately 218,000 tons in the same period of 2024. In addition, as of the Latest Practicable Date, we had a product portfolio of 13 brands, comprising a total of 59 SKUs. As of the same date, our standard annual production capacity of our self-owned factories in operation amounted to 12.4 million tons.

In the six months ended June 30, 2024, we recorded total revenue of RMB7,616.0 million and gross profit of RMB3,752.6 million, representing a year-on-year increase of 5.6% and 13.2%, respectively, compared to the same period in 2023.

In particular, our revenue increased by 5.6% from RMB7,209.5 million in the six months ended June 30, 2023 to RMB7,616.0 million in the same period of 2024, due to increases in revenue generated from our packaged drinking water products and beverage products.

- our revenue from packaged drinking water products increased by 2.7% from RMB6,648.0 million in the six months ended June 30, 2023 to RMB6,828.7 million in the same period of 2024, mainly as a result of increased customer demand for our products, as we enhanced penetration of the sales network and expanded the sales regions for certain products, particularly medium- to large-sized bottled water products, with revenue contribution increased by RMB160.5 million from RMB2,107.4 million in the six months ended June 30, 2023 to RMB2,267.9 million in the same period of 2024.

- our revenue generated from beverage products increased by 40.2% from RMB561.4 million in the six months ended June 30, 2023 to RMB787.3 million in the same period of 2024, primarily as a result of increased customer demand for our beverage products. Such increase was primarily attributable to: (i) our continuous product portfolio expansion; (ii) our expanded sales network for beverage products; and (iii) enhanced brand awareness concerning our beverage products.

Our cost of sales decreased from RMB3,895.4 million in the six months ended June 30, 2023 to RMB3,863.4 million in the same period of 2024. Our gross profit increased by 13.2% from RMB3,314.0 million in the six months ended June 30, 2023 to RMB3,752.6 million in the same period of 2024. Our gross margin increased from 46.0% in the six months ended June 30, 2023 to 49.3% in the same period of 2024, primarily driven by increased gross margin for our packaged drinking water products. Such increase was mainly due to: (i) a decrease in our cost of raw materials and packaging materials as a percentage of revenue, as the market prices of such materials decreased, such as PET and cardboard; (ii) the implementation of measures to reduce costs and enhance efficiency, such as the increased proportion of in-house injection molding and blow molding, optimization of packaging and the increased proportion of film packaging, and effective control of our Cooperative Manufacturing Partners' services fees primarily resulting from our stronger bargaining power; and (iii) the increased proportion of products produced in our self-owned factories. Our gross margin for beverage products in the six months ended June 30, 2024 slightly decreased compared to that in the six months ended June 30, 2023, primarily due to a decrease in the average selling price of our beverage products in the first half of 2024 as a result of changes in the product mix of beverage products, partially offset by the decreased market prices of raw materials and packaging materials and enhanced production efficiency. Nevertheless, our gross margin for beverage products in the six months ended June 30, 2024 slightly increased compared to that in the four months ended April 30, 2024, primarily due to: (i) an increase in the average selling prices of beverage products, as we entered the peak sales seasons in the second quarter of 2024; and (ii) a decrease in unit manufacturing cost as a result of (a) the commencement of operation of new production lines for beverage products, and (b) an increase in the sales volume during the peak sales seasons and our fixed costs as a percentage of revenue decreased accordingly.

In addition, our distribution and selling expenses increased by 8.4% from RMB1,929.1 million in the six months ended June 30, 2023 to RMB2,090.4 million in the same period of 2024, primarily due to: (i) an increase in our logistic services expenses, in relation to (a) increased sales volume, and (b) increased distance of transportation of beverage products in relation to fast growth in sales volume of beverage products; and (ii) an increase in our marketing and promotion expenses, mainly due to our increased efforts in sports marketing and television advertisements to strengthen our brand influence. Meanwhile, our research and development costs increased by 30.8% from RMB13.7 million in the six months ended June 30, 2023 to RMB17.9 million in the same period of 2024, primarily due to an increase in testing fees and staff costs, as a result of our continued efforts in launching new products and exploring new product categories. Our administrative expenses remained relatively stable in the six months ended June 30, 2024 compared to the same period of 2023.

As we continued to focus on productivity and cost-efficiency and enjoy the benefits resulting from the economies of scale we have achieved, our net profit and net profit margin also improved in the six months ended June 30, 2024 compared to the same period of 2023.

The financial data for the six months ended June 30, 2024 disclosed above are derived from our unaudited interim financial statements for the six months ended June 30, 2024, which have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and reviewed by our reporting accountants in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

No Material Adverse Change

Our Directors have confirmed that up to the date of this prospectus there has been no material adverse change in our financial or trading position or prospects since April 30, 2024 (being the date of our latest audited financial statements) and there has been no event since April 30, 2024 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

IMPACT OF COVID-19

The outbreak of the COVID-19 pandemic and the related restrictive policies caused a decline in social networking and business activities, which in turn had adverse impacts on our business operations. For instance, we experienced a reduction in the actual production volume and utilization rate at some of our factories in 2022, as compared with 2021. Specifically, our certain factories, such as the Shanghai Factory, have experienced temporary disruptions in their production activities. To navigate these production challenges, we swiftly adjusted our production strategies to align with actual sales data and enhanced our focus on cost-efficiency and productivity. In addition, we engaged in ongoing dialogue with our Cooperative Manufacturing Partners to ensure stable production capacity. Apart from temporary disruptions in production activities at certain factories, our production activities have not experienced any adverse impact due to the COVID-19 pandemic during the Track Record Period. Our operations generally resumed to normal in January 2023 as the pandemic situation alleviated. During the Track Record Period, our actual production volume increased steadily from 12.0 million tons in 2021, to 13.1 million tons in 2022 and further to 13.5 million tons in 2023, and increased from 3.9 million tons in the four months ended April 30, 2023 to 4.3 million tons in the four months ended April 30, 2024.

The COVID-19 pandemic also presented challenges within the supply chain, particularly affecting logistics and thereby constraining our procurement and distribution capabilities. We experienced an increase in logistic services expenses in relation to stock transfers resulting from constrained production activities in 2022 as a result of COVID-19. In response, we implemented a range of proactive strategies, such as diversifying our supplier base, enhancing our approach to raw material price analysis and fostering robust communication across departments and with business partners, in order to strengthen the resilience of our supply chain. In terms of sales and marketing, we experienced a decrease in our marketing and promotion expenses as a result of COVID-19, due to the relatively less promotion activities in 2022. As a result, we have strengthened our online channels to better cater to consumers' diversified needs on consumption channels. In addition, we recorded relatively low transaction amounts for procurement of business travel services in 2022 due to decreased demand in business travel as a result of COVID-19. In general, despite the challenges posed by the COVID-19 pandemic, it did not materially and adversely impact our operations or financial conditions during the Track Record Period and up to the Latest Practicable Date and our revenue and net profit maintained upward trends during the Track Record Period.

Our Directors are of the view that the overall impact of the COVID-19 outbreak on our operations and financial conditions had been immaterial, on the basis that (i) we achieved continuous revenue growth during the Track Record Period; (ii) we experienced limited disruptions in production; for example, our Shanghai factory experienced temporary disruptions for approximately a month and promptly resumed normal operations; and (iii) our operations had fully resumed from January 2023 as the pandemic situation alleviated and the control measures had been substantially lifted.

However, there is no assurance that our operation, production activities or financial condition will not be affected in the future due to the COVID-19 pandemic or other natural disasters, health epidemics or outbreaks. See "Risk Factors – Risks Related to Our Business and Industry – We face risks related to health epidemics and other outbreaks, and events such as wars and acts of terrorism, which could significantly disrupt our operations."

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Global Offering has been completed and 347,826,200 Shares are issued pursuant to the Global Offering; and (ii) the Over-allotment Option is not exercised.

	Based on the Offer Price of HK$13.50 per Offer Share	Based on the Offer Price of HK$14.50 per Offer Share
Market capitalization of our Shares(1)	HK$31,695.7 million	HK$34,043.5 million
Unaudited pro forma adjusted consolidated net tangible assets per Share(2)	HK$5.39	HK$5.55

Notes:

(1) The calculation of market capitalization is based on 2,347,826,200 Shares expected to be in issue immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised.

(2) The unaudited pro forma adjusted net tangible assets per Share is arrived at after making the adjustments referred to in Appendix II to this prospectus. Had the Global Offering and the payment of the declared Dividend as disclosed in "— Recent Development and No Material Adverse Change — Recent Development" been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company as of April 30, 2024 per Share would be RMB3.84 (equivalent to HK$4.23) based on an Offer Price of HK$13.50 per Share and RMB3.97 (equivalent to HK$4.37) based on an Offer Price of HK$14.50 per Share, respectively, on the basis that a total of 2,347,826,200 shares were in issue assuming that the Share Subdivision and Global Offering had been completed on April 30, 2024.

DIVIDEND

Our Company is a holding company registered by way of continuation under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from our subsidiaries. During the Track Record Period, save as the declared dividend in April 2024, no dividend was declared or paid by the Company. See "— Recent Development and No Material Adverse Change — Recent Development." Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. We currently do not have a dividend policy or a pre-determined dividend payout ratio. Distribution of dividends shall be decided by our Board of Directors at their discretion in compliance with the applicable laws and regulations. A decision to declare or to pay any dividends and the amount thereof depends on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits of our subsidiaries and dividends they pay to us, future plans and business prospects, market conditions, the Articles, regulatory restrictions and our contractual obligations. No dividend will be declared or payable except out of our profits and reserves lawfully available for distribution. There can be no assurance that dividends of any amount will be declared or distributed in any year.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and other fees incurred in connection with the Global Offering. We expect to incur listing expenses of approximately RMB130.0 million (HK$143.2 million), comprising: (i) underwriting related expenses of RMB75.2 million (HK$82.8 million); and (ii) non-underwriting-related expenses of RMB54.8 million (HK$60.4 million), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB32.2 million (HK$35.5 million); and (b) other fees and expenses of RMB22.6 million (HK$24.9 million), assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$14.00 per Offer Share (being the mid-point of the Offer Price range), approximately RMB28.6 million (HK$31.4 million) of which has been charged to our consolidated statements of profit or loss up to April 30, 2024, approximately RMB26.6 million (HK$29.3 million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB74.9 million (HK$82.4 million) of which is expected to be deducted from equity upon the completion of the Global Offering. The listing expenses are expected to represent approximately 2.9% of the gross proceeds of the Global Offering, assuming an Offer Price of HK$14.00 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of the listing of, and permission to deal in, our Shares to be issued pursuant to the Global Offering on the basis that, among other things, we satisfy the profit test under Rule 8.05(1) of the Listing Rules with reference to: (i) our profit attributable to shareholders for the year ended December 31, 2023 exceeds HK$35 million, and (ii) our aggregate profit attributable to shareholders for the two years ended December 31, 2022 exceeds HK$45 million.

In this prospectus, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in "Glossary of Technical Terms" in this prospectus.

"Accountants' Report"	the accountants' report of our Group, the text of which is set out in Appendix I to this prospectus
"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board" or "Board of Directors"	the Board of Directors of our Company
"Business day" or "business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"Cayman Companies Act" or "Companies Act"	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"C'estbon Changsha"	China Resources C'estbon Beverage (Changsha) Co., Ltd. (華潤怡寶飲料(長沙)有限公司), a company incorporated in the PRC with limited liability on October 17, 2012, being one of our subsidiaries
"C'estbon Chengdu"	China Resources C'estbon Beverage (Chengdu) Co., Ltd. (華潤怡寶飲料(成都)有限公司), a company incorporated in the PRC with limited liability on September 1, 2014, being one of our subsidiaries

"C'estbon China"	China Resources C'estbon Beverage (China) Co., Ltd. (華潤怡寶飲料(中國)有限公司), a company incorporated in the PRC with limited liability on August 1, 1996, being one of our subsidiaries
"C'estbon China Investment"	China Resources C'estbon Beverage (China) Investment Co., Ltd. (華潤怡寶飲料(中國)投資有限公司), a company incorporated in the PRC with limited liability on August 26, 2011, being one of our subsidiaries
"C'estbon Holdings"	China Resources C'estbon Beverage (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability on November 23, 2009, being one of our subsidiaries
"China" or the "PRC"	The People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
"CIC" or "Industry Consultant"	China Insights Industry Consultancy Limited, the industry consultant of our Company
"CIC Survey"	a consumer survey conducted by CIC in September 2023 by 2,000 consumers who, among other criteria, were over 18 years old, lived in the current city for over one year, and have the habit of consuming packaged drinking water regularly
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Company" or "our Company"	China Resources Beverage (Holdings) Company Limited (華潤飲料(控股)有限公司) (formerly known as China Resources Kirin Beverages (Greater China) Company Limited (華潤麒麟飲料(大中華)有限公司) and China Resources Beverages (Greater China) Company Limited (華潤飲料(大中華)有限公司), a BVI business company incorporated in the BVI with limited liability on July 4, 1995 and redomiciled to the Cayman Islands on April 16, 2024
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and as the context requires, refers to CR Holdings, CRH Limited, CRE Limited, CRH Beverage, Ms. Dong Yi, Plateau Holding Limited, Plateau Investment Limited, Plateau Consumer Fund, L.P. and Plateau
"CR Beer"	China Resources Beer (Holdings) Company Limited (華潤啤酒(控股)有限公司), a company incorporated in Hong Kong with limited liability and a subsidiary of CR Group listed on the Hong Kong Stock Exchange (stock code: 0291)
"CR Chemical"	China Resources Chemical Innovative Materials Co., Ltd. (華潤化學材料科技股份有限公司), a company incorporated in the PRC and a subsidiary of CR Group listed on the Shenzhen Stock Exchange (stock code: 301090)
"CR Group"	CR Holdings, its holding companies, and their respective subsidiaries, unless specifically defined otherwise
"CR Holdings"	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability on July 8, 1983, which is an indirect wholly-owned subsidiary of China Resources Company Limited, and one of our Controlling Shareholders

"CR Land"	China Resources Land Limited (華潤置地有限公司), a company incorporated in the Cayman Islands with limited liability and a subsidiary of CR Group listed on the Hong Kong Stock Exchange (stock code: 1109)
"CR Mixc"	China Resources Mixc Lifestyle Services Limited (華潤萬象生活有限公司), a company incorporated in the Cayman Islands with limited liability and a subsidiary of CR Group listed on the Hong Kong Stock Exchange (stock code: 1209)
"CR Power"	China Resources Power Holdings Company Limited (華潤電力控股有限公司), a company incorporated in Hong Kong with limited liability and a subsidiary of CR Group listed on the Hong Kong Stock Exchange (stock code: 0836)
"CRE Limited"	China Resources Enterprise, Limited (華潤創業有限公司), a company incorporated in Hong Kong with limited liability on July 28, 2015, which is indirectly wholly owned by CR Holdings, and one of our Controlling Shareholders
"CRH Beverage"	CRH (Beverage) Limited (華潤集團(飲料)有限公司), a BVI business company incorporated in the BVI on April 3, 2007, which is indirectly wholly owned by CR Holdings, and one of our Controlling Shareholders
"CRH Limited"	CRH (CRE) Limited (華潤集團(華創)有限公司), a BVI business company incorporated in the BVI on July 8, 2015, which is indirectly wholly owned by CR Holdings, and one of our Controlling Shareholders
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	director(s) of our Company
"EIT"	enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time

"ESG"	Environmental, Social and Corporate Governance
"Exchange Participant(s)"	(a) who, in accordance with the Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"FINI"	"Fast Interface for New Issuance," the online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for the Listing
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group," "our Group," "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified on the designated website at **www.hkeipo.hk**
"HK$" or "HK dollars"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

"HKFRSs"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**HKSCC EIPO**"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a Clearing Participant or a Custodian Participant in HKSCC to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominee"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 38,261,000 Shares initially being offered for subscription at the Offer Price pursuant to the Hong Kong Public Offering, subject to reallocation as described in "Structure of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong, on the terms and subject to the conditions described in this prospectus as further described in "Structure of the Global Offering — Hong Kong Public Offering" in this prospectus
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated October 14, 2024 relating to the Hong Kong Public Offering and entered into by, our Company, the Joint Sponsors and the Hong Kong Underwriters, as further described in "Underwriting — Underwriting Arrangements and Expenses" in this prospectus
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, are independent of the Company or are not its Connected Persons
"International Offer Shares"	the 309,565,200 Shares being initially offered for subscription at the Offer Price under the International Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in "Structure of the Global Offering" in this prospectus
"International Offering"	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S, and in the United States only to QIBs in reliance on Rule 144A or any other available exemption from registration under the US Securities Act, as further described in "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the underwriting agreement expected to be entered into by, our Company and the International Underwriters in respect of the International Offering, as further described in "Underwriting — International Offering" in this prospectus

"Joint Bookrunners"	the joint bookrunners as named in the section headed "Directors and Parties Involved in the Global Offering"
"Joint Global Coordinators"	the joint global coordinators as named in the section headed "Directors and Parties Involved in the Global Offering"
"Joint Lead Managers'"	the joint lead managers as named in the section headed "Directors and Parties Involved in the Global Offering"
"Joint Sponsors"	the joint sponsors as named in the section headed "Directors and Parties Involved in the Global Offering"
"KIRIN"	Kirin Holdings Company, Limited, a beer, beverage, health science and pharmaceutical company that operates on a global scale, and an ex-shareholder of the Company
"Latest Practicable Date"	October 6, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	listing of the Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or around Wednesday, October 23, 2024, on which our Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange

"Memorandum and Articles" or "Memorandum and Articles of Association" or "Articles"	the memorandum and/or articles of association of our Company, as amended and restated, which shall become effective on the Listing Date, a summary of which is set out in Appendix III to this prospectus
"Ministry of Finance" or "MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%)
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 52,173,800 additional Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in "Structure of the Global Offering" in this prospectus
"Overall Coordinators"	the overall coordinators as named in the section headed "Directors and Parties Involved in the Global Offering"
"PBOC"	People's Bank of China (中國人民銀行)
"Plateau"	Plateau Consumer Limited, a company incorporated in the Cayman Islands on January 12, 2022, and one of our Controlling Shareholders

"Price Determination Date"	the date, expected to be on or around Monday, October 21, 2024 (Hong Kong time) on which the Offer Price is determined, or such later time as the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company may agree, but in any event no later than 12:00 noon on Monday, October 21, 2024
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"QIB" or "Qualified Institutional Buyer"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the US Securities Act
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the US Securities Act
"SAFE"	State Administration of Foreign Exchange (國家外匯管理局) of the PRC
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Securities Law"	the Securities Law of the People's Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of US$0.0000005 each
"Shareholders(s)"	holder(s) of the Share(s)
"STA"	State Taxation Administration (國家稅務總局) of the PRC

"Stabilizing Manager"	UBS AG Hong Kong Branch
"State Council"	State Council of the People's Republic of China (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between the Stabilizing Manager and CRH (Beverage) Limited on or about the Price Determination Date
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Track Record Period"	the three years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024
"Underwriters"	The Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	The Hong Kong Underwriting Agreement and the International Underwriting Agreement
"US" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"US Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"%"	per cent

In this prospectus, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction," "controlling shareholder" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as of the date of this prospectus.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this prospectus are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This glossary of technical terms contains explanations of certain technical terms used in this prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"AI"	artificial intelligence
"amino acid"	an organic chemical forming the basic building units of proteins
"App"	a mobile application, which is an application designed to run on smartphones, tablets, or other mobile devices
"beverage product(s)"	our beverage products, for the purpose of this prospectus, namely RTD soft beverage excluding packaged drinking water, such as tea beverage and juice beverage, among others
"CAGR"	compound annual growth rate
"Central region"	our sales region, consisting of Hunan Province, Jiangxi Province and Fujian Province for purposes of this prospectus
"cold aseptic filling process"	a technology that allows cold filling of products in a bacteria-free condition without the exposure of products to high temperatures for a long time, or the need for the addition of preservatives
"Cooperative Manufacturing Partners"	manufacturing factories, including OEMs, that establish collaborative partnerships to effectively address market demands
"COVID-19"	outbreaks of coronavirus disease 2019, an infectious disease caused by the recently discovered coronavirus (severe acute respiratory syndrome coronavirus 2, SARS-CoV-2)
"dietary fiber"	a type of food derived from plants that cannot be fully digested by human digestive enzymes, and is an essential nutrient for the human body

"Eastern region"	our sales region, consisting of Shanghai, Jiangsu Province, Zhejiang Province, Anhui Province, Henan Province and Hubei Province for purposes of this prospectus
"electrolyte"	cation and anion in the human body, which is a nutrient essential for the human body
"FSSC22000"	FSSC22000 food safety management system, an internationally accepted system that contains a complete certification scheme and provides a certification model for the whole food supply chain
"GDP"	gross domestic product
"GMP"	good manufacturing practice standards, a quality assurance that ensures products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"IP"	Intellectual property
"ISO22000"	ISO22000 food safety management system, an internationally accepted food safety management system implemented by the International Organization for Standardization
"ISO9001"	ISO9001 quality management system, an internationally accepted quality management system implemented by the International Organization for Standardization
"IT"	information technology
"KA"	key accounts
"KA clients"	key accounts client groups of the Company, primarily consisting of national and regional supermarkets, chain convenience stores, restaurants, airlines, gas station operators, hotel operators and certain e-commerce platforms
"L" or "litre"	a metric unit of liquid volume capacity, equal to 1,000 ml

"metasilicate"	a substance that can be easily absorbed by the human body and effectively maintain the electrolyte balance and physiological functions of human body
"ml" or "milliliter"	a metric unit of liquid volume capacity, equal to one-thousandth of a litre
"OPP"	Oriented polypropylene, a film material produced by stretching polypropylene
"PET"	polyethylene terephthalate, which can be used for blow molding of plastic bottles
"PETG"	Polyethylene terephthalate-1,4-cyclohexane dimethanol ester, an epoxy resin
"potassium sorbate"	a chemical used as a preservative for foods
"PTS"	product tracking system
"PVC"	polyvinyl chloride, a versatile thermoplastic polymer commonly utilized for the manufacturing of a wide range of other products, including water pipes
"RTD"	ready-to-drink
"R&D"	research and development
"SKU"	acronym for minimum stock keeping unit, a unique identifier for each distinct product and service that can be purchased
"Southern region"	our sales region, consisting of Guangdong Province, Guangxi Zhuang Autonomous Region and Hainan Province for purposes of this prospectus
"Southwestern region"	our sales region, consisting of Chongqing, Sichuan Province, Guizhou Province, Yunnan Province and Shaanxi Province for purposes of this prospectus
"SPM"	supply, production and marketing

"TEAM CHINA"	a collective image and unified appellation of the national teams of various sports and the Chinese sports delegation in comprehensive sports events
"third-tier or lower cities"	all the cities in China excluding Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Xi'an, Wuhan, Suzhou, Zhengzhou, Chongqing, Hangzhou, Nanjing, Tianjin, Changsha, Dongguan, Ningbo, Hefei, Kunming, Qingdao, Foshan, Shenyang, Jinan, Wuxi, Xiamen, Fuzhou, Wenzhou, Jinhua, Harbin, Dalian, Guiyang, Nanning, Quanzhou, Shijiazhuang, Changchun, Nanchang, Huizhou, Changzhou, Jiaxing, Xuzhou, Nantong, Taiyuan, Baoding, Zhuhai, Zhongshan, Taizhou, Linyi, Weifang, Shaoxing and Yantai
"ton"	a unit of mass equal to 1,000 kilograms
"5S"	sort (seiri), set in order (seiton), shine (seiso), standardize (seiketsu) and sustain (shitsuke), a methodology for organizing, cleaning, developing, and sustaining a productive work environment
"13th Five-Year Plan"	framework and roadmap that outlines the government policies and priorities of the PRC from 2016 to 2020

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general political and economic conditions of jurisdictions in which we operate;
- our business operations and prospects;
- our capital expenditure plans;
- weather, natural disasters and climate change;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans; and
- various business opportunities that we may pursue.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. These risks could materially and adversely affect our business, financial condition and results of operations. The trading price of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment. You should pay particular attention to the fact that we are a company registered by way of continuation in the Cayman Islands and that substantially all of our operations are conducted in the PRC. For more information in respect of the PRC legal and regulatory environment, see "Regulatory Overview."

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements."

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

We may not effectively respond to changing consumer tastes, preferences and spending habits, whether by enhancing our current products, undertaking the process of developing, launching and promoting any new product, or responding to changes in the distribution channels, which could impact our business and financial performance.

Our success depends substantially on consumer tastes, preferences and spending habits that often change in unpredictable patterns, and our ability to offer products that satisfy the shifting consumer demand. Consumer demand for packaged drinking water and beverages continually evolves due to various factors, including changing demographics of the population, social trends, changes in consumer lifestyles and consumption patterns, concerns or perceptions regarding the health effects of products, concerns regarding the origin or source of raw materials and packaging materials of products, media and public opinions, and the economic environment. For example, with the continuously growing trend of health awareness in respect of food and beverage consumption, certain product categories, such as packaged drinking water and sugar-free beverages, have become more popular than other types of the RTD soft beverage products.

In addition, consumption behaviors are rapidly evolving due to both changes in travel, vacation and leisure activity patterns, and the accelerated growth of e-commerce and other methods of purchasing products. If we are unable to meet the demand of consumers where and when they desire their products or if we are unable to respond to changes in distribution channels (including e-commerce), our results of operations and financial condition could be adversely affected.

If we do not effectively anticipate and respond to the changing trends in, and consumers' preferences towards, RTD soft beverages, our sales and growth could be adversely affected. Achieving growth depends on our successful development, introduction and marketing of new products. There are inherent risks associated with new products, including uncertainties about market and consumer acceptance or potential impacts on our existing product offerings. We may also need to increase expenditures for new product development. Successful innovation depends on our ability to accurately anticipate consumer acceptance, as well as to obtain, protect and maintain necessary intellectual property rights. Failure to do so could compromise our competitive position and adversely affect our sales, financial condition and results of operations.

We are operating in a highly competitive market.

We are operating in the RTD soft beverage industry of China, which is and will continue to be highly competitive. We face intense competition from our existing competitors as well as new industry entrants. Some of our competitors have established market positions across multiple categories, and have greater financial, R&D, marketing and other resources. Consequently, they may be more agile in adapting to changing market trends or introducing better products to satisfy evolving consumer demand. They may also make technological advances in production and other aspects of the RTD soft beverage business to which we may not be able to respond successfully. We also compete with a number of smaller brands, which could be more innovative, more capable of launching new products to market, and more effective and quicker in terms of entering and serving niche markets. We also compete for obtaining contract manufacturing services from Cooperative Manufacturing Partners with other market players.

Furthermore, our competitors may acquire market shares through merger, acquisition and consolidation. They may also use unreasonable or predatory pricing or may even engage in activities that harm our reputation. If we cannot respond effectively, our reputation, results of operations and prospects may be materially and adversely affected.

Competitive pressures may cause us to reduce prices we charge customers or may limit our ability to increase prices, which could hinder our profitability especially when raw materials or other cost increases. Such pressures may also increase marketing costs along with in-store placement, slotting and other marketing fees. Competitive pressures may also cause our channel and product mix to shift from more profitable ones. If we do not continually strengthen our capabilities in marketing and innovation to maintain consumer interest, brand loyalty, market share and profitability to remain competitive, our business could be adversely affected.

Product defects, product contamination or other product quality and food safety issues related to our products, or concerns about the safety, quality or health effects of our products could damage our reputation, and may materially and adversely affect our business and results of operations.

The success of our business depends in part on our ability to maintain consumer confidence in the safety and quality of all of our packaged drinking water products and beverage products. We have established various quality and safety standards, as well as a quality control system, the effectiveness of which depends on its design and the effectiveness of its implementation. During the Track Record Period and up to the Latest Practicable Date, we did not experience any product liability claim or incident related to material product liability exposure, which was, individually or on an aggregate basis, material to our Group. Our quality control system may not always be effective, or we may not be able to identify any defects in our quality control system in a timely manner. Any product quality or food safety issues that we fail to detect or prevent or respond effectively could lead to liability claims, reputation damage and penalties imposed by relevant authorities, which may materially and adversely affect our business and results of operations.

Any failure or perceived failure to meet our quality or safety standards, including product contamination and other accidents, non-compliant production, or allegations of mislabeling, whether actual or perceived, could occur in our operations or those of our Cooperative Manufacturing Partners, customers or suppliers. This could result in significant disruptions, including time-consuming and expensive production interruptions, product recalls, market withdrawals, product liability claims and negative publicity. It could also result in the destruction of product inventory, loss in sales due to the unavailability of product for a period of time, fines from applicable regulatory agencies, and higher-than-anticipated rates of returns of goods. In addition, we may need to negotiate with or litigate against our raw material and packaging material suppliers, Cooperative Manufacturing Partners and customers for the losses arising out of contamination of raw materials and packaging materials, and product quality and food safety issues. Such litigation could lead to substantial costs, which may further affect our sales, profitability and prospects.

Any or all of these events may lead to a loss of consumer confidence and trust, could damage the goodwill associated with our brands and may cause consumers to choose other products, and could adversely affect our business, results of operations and financial condition.

We may not be able to effectively manage and develop our distribution network and other sales channels, or efficiently sustain our business relationships with or manage our customers, which could adversely affect our brands, operations and results of operations.

Maintaining an effective distribution network enables smooth deliveries of our packaged drinking water and beverage products to consumers, and our distributors play an important role in expanding our geographic footprint and driving sales of our packaged drinking water and beverage products. Generally, our distributors purchase products from us and resell them to sub-distributors and end customers. Purchases by distributors accounted for the substantial majority of our sales during the Track Record Period. Revenue contributed by our distributors accounted for 88.6%, 88.7%, 88.2% and 88.5% of our total revenue in 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively. See "Business — Our Sales Network — Distributorship."

Failure to maintain our business relationships with existing distributors, to establish relationships with new distributors upon the loss of our existing distributors, and to manage and expand our distributors' distribution coverage could adversely affect our distribution network and hence our business, as well as our brands, results of operations and financial condition. Our ability to expand distribution coverage is also affected by changes in the relevant regulatory requirements, competitive landscape, and consumer tastes, preferences and spending habits. Failure to effectively respond to such changes may result in an adverse effect on our business and prospects.

In addition, if our distributors fail to effectively market and sell our packaged drinking water and beverage products, our market reputation may be damaged, and our ability to grow our business may be adversely affected. Furthermore, we may not be able to successfully manage our distributors' behaviors, or successfully detect or prevent any non-compliance by our distributors with the provisions of our existing distribution agreements. Any non-compliance by our distributors could negatively affect our brands and relationships with other distributors.

In some cases, our distributors may sell our products to sub-distributors over whose daily business activities we have limited or no control. We may not be able to accurately track the sales and inventory levels of the sub-distributors of our products, which may lead to inaccurate forecasts of sales trends by us and affect our ability to effectively and timely formulate and adjust our marketing and product strategies. As of the Latest Practicable Date, we entered into tripartite agreements with over 3,500 sub-distributors. In addition, our distribution network also covers other sub-distributors with whom we have no contractual relationship. Our sub-distributors do not have any purchase, payment or other direct transactions with us. Any failure of our sub-distributors to distribute our products in a timely manner, or any failure of the sub-distributors with which we entered into tripartite agreements to comply with the relevant contract terms, may affect our sales and damage the reputation of our brands, which may adversely affect our business and results of operations.

In addition, we also sell products directly to customers, such as national and regional supermarkets, chain convenience stores and e-commerce platforms. Revenue contributed by our direct sales customers accounted for 11.4%, 11.3%, 11.8% and 11.5% of our total revenue in 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively. See "Business — Our Sales Network — Direct Sales." Failure to maintain our business relationships with direct sales customers or to establish relationships with direct sales customers could adversely affect our brands, results of operations and financial condition.

Moreover, among our direct sales, sales generated via online sales channels had been growing remarkably during the Track Record Period. As e-commerce and social media platforms are becoming increasingly popular, we may encounter competition and cannibalization between offline and online sale channels. If we fail to balance the marketing efforts or optimize product mix and pricing strategies among our online and offline sales channels, or otherwise fail to effectively manage the integration of these channels, the competition and cannibalization among these channels may adversely affect our business, financial condition and results of operations. In addition, during the Track Record Period, we sold certain products directly to third-party e-commerce platforms and to consumers via third-party e-commerce platforms. Accordingly, if there are any significant disruptions to the e-commerce platforms, our sales via online channels and brand image may be adversely affected. If we fail to effectively manage the continual and effective development of our online sales, our business, results of operations and financial condition may be adversely affected.

The price volatility, declining quality or other risks related to the supply of our raw materials and packaging materials may materially and adversely affect our business and profitability.

The principal type of raw materials and packaging materials we use in the production of our products is PET, for manufacturing bottles. Our other raw materials and packaging materials primarily include milk powder, sugar, cardboard, bottle caps and labels. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our cost of raw materials and packaging materials was RMB3,722.8 million, RMB4,576.8 million, RMB4,507.6 million, RMB1,351.0 million and RMB1,355.0 million, respectively, representing approximately 58.5%, 62.2%, 60.3%, 60.5% and 61.7% of our total cost of sales, respectively. Given that the cost of raw materials and packaging materials is expected to continue to account for a large portion of our costs of sales, any significant increase in the prices of our raw materials and packaging materials may materially and adversely affect our profit margins. The raw materials and packaging materials we use are subject to price volatility caused by various factors beyond our control, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, inflation and governmental regulations and policies, and we are unsure whether we will be able to pass any of such price increases onto our customers.

Moreover, if all or a significant number of our raw material and packaging material suppliers are unable or unwilling to meet our requirements, we could suffer shortages or cost increases of raw materials and packaging materials. Our raw material and packaging material suppliers may fail to meet our needs for various reasons, including natural disasters, weather, manufacturing problems, epidemics, crop failure, strikes, transportation interruptions or government regulation. Changing raw material and packaging material suppliers may be costly and time-consuming. If we are unable to timely obtain raw materials and packaging materials in sufficient quantities, of satisfactory quality or at acceptable prices, our production volumes, quality of products and profit margins may be materially and adversely affected.

Any adverse publicity involving our brands, customers, Cooperative Manufacturing Partners, raw materials and packaging materials, or the RTD soft beverage industry in general, will harm our reputation, which may materially and adversely affect our business and results of operations.

Our success depends on our ability to build and maintain the brand image for our existing and new products as well as our corporate reputation. Our advertising, marketing and promotion programs may not have the desired impact on our brand image or on consumer preferences and demand for our products. In particular, our sponsorship relationships could subject us to negative publicity as a result of actual or alleged misconduct by individuals or entities associated with organizations and events that we sponsor or support.

Claims regarding product safety, quality and/or ingredient content issues, our environmental impact and the sustainability of our operations, or allegations of product contamination, even if false or unfounded, could tarnish the image of our brands and may cause consumers to choose alternative products. Consumer demand for our products could also significantly diminish if we or our employees, Cooperative Manufacturing Partners, customers, suppliers, logistics service providers or other business partners fail to preserve the quality of our products, act or are perceived to act in an unethical, illegal or socially irresponsible manner, including with respect to the sourcing, content or sale of our products, service and treatment of our customers, or the use of customer data.

Furthermore, our brand image or perceived product quality and food safety could be adversely affected by litigation, unfavorable reports by third parties (such as consumer organizations) in the media, studies in general and regulatory or other governmental inquiries, and proposed or new legislation affecting the RTD soft beverage industry. In particular, adverse public opinions, third-party studies or other allegations, whether or not valid, regarding the perceived or potential negative health effects of ingredients in our products or substances in our packaging materials may lead to additional government legislation or regulation, actual or potentially adverse legal action against us, and a negative consumer perception of our products, any of which could result in decreased demand for our products, or lead to changes in design of products, which may be costly and time-consuming and reduce the appeal of the products. Negative postings or comments on social media or networking websites about our Company or any one of our brands, even if inaccurate or malicious, could generate negative publicity that might damage the reputation of our brands or our Company. Business incidents, whether isolated or recurring and whether originating from us or our Cooperative Manufacturing Partners, customers, suppliers, logistics service providers or other business partners, that erode consumer trust can significantly reduce brand value or potentially trigger boycotts of our products and have a negative impact on consumer demand for our products as well as our reputation and results of operations. The impact of such incidents may be exacerbated if they receive considerable publicity, including rapidly through social or digital media (including for malicious reasons) or result in litigation or other proceedings.

In addition, adverse publicity related to the entire RTD soft beverage industry or other companies operating in this industry may result in consumers' having a negative perception of our brands and influence consumer demand for our products, and our business and prospects may be materially and adversely affected as a result.

Our business is subject to seasonality, which may cause fluctuations in our operating results.

The consumption of packaged drinking water and beverages is subject to seasonal variations. We typically experience sales peaks in the second and third quarters of each year, primarily due to the warmer weather. Meanwhile, we typically have low seasons with generally lower revenue and lower utilization rates for our production capacity in the first and fourth quarters, which negatively affects our profitability during the same periods. See "Financial Information — Major Factors Affecting Our Results of Operations — Specific Factors — Weather and Seasonality."

Sales can also fluctuate during the course of a financial year for other reasons, including the timing of new product launches and marketing and promotion activities. In addition, changes in weather or average temperature may cause fluctuations in demand for our products. For example, unseasonable or unusual weather may disrupt our operations and harm our financial performance. See "— Weather, natural disasters and climate change or related legislation could adversely affect our business."

Due to these fluctuations, comparisons of sales and operating results between different periods within a financial year, between the same periods in different financial years, or between different financial years, are not necessarily indicative of our performance. Nor may our results for any particular quarter or half year be indicative of the results to be achieved for the entire fiscal year. Our financial condition and results of operations in the future may continue to fluctuate throughout a year. Investors should not rely on interim results as being indicative of results the Group may expect for the full year.

Effective marketing and promotions of our products are essential to the success of our products. Inappropriate marketing activities will affect our reputation and may lead to administrative penalties, which may materially and adversely affect our business and results of operations.

The success of our operation depends on the effectiveness of our sales and marketing activities. We invest substantially in our sales and marketing activities to enhance brand recognition and promote new products. We incurred distribution and selling expenses of RMB3,756.7 million, RMB3,877.6 million, RMB4,086.5 million, RMB1,152.8 million and RMB1,274.5 million, respectively, representing 33.1%, 30.7%, 30.2%, 29.3% and 30.7%, respectively, of our total revenue, in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively. However, there can be no assurance that collaboration with our partners in marketing campaigns will not terminate, in which case our sales and marketing activities, business operations and financial performance may be adversely affected. In addition, if our sales and marketing programs contain inappropriate content, our reputation may be damaged, which could potentially lead to administrative penalties. As a result, our business and results of operations may be materially and adversely affected.

In particular, for new products, we may conduct promotional activities and incur significant sales and marketing expenditure to stimulate consumer demand after the product launch, which may affect our profitability. Competitive pressures may also restrict our ability to subsequently increase prices of new products. We may not be able to successfully launch any new product while maintaining and improving our profitability immediately after product launch, or at all.

In addition, we may be required to develop and adopt new marketing strategies to meet evolving market trends and shifting consumer preferences. Failure to develop effective marketing strategies to meet the changing market trends and consumer preferences may result in unnecessary distribution and selling expenditure, which may materially and adversely affect our results of operations and financial condition.

The execution of our investment, maintenance or upgrades related to production equipment, facilities, technologies and other operational aspects may not be carried out successfully, which may materially and adversely affect our business growth.

We continually maintain our existing production equipment and facilities, expand production capacity through upgrading our existing equipment and facilities, purchase new equipment and establish new facilities, and improve production technologies, to ensure the smooth operation of our business and drive business growth.

In particular, as our business grows, we may need to expand our production capacity through various measures including the construction of new, and expansion of existing, factories. See "Business — Our Production — Our Production Expansion Plan." Our new factories may not be ready in time or our production capacity may not otherwise be successfully expanded. A number of factors could delay our expansion plan or increase our costs, including: (i) failure to raise sufficient funds to establish and maintain working capital to operate our business at the new factories; (ii) failure to obtain environmental and regulatory approvals, permits or licenses from the relevant government authorities in a timely manner; (iii) failure to find new sites for our factories; (iv) shortage or late delivery or increased prices of building materials and production equipment, as well as various other factors affecting the construction progress, resulting in late delivery of our newly constructed or expanded factories; and (v) technological changes, capacity expansion or other changes to our plans for the new factories necessitated by changes in market conditions.

Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for construction of any new factories or expansion of any existing factories and maintenance of expanded production capacity. Any delay or cancellation of our expansion plan could also subject us to disputes with various counterparties, including, but not limited to, general contractors and subcontractors, equipment suppliers, financiers and relevant government authorities. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, we allocate our human and other resources to manage these undertakings. Such investment, maintenance and upgrades may not be carried out successfully, or generate positive cash flows or profitable returns within a short period of time. Such investment, maintenance and upgrade may become ineffective or obsolete as a result of updates in technology or industry standards, which could result in a material adverse effect on our business, results of operations and financial condition.

Weather, natural disasters and climate change or related legislation could adversely affect our business.

Unseasonable or unusual weather, natural disasters (such as storms, earthquakes, fires, drought or floods) or long-term climate change could pose physical risks to our production facilities and those of our Cooperative Manufacturing Partners and suppliers, impair our production capabilities, and disrupt our supply chains and distribution. In particular, they may add volatility to commodity prices of, and have the potential to disrupt the availability of, raw materials and packaging materials, energy and fuel, which may thereby adversely affect our ability to produce products. In addition, changes in weather or average temperature may result in fluctuations in demand for our products, which may have a negative effect on our business and financial results. For risks relating to water scarcity, see "— The scarcity or poor quality of water could adversely impact our business."

Furthermore, concerns over climate change, including global warming, have led to legislative and regulatory initiatives directed at low-carbon development and green manufacturing. Changes in the relevant laws or regulations applicable to us (such as the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law of the PRC on Environmental Impact Assessment (《中華人民共和國環境影響評價法》), the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Opinions on Further Enhancing the Control and Management of Plastic Pollution (《關於進一步加強塑膠污染治理的意見》) (Fa Gai Huan Zi [2020] No. 80)), or evolving interpretations thereof may result in increased compliance costs, capital expenditures and other financial obligations for us, thereby adversely affecting our results of operations and financial condition. For example, the Opinions on Further Enhancing the Control and Management of Plastic Pollution (《關於進一步加強塑膠污染治理的意見》) (the "**Opinion**") prohibit and restrict the production, sale and use of certain plastic products and promotes the adoption of alternative products. The plastic packaging currently used by us does not fall into the category of plastic products whose production, sale and use is prohibited and restricted by the Opinion, and therefore the implementation of the Opinion will not have a material and adverse impact on us in the short term. However, if more stringent regulatory requirements are implemented for plastic products in the future, enterprises in the RTD soft beverage industry, which widely use disposable plastic products as containers, will be subject to more impacts and restrictions. If there will be no significant technological breakthrough in the upstream plastic packaging industry, it is expected that we will face a general increase in manufacturing costs related to raw materials procurement and production processes. If we fail to timely and effectively respond to cost increases, our operating results and financial condition may be adversely affected.

If our third-party service providers and business partners, including our Cooperative Manufacturing Partners, do not satisfactorily fulfill their commitments and responsibilities, our business and financial performance could be adversely affected.

In the conduct of our business, we rely on relationships with third parties, including Cooperative Manufacturing Partners, suppliers of raw materials and packaging materials, customers, logistics service providers, promotion service providers, water suppliers and other third parties, for certain services in support of key elements of our operations. These third parties are subject to risks similar to ours relating to business interruption, systems and employee failures, and cybersecurity and data protection, and are also subject to their own legal, regulatory and market risks.

Our third-party service providers and business partners may not fulfill their respective commitments and responsibilities in a timely manner and in accordance with the terms agreed upon or applicable laws. In addition, we may not have control over our third-party service providers' and business partners' business operations or governance and compliance systems, practices and procedures, which increases our financial, legal, reputational and operational risk. If we are unable to effectively manage our relationships with third-party service providers and business partners, or for any reason our third-party service providers or business partners fail to satisfactorily fulfil their commitments and responsibilities, our business, results of operations and financial condition could suffer. Upon expiry of existing contracts with third parties, we may not able to renew such contracts at terms commercially favorable to us or find an appropriate substitute in a timely manner, in which case our business may be adversely affected.

In particular, we have maintained long-standing relationships with many Cooperative Manufacturing Partners who assist with our production. In 2021, 2022 and 2023 and the four months ended April 30, 2024, our Cooperative Manufacturing Partners contributed to approximately 68.1%, 68.9%, 66.9% and 52.9% of the total production volume for our products, respectively. In general, we are subject to a number of risks related to our Cooperative Manufacturing Partners' production, including reduced control over delivery schedules, and financial difficulties or disruptions in their operations of Cooperative Manufacturing Partners, due to causes beyond our control, including accidents and other unpredictable events. Failure to effectively manage any of the foregoing risks may adversely affect our business, results of operations and financial condition.

In addition, we have a limited number of major suppliers. In each of 2021, 2022 and 2023 and the four months ended April 30, 2024, purchases from our five largest suppliers were approximately RMB2.4 billion, RMB2.9 billion, RMB2.8 billion and RMB0.7 billion, respectively, representing approximately 31.0%, 33.5%, 33.2% and 28.5%, respectively, of our total purchases. See "Business — Supply Chain Management — Suppliers." If our current major suppliers decide to terminate business relationships with us or if the goods and services supplied by our current major suppliers fail to meet our standards, or if our current services, equipment or raw material and packaging material supplies are interrupted for any reason, we may not be able to easily switch to other qualified suppliers in a timely manner or at all. In such events, our business, results of operations and financial condition may be adversely affected.

We may face inadequate production capacity issues, which could hinder us in satisfying customer demand and harm our growth prospects.

As of April 30, 2024, we had 13 self-owned factories in operation in China. See "Business — Our Production — Production Factories — Our Self-Owned Factories." In addition, as of the same date, we collaborated with 31 Cooperative Manufacturing Partners that provide contract manufacturing services. We may not be able to meet the overall demand for our products or specific demand for any of our products in particular, if the production in any of our factories or those of our Cooperative Manufacturing Partners is disrupted in the future, especially during periods when we experience high demand for some or all of our products. Under these circumstances, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Disruptions at our factories could have a material adverse effect on our business. In addition, disruptions could also occur at the factories of our Cooperative Manufacturing Partners or suppliers, or at the facilities of our customers. Disruptions could occur for many reasons, including fires, natural disasters, weather, water scarcity, production or distribution issues, disease, widespread illness, strikes, labor shortages, transportation or supply interruption, contractual dispute, governmental regulation and actions, cybersecurity attacks, war or terrorism.

In particular, effective supply chain management and efficient production is key to our business success. Any delay or disruption in our supply chains may adversely affect our ability to perform our contractual obligations to customers. Meanwhile, our production processes are sophisticated. Problems may arise during the production process for various reasons beyond our control, including quality defects in raw materials and packaging materials, lack of production conditions or suspension of production due to natural disasters or other catastrophic events, labor issues, power outages, or technical or mechanical problems. Failure to effectively manage any of the above could interrupt our production process and delivery of our products, and thereby impair our business and reputation.

Furthermore, we may also experience inadequate production capacity issues when the actual demand for our products exceeds our forecasts of demand. If we cannot address inadequate production capacity issues effectively and in a timely manner, the production of our products may be adversely affected, and hence our business, results of operations and financial condition may be adversely affected.

Our business and operational outcomes could be negatively affected by any delays in delivery, mishandling of goods or increases in transportation costs of our logistics service providers.

During the Track Record Period, a majority of our product transportation was provided by logistics service providers. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our logistics services expenses were RMB911.1 million, RMB1,123.4 million, RMB1,046.3 million, RMB295.2 million and RMB370.9 million, respectively, representing 8.0%, 8.9%, 7.7%, 7.5% and 8.9% of our total revenue, respectively. Most of our products are delivered by road, rail or waterway. The services provided by our logistics service providers may be delayed, suspended or canceled due to unforeseen events, which may postpone or interrupt the sales or delivery of our products or increase our costs. Delivery delays may occur for various reasons beyond our control, including improper handling by our logistics service providers, labor disputes or strikes, accidents, outbreaks of epidemics, earthquakes and other natural disasters, and acts of war or terrorism. Disputes, or a termination of our contractual relationships, with logistics service providers may also lead to delayed delivery of products or increased costs. We may not be able to maintain or renew contractual relationships with our existing logistics service providers on terms commercially acceptable to us, or at all, or that we will be able to find suitable substitutes. In addition, the transportation services provided by our logistics service providers may not be always satisfactory to our customers. Any delayed delivery, product damage or other relevant issues may lead to product recalls, product liabilities and damage to our reputation, which may in turn adversely affect our business and results of operations.

Moreover, the transportation costs of our logistics service providers are subject to factors beyond our control, including fluctuations in the price of fuel, increases in road tolls and bridge tolls, and changes in transportation regulations. Any increase in the service costs of our logistics service providers may adversely affect our results of operations and financial condition.

Our failure to adequately manage our inventories may lead to inventory obsolescence.

Maintaining optimal inventory levels is critical to the success of our business. As of December 31, 2021, 2022 and 2023 and April 30, 2024, our balance of inventories was RMB414.1 million, RMB588.1 million, RMB377.4 million and RMB366.9 million, respectively. Our inventory turnover days in 2021, 2022 and 2023 and the four months ended April 30, 2024 were 19.1 days, 24.8 days, 23.6 days and 20.5 days, respectively. Failure to adequately manage inventory risks may lead to inventory obsolescence, decline in inventory value or inventory write-offs. In addition, compared with packaged drinking water products, our beverage products are exposed to higher risks of inventory obsolescence, as they generally have a relatively shorter shelf life.

For raw materials and packaging materials, we generally maintain a safety stock and adopt a multiple sourcing approach; for finished goods, we implement different stocking strategies for peak and off seasons. See "Business — Inventory Management." However, we may not be able to accurately predict relevant trends and events and maintain adequate levels of inventory at all times. An unexpected decrease in market demand for the products we sell could lead to excessive inventory, and we may offer discounts or conduct promotion activities to dispose of slow-moving inventory, which in turn may adversely affect our results of operations and financial condition. Meanwhile, understocked inventory may cause us to lose sales opportunities and our results of operations may also be adversely affected.

Expansion and acquisitions of or investments in businesses, products, technologies, production capacity or know-how could subject us to risks and uncertainties.

During the Track Record Period, we held a 70% equity interest in China Resources C'estbon Beverage (Yixing) Co., Ltd. (華潤怡寶飲料(宜興)有限公司) via a capital increase in 2022, and a 79% equity interest in Heyuan Biyouxuan Drinking Water Co., Ltd. (河源市碧優選飲用水有限公司) (currently known as China Resources C'estbon Beverage (Heyuan) Co., Ltd. (華潤怡寶飲料(河源)有限公司)) via a capital increase in the first half of 2023. In addition, we acquired a 70% equity interest in Wuhan Huaxinda Beverage Technology Co., Ltd. (武漢華新達飲品技術有限公司) (currently known as China Resources C'estbon Beverage (Wuhan) Co., Ltd. (華潤怡寶飲料(武漢)有限公司)), a former Cooperative Manufacturing Partner, in 2024. See note 32 to the Accountants' Report in Appendix I to this prospectus.

We plan to continuously and actively seek strategic opportunities for acquisitions of or investments in businesses, products, technologies, production capacity or know-how that we believe would benefit our product development, R&D capabilities, technologies, and distribution network. We may not be able to successfully execute our expansion and acquisition plans, and complete the relevant transactions as expected.

Our ability to grow through acquisitions and investments depends upon our ability to identify and integrate suitable targets and to obtain necessary financing at reasonable terms. In particular, acquisitions may involve significant risks and uncertainties, including but not limited to: (i) difficulties in integrating acquired companies, personnel, equipment, facilities or products, as applicable, into our business, particularly different production and quality management and other business functions; (ii) delays or failures in realizing the benefits and synergies of acquisitions and investments; (iii) diversion of our management's time and attention from other business concerns; (iv) higher costs of integration than anticipated; or (v) difficulties in retaining key employees of acquired businesses.

Meanwhile, we may not be able to achieve the anticipated effects or returns from our investments and recover such investments in time. An acquisition could also impair our results of operations by causing us to incur debt or amortize acquired intangible assets. We may also discover deficiencies in internal controls, data adequacy and integrity, service quality, regulatory compliance and liabilities in acquired businesses which we did not uncover prior to such acquisitions. Consequently, we may become subject to penalties, lawsuits or other liabilities. Any difficulties in the integration of acquired businesses or products, or unexpected penalties, lawsuits or liabilities in connection with such businesses or products could adversely affect our business, results of operations and financial condition.

Failure to manage our future growth effectively may materially and adversely affect our business operations and prospects.

We experienced growth in revenue during the Track Record Period. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our revenue was RMB11,339.9 million, RMB12,622.8 million, RMB13,514.7 million, RMB3,939.6 million and RMB4,149.8 million, respectively. However, this only reflects our historical performance and may not be indicative of our future performance. The sustainability of our growth depends on a number of factors, many of which are beyond our control, including evolving consumer preferences and demand, competition, regulatory evolvement and changes in economic condition. If we are not able to effectively manage our business growth and further expand our operations as needed, we may not be able to successfully implement the strategies necessary to further our business prospects on schedule or within our budget, or at all. Accordingly, we may not be able to sustain the growth we achieved in the past. Any failure to manage our future growth effectively may materially and adversely affect our business operations and prospects.

We received government grants and preferential tax treatment during the Track Record Period, and any discontinuation of government grants or preferential tax treatment or any change in the relevant policies may adversely affect our financial performance and results of operations.

We received government grants and preferential tax treatment under relevant preferential tax policies during the Track Record Period. However, we may not be able to continue to enjoy similar government grants and preferential tax treatment in the future. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, we recognized government grants of RMB82.9 million, RMB87.8 million, RMB61.3 million, RMB8.7 million and RMB16.9 million, respectively. Meanwhile, during the Track Record Period, two of our subsidiaries were eligible for a preferential Enterprise Income Tax ("**EIT**") rate of 20% as micro and small enterprises. See "Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Other Income" and "Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Income Tax Expense." If we cease to receive or benefit from government grants or be entitled to preferential tax treatment, our financial condition and results of operations may be adversely affected.

We are exposed to credit risks related to our trade receivables.

Our trade receivables primarily arise from credit sales of our products. We usually deliver products to customers after they have made the payment, while granting credit terms of no more than 90 days to certain direct sales customers. The balance of our trade receivables (before allowance for credit losses) was RMB277.8 million, RMB270.6 million, RMB267.3 million and RMB399.3 million, as of December 31, 2021, 2022 and 2023 and April 30, 2024, respectively, which represented our maximum exposure as of the respective dates to credit risk in relation to trade receivables. In 2022 and 2023 and the four months ended April 30, 2024, we recognized impairment losses under expected credit loss model (net of reversal) of RMB27.2 million, RMB3.8 million and RMB0.7 million, respectively, through profit or loss. The collection of amounts due from our customers may not be timely. This might result in slow turnover of our trade receivables and restrict our working capital resources. In 2021, 2022 and 2023 and the four months ended April 30, 2024, our trade receivables turnover days were 8.3 days, 7.9 days, 7.3 days and 9.7 days, respectively. See "Financial Information — Description of Certain Components of Our Consolidated Statements of Financial Position — Trade and Other Receivables." If we fail to receive payments from our customers on a timely basis, our cash flows and financial position could be adversely affected. In addition, disputes that arise due to default in payment by customers may also be time-consuming and costly for us in the event we decide to claim for such payments, and we may not be successful, in which case our liquidity, business, results of operations and financial condition may be adversely affected.

We face risk regarding the recoverability of deferred tax assets.

As of April 30, 2024, we had deferred tax assets of RMB205.6 million. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. While the deferred tax assets may enable us to reduce future tax payments, our deferred tax assets may also pose risk to our Group as its recoverability is dependent on our ability to generate future taxable profit. There can be no assurance that the deferred tax assets can be recovered. In the case that the value of our deferred tax assets has changed, we may have to write down the deferred tax assets, which may adversely affect our financial condition for that year.

Our efforts in developing and investing in R&D may not generate expected outcomes.

We have been continually devoted to upgrading and improving our existing packaged drinking water and other beverage products, launching new products and exploring new product categories. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our research and development costs were RMB49.0 million, RMB49.2 million, RMB61.5 million, RMB10.0 million and RMB13.1 million, respectively. Our future efforts in R&D activities may not be successful, or new product or packaging introductions may not be well received by consumers, or our competitors may develop certain new products ahead of us. As market trends and consumer tastes, preferences and spending habits evolve, there can be no assurance that our investment in R&D will always produce the expected outcomes, or at all, failure of which could adversely affect our business, financial condition, results of operations and prospects.

We may not be able to retain or promptly recruit senior management members or other key personnel required for our operations.

The success of our business is dependent, to a certain extent, on the abilities and contributions of our senior management members and other key personnel who possess industry expertise, know-how or experience in the RTD soft beverage industry in China. See "Directors and Senior Management." Any loss of such personnel could adversely affect our ability to sustain and develop our business. In addition, our key personnel may join a competitor or establish a competing business or fail to comply with the terms and conditions of their employment contracts. As competition for skilled and experienced talent is intense in our industry, any loss of key personnel or failure to promptly recruit such personnel for our future business development may adversely affect our business.

Any fraud, bribery or other misconduct committed by our employees, customers or other third parties may subject us to financial losses and adverse publicity.

We may be exposed to fraud, bribery, or other misconduct committed by our employees, customers or other third parties, which could subject us to financial losses and penalties from governmental authorities. Although our internal control procedures are designed to monitor our operations and ensure overall compliance, our internal control procedures may be unable to identify all non-compliance, suspicious transactions, fraud, corruption, bribery or other misconduct in a timely manner, or prevent or deter such instances. Our risk management systems and internal control capabilities are limited by the information and risk management tools or technologies available to us. Our ability to implement and maintain stringent internal control may be affected by our expansion in business scale and business scope. If any such misconduct of third parties committed against our interests occurs, we may suffer from negative publicity and reputational damage, or even become subject to litigation and other proceedings, as well as administrative or criminal penalties for such misconduct, thereby adversely affecting our business and results of operations.

Any defect of our IT systems or any failure to comply with relevant data privacy and information security laws can damage our reputation and subject us to legal proceedings and regulatory scrutiny.

We increasingly rely on information technology ("**IT**") systems to process, transmit and store information in relation to our operations. A significant portion of the communications between our employees and our Cooperative Manufacturing Partners, suppliers, customers and consumers depends on IT. Our IT systems are subject to various risks beyond our control, including natural disasters, telecommunications failures, power outages, computer viruses, hackers and other security issues. Any such interruption to our IT systems could disrupt our operations and negatively impact our production and ability to fulfill sales orders, which may adversely affect our business and results of operations.

In addition, we engage in e-commerce for several brands we operate, which includes direct sales to some customers, and we process their personal information in the course of our provision of products to them. The laws and regulations regarding privacy and data protection in the PRC are generally complex and evolving. If we are unable to comply with the applicable data protection and information security laws, or to address any data privacy and protection concerns, such actual or alleged failure could damage our reputation, impair our brand image and could subject us to significant legal, financial and operational consequences. If our network security is compromised, and such information is stolen or obtained by unauthorized persons or used inappropriately, we may become subject to litigation and other proceedings brought by customers and relevant authorities. Any such proceedings could divert our management's attention, result in significant financial losses and expenses, and negatively affect consumers' perception of our brands.

Furthermore, we may from time to time implement, modify and upgrade our IT systems and procedures to support our growth and the development of our business. These modifications and upgrades require investment and may not achieve the anticipated effects or returns of investments, thereby adversely affecting our results of operations and financial condition.

We may not be able to adequately protect our intellectual property rights, and may be subject to infringement of intellectual property rights, or misappropriation claims, by third parties.

We believe our trademarks, patents and other intellectual property rights are crucial to our success. We may be subject to infringement of our intellectual property rights by third parties. For instance, third parties may copy or otherwise obtain and use our intellectual property rights without our prior authorization.

In particular, we may be exposed to the risk of product infringement. There can be no assurance that there will be no unauthorized use of our intellectual property rights in the market. Infringers may illegally manufacture products using our intellectual property rights without our authorization. Such incidents are usually difficult to detect or ban entirely in a timely manner. The occurrence of such incidents may have an adverse impact on our reputation and brands. Our reputation and brands are crucial to our profitability and competitiveness, and any damage to our reputation or brands resulting from product infringement may adversely affect our profitability and competitiveness.

Our measures to enforce or defend our intellectual property rights may not always be successful. We may have to initiate legal proceedings to defend the ownership of our intellectual property rights against any infringement by third parties, which may be costly and time-consuming, and the outcome may be uncertain. If we are unable to adequately protect or safeguard our intellectual property rights, our business, financial condition, results of operations and prospects may be adversely affected.

Meanwhile, we are subject to risks of intellectual property right infringement or misappropriation claims by third parties in the course of our operations. Defense against any of these claims may be costly and time-consuming, and adverse determination in any such legal proceedings to which we may become a party may subject us to liabilities, or subject us to injunctions prohibiting the provision and marketing of the relevant brands or products, or other negative consequences, thereby disrupting our business operations, damaging our reputation and brands, and adversely affecting our business, results of operations and financial condition.

The renewal of our IP cooperation with KIRIN brand for certain beverage products is subject to uncertainty.

In 2011, pursuant to a strategic collaboration with KIRIN brand, the name of our company was changed to China Resources Kirin Beverages (Greater China) Company Limited, and we have sequentially introduced Gogo-no-Kocha milk tea, FIRE and Sekai-no-Kitchen products as part of our product portfolio. Our revenue generated from sales of the relevant products as a result of such collaboration accounted for 2.0%, 1.5%, 1.4% and 1.3% of our total revenue in 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively. KIRIN entered into a share purchase agreement with Plateau to transfer all of its 40% equity interest in China Resources Kirin Beverages (Greater China) Company Limited in February 2022, and completed such transfer in August 2022. See "History, Development and Corporate Structure — Major Shareholding Changes of our Company — Share Transfer to Plateau by KIRIN." Our IP collaboration with KIRIN brand is expected to expire in 2025, and we may reconsider the arrangement of the IP collaboration; depending on the results, our product mix may change.

We may be subject to litigation and other legal proceedings, and may not always be successful in defending ourselves against such claims or proceedings.

We may be involved in litigation and other legal proceedings during the ordinary course of business operations related to, among other things, products or other types of liability, labor disputes, contract disputes or intellectual property disputes that may adversely affect our financial condition. These actions could also expose us to adverse publicity, which might adversely affect our brands, reputation and customer preference for our products. If we become a party in any litigation or other legal proceedings in the future, the outcome of these types of proceedings could be uncertain and lead to legal expenses, and might result in settlements or outcomes that adversely affect our results of operations and financial condition.

We are subject to various risks relating to third-party payments.

During the Track Record Period, a majority of our customers (individually or collectively, the "**Relevant Customer(s)**") settled payments with us through accounts that do not belong to the contractual parties under the corresponding sales and purchase agreements (the "**Third-Party Payment Arrangements**"). See "Business — Our Sales Network — Third-Party Payment Arrangements." Since early 2024, we have begun to rectify the Third-Party Payment Arrangements and require our customers to enter into our amended sales and purchase agreements. Under the amended sales and purchase agreements, we only allow payments (i) directly from the accounts of the customers or (ii) if not directly from the accounts of the customers, through the accounts of: (a) in the case of sole proprietorships, the actual controllers (or their spouses) of such sole proprietorships, or (b) in the case of corporate entities, their subsidiaries within the same corporate group or, their legal representatives and/or actual controllers pursuant to financing arrangements with commercial banks or authorized financial institutions for settlement with our Group. As of the Latest Practicable Date, we had ceased all Third-Party Payment Arrangements, except for certain KA clients with whom the rectification of Third-Party Payment Arrangements can be difficult due to their large operational scale and strong bargaining power. Nevertheless, we are subject to various risks relating to such Third-Party Payment Arrangements, including: (i) possible claims for return of funds from third-party payors who were not contractually indebted to us; (ii) potential risks arising from the fact that we have limited knowledge about the source and purpose of the funds utilized by the third-party payors; and (iii) possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings instituted or brought against us in respect of any third-party payments, we may have to expand financial and managerial resources to defend against such claims or legal proceedings, and our financial condition and results of operations may be adversely affected as a result.

Our insurance coverage may be insufficient to cover our potential liabilities or losses.

We maintain insurance policies to cover potential product liabilities and potential safety issues relating to our production. In addition, we have purchased several property-related insurance policies covering our buildings, facilities, machinery, vehicles, equipment, inventories and other assets. See "Business — Insurance." Our insurances may not provide adequate coverage for all the risks in connection with our business operations. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we may be required to bear our losses to the extent that our insurance coverage is insufficient. As a result, we could suffer significant costs, which could have an adverse effect on our financial condition and results of operations.

Our operation requires various approvals, licenses and permits, and any failure to obtain or renew these approvals, licenses and permits may adversely affect our business and results of operations.

Pursuant to PRC laws and regulations, we are required to maintain various approvals, licenses and permits for our operations. For example, according to relevant requirements of the PRC laws, if we source water directly from rivers, lakes or groundwater, we are required to obtain water-taking permits before drawing water and regularly renew such water-taking permits, and pay fees in relation to water-taking on a regular basis. Meanwhile, in accordance with the Mineral Resource Law of the PRC, we are required to obtain mining permits prior to undertaking any mining activities in connection with mineral water, and pay relevant mineral resource tax; and the mining permits are limited to a specific geographic area and time period, subject to renewal upon expiration. Whether we can continue to carry out mining activities depends on our ability to renew mining permits with the relevant PRC regulatory authorities. Furthermore, as we construct our own production facilities, we are subject to requirements relating to land use rights, filings of records of construction permission and approval and records of completion and acceptance, environmental impact assessments, discharge of pollutants, and fire safety inspection approval, among other things, of construction projects. If we are unable to obtain the relevant approvals, licenses and permits and complete the relevant procedures, we may not be able to carry out certain activities for our business operations and expansion, and our business, results of operations and prospects could be adversely affected.

We are also required to comply with applicable fire safety, hygiene or food safety standards in relation to our production and sale processes. The premises we used for production and sale are subject to inspections by the regulatory authorities for compliance with the relevant laws and regulations of the PRC. See "Regulatory Overview." Failure to pass these inspections, or to maintain or renew our approvals, licenses and permits, could subject us to fines and the temporary or permanent suspension of some or all of our production activities, and could disrupt our business operations, and materially affect our business and results of operations. See "Business — Licenses, Approvals and Permits."

We may face risks relating to labor relations, labor disputes, labor shortages, increases in labor costs and labor law compliance.

The production and sale of packaged drinking water and beverage products are labor-intensive, and our success depends in part on our ability to hire, train, retain and motivate our employees. Any deterioration of our labor relations could lead to labor disputes, which may result in disruption of our production and operations, and adversely affect our business and results of operations.

Although we strive to provide a safe and desirable working environment to our employees to prevent occupational hazards, we may be subject to liability claims, negative publicity and government investigation or intervention in relation to workplace safety or occupational hazards, in particular if our employees, third-party service providers or other parties suffer from personal injuries or casualties at our facilities or during the transportation of our products. Such incidents could worsen our relationship with our employees and damage our brand and reputation.

Moreover, average wages in the society are expected to increase as China's economy grows, and the trend of labor shortage and aging population may further contribute to increases in labor costs. Any material increase in our labor costs may adversely affect our profitability, results of operations and financial condition. In addition, we may need to increase our total compensations to continually recruit experienced personnel required to achieve our business objectives. Prolonged labor shortages or inflation in labor costs could have an adverse impact on our business, results of operations and financial condition.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary among local governments in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. During the Track Record Period, we paid the social insurance or housing provident funds through third-party human resources agencies for certain of our employees, primarily because they prefer their social insurance and housing provident funds to be paid at their respective places of residence for the convenience of utilizing such benefits locally. The calculation method of contributions of certain of our employees may differ from local requirements. For details, see "Business — Employees." There can be no assurance that any new laws and regulations will not require us to settle the outstanding amount within a specified time limit, which may adversely affect our results of operations and financial condition.

The scarcity or poor quality of water could adversely impact our business.

The quality and quantity of our products rely on the high quality and stable water sources. During the Track Record Period, we primarily procured water from third-party water supply systems that meet national drinking water health standards for our purified drinking water products and beverage products. We also took natural mineral water directly from Jialin Mountain in Guangdong Province, as part of our deployment to access reputable quality water sources in China. However, various factors beyond our control such as pollution, geological shifts, natural disasters, climate and other environmental changes can negatively impact the quality and quantity of our water sources, and may increase costs for water purification and treatment or constrain our operations. If our water sources become scarcer, the quality of the water deteriorates, or the access to our water sources is disrupted, we may incur increased production costs or face manufacturing constraints. Although we have formulated comprehensive contingency plans in case of any water source contamination incidents, there can be no assurance that such contingency plans will be effective. For details, see "Business — Supply Chain Management — Water Source Management — Our Strategic Water Sources — Water Source Contamination Risk Management." Failure to effectively manage the foregoing risks relating to water scarcity and poor quality could negatively affect our business, financial performance and prospects.

We face risks related to health epidemics and other outbreaks, and events such as wars and acts of terrorism, which could significantly disrupt our operations.

Our business is subject to risks related to outbreaks of a widespread health epidemic or pandemic (such as avian influenza, swine influenza, severe acute respiratory syndrome (SARS), Middle East respiratory syndrome coronavirus (MERS-CoV), or COVID-19), or other events such as war, acts of terrorism, environmental accidents, power shortages or communication interruptions. The occurrence of any of the foregoing events may harm the global and regional economy in general, disrupt the RTD soft beverage industry and our operations, and have an adverse effect on our business, results of operations and financial condition.

Our business is subject to complex and evolving laws and regulations in the PRC. Any non-compliance with various laws and regulations in our operations may subject us to fines and penalties by the governmental authorities.

We are subject to various laws and regulations imposed by the PRC government relating to food safety, environmental protection, health, fire safety and other safety, data protection and privacy, property and labor. As these laws and regulations are complex and evolving, non-compliance with existing and future applicable laws and regulations could subject us to costs or liabilities, including monetary damages and fines, impacts on our production capabilities, suspension of our business operations and a general impact on our financial performance. Any non-compliance with such laws and regulations by us could subject us to legal, financial and operational consequences as well as adverse publicity, which may materially and adversely affect our business and results of operations. See "— Any defect of our IT systems or any failure to comply with relevant data privacy and information security laws can damage our reputation and subject us to legal proceedings and regulatory scrutiny."

For example, manufacturers within the RTD soft beverage industry in the PRC must comply with PRC food safety laws and regulations. These food safety laws and regulations require all enterprises engaged in the production of food and beverages to obtain the food production permits. They also set out safety standards with respect to food and food additives, packaging and containers, information to be disclosed on packaging as well as requirements for food production and sites, facilities and equipment used for the transportation and sale of food. In recent years, the PRC government has been strengthening the supervision of food safety. The newly revised Food Safety Law of the People's Republic of China (中華人民共和國食品安全法) and the Regulation on the Implementation of the Food Safety Law of the People's Republic of China (中華人民共和國食品安全法實施條例) stipulate that businesses engaged in food production should conduct their production and operation activities according to the applicable laws and regulations and food safety standards, establish a comprehensive food safety management system, and take effective measures to prevent and control food safety-related risks to ensure the safety of the food produced. This may increase the compliance costs of RTD soft beverage companies in China like us. Any failure to comply with PRC food safety-related laws and regulations may result in order of rectification, fines, confiscation of illegal gains, order of suspension of operations, revocation of food production and operating permits and, in more extreme cases, prosecution for criminal liabilities. See "Regulatory Overview — Food Related Laws and Regulations." In the event that the PRC government makes further changes to food safety regulation, our production, sales and distribution costs may increase, and we may be unable to successfully pass these additional costs onto our customers, which could adversely affect our business, results of operations, financial condition and prospects.

We are subject to a wide and increasingly broad array of PRC environmental laws and regulations, which aim to regulate emissions and their impacts to air, land and water. Our operations may result in odors, noise or other pollutants being emitted. Failure to comply with any environmental laws and regulations or any future changes to such laws and regulations could result in alleged harm to employees or others close to our factories. Significant costs to satisfy environmental compliance, remediation or compensatory requirements, or the imposition of penalties or restrictions on operations by PRC governmental agencies or courts may adversely affect our business, results of operations and financial condition.

Increasing concern over sustainability matters, including climate change, will likely result in new or revised laws and regulations aimed at reducing or mitigating the potential effects of greenhouse gases, restricting or increasing the costs of industrial water use due to local water scarcity concerns, or increasing mandatory reporting of certain sustainability metrics, such as recycling. If we fail to comply with applicable environmental compliance mandates or fail to meet sustainability metrics, our business operations and our reputation could be adversely impacted. For risks relating to climate change and water scarcity, see "— Weather, natural disasters and climate change or related legislation could adversely affect our business."

Failure to comply with PRC property-related laws and regulations regarding certain of our owned and leased properties may adversely affect our business.

According to applicable PRC administrative regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within 30 days after the execution of the lease agreement. As of the Latest Practicable Date, we had not filed our lease agreements for 72 properties we leased with the local housing administration authorities as required under PRC laws and regulations. As advised by our PRC Legal Advisor, if we and the landlords fail to register such lease agreements as required by the relevant competent authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered lease agreements.

As of the Latest Practicable Date, there were defects in some of our owned or leased properties. As of the same date, the ownership certificates or other similar proof of four of our leased properties (representing approximately 2.24% of our leased properties in gross floor area) had not been provided to us by the relevant lessors. Such leased properties are used as offices. Therefore, such lessors may not be entitled to lease the relevant real properties to us. As advised by our PRC Legal Advisor, in case any such lease is deemed void and we are required to relocate, we are entitled to demand the applicable lessor to return prepaid rent and indemnify us for damages caused by the title defect. As of the same date, 55 leased properties, of which 54 are used for offices and one are used for warehouses, were not in line with their prescribed usage.

Furthermore, as of the Latest Practicable Date, for certain of our owned properties, we had not obtained all relevant property ownership certificates, land use right certificates or other construction-related permits in accordance with PRC laws. See "Business – Properties – Owned Properties." In addition, as of the same date, a storage facility of approximately 422 sq.m. at one of our factories lacked the necessary land use permits and construction documentation, the primary function of which is to store miscellaneous items.

If we are challenged by third parties or government authorities upon any of the circumstances stated above, we may be subject to fines and may be forced to relocate, as the case may be, and, as a result, our results of operations and financial condition may be adversely affected.

The use of the "China Resources" brand name by other members of CR Group may expose us to reputational risks if these entities take actions that damage the "China Resources" brand name.

As certain trade names such as "華潤" (China Resources) are shared by us and members of the CR Group, details of which are set forth in "Appendix IV — Statutory and General Information – B. Further Information about Our Business – 2. Intellectual Property Rights – (a) Trademarks," if these other entities or their respective directors, management personnel or other employees take actions that damage such brand names or corporate image, or if any material negative publicity is associated with any of them, for example, as a result of regulatory investigations into, or other proceedings involving, wrongdoing or corrupt practices engaged in by any such entity or person, our brand image and reputation as well as our market value may be adversely affected. Negative perceptions or publicity regarding these matters, even if related to seemingly isolated incidents and whether or not factually correct, could erode trust and confidence and damage our reputation among existing and potential customers, which could adversely affect our business and results of operations.

RISKS RELATED TO CONDUCTING BUSINESS IN THE PRC

Any change in policies in the Chinese economy or the RTD soft beverage industry in China could have an adverse impact on our business, results of operations and financial condition.

Almost all of our business operations and assets are located in mainland China. Accordingly, our financial condition and results of operations are subject to economic, political and legal developments in China. China's economy has experienced significant growth in the past few decades, and the PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures benefit the overall economy in China, but may not necessarily positively affect us.

As we derive our revenue from the sales of packaged drinking water and beverage products in China, the success of our business depends on the condition and growth of the RTD soft beverage industry in China, which in turn depends on macro economic conditions and individual income levels in China. Any future instability in the Chinese economy or consumer spending could affect our business, results of operations and financial condition. In addition, the RTD soft beverage market in China could be affected by changing operating conditions in China. In particular, the reduction in tariffs on foreign products after further opening up of the Chinese market and entry of more international brands may intensify competition in the RTD soft beverage market in China. The development of this market could also be affected by evolving regulatory environment and government policies and other factors beyond our control. Failure to effectively manage such risks may adversely affect our business, results of operations and financial condition.

Tax implications of indirect transfers of equity interests in a PRC-resident enterprise by a non-resident enterprise need to be determined according to the effective laws and regulation and may negatively affect our business and our ability to conduct mergers, acquisitions or other investments.

On February 3, 2015, the State Taxation Administration ("**STA**") of the PRC issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) ("**Circular 7**"). Circular 7 provides comprehensive guidelines relating to, and heightened the Chinese tax authorities' scrutiny of, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise ("**PRC Taxable Assets**"). For example, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain PRC Taxable Assets and if the transfer is believed by the Chinese tax authorities to have no reasonable commercial purpose other than to evade enterprise income tax, Circular 7 allows the Chinese tax authorities to reclassify this indirect transfer of PRC Taxable Assets into a direct transfer and impose on the non-resident enterprise a 10% rate of PRC enterprise income tax. Circular 7 exempts this tax, for example, (i) where a non-resident enterprise derives income from an indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company in the public market, and (ii) where a non-resident enterprise transfers PRC Taxable Assets that it directly holds, and an applicable tax treaty or arrangement exempts this transfer from PRC enterprise income tax. Whether any exemptions under Circular 7 will be applicable to transfers of our Shares by our Shareholders needs to be determined according to the effective laws and regulations. If the Chinese tax authorities impose PRC enterprise income taxes on these activities, the value of your investment in our Shares may be adversely affected.

We may be deemed as PRC tax resident under the EIT Law and be subject to PRC taxation on our worldwide income.

Under the EIT Law, enterprises established under the laws of jurisdiction other than China may be considered as PRC tax resident provided that their "*de facto* management body" is located within China. Supplementary rules of the EIT Law interprets "*de facto* management body" as a body that exercises substantial management or control over the business, personnel, finance and properties of an enterprise. Through a circular promulgated in April 2009, the STA of the PRC further clarified the criteria for determining whether an enterprise has a "*de facto* management body" within China. As most of our management is currently based in China and many may remain in China in the future, we and our non-PRC subsidiaries may be treated as PRC tax resident and a number of unfavorable tax consequences could follow. We may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income and to PRC enterprise income tax reporting obligations. Any income sourced by us from outside China, such as interest on offering proceeds held outside China, could be subject to PRC enterprise income tax at a rate of 25%.

While the EIT Law provides that dividend income between "qualified resident enterprises" is exempt from PRC enterprise income tax, it is not clear whether our Company and our non-PRC subsidiaries would be eligible for such exemption were we considered to be PRC tax resident. In addition, if we are treated as PRC tax resident under Chinese laws, capital gains realized from sales of our Shares and dividends we pay to non-PRC resident Shareholders may be treated as income sourced within China. Accordingly, dividends we pay to non-PRC resident Shareholders and transfers of Shares by these Shareholders may be subject to PRC income tax. The tax on this income of non-PRC resident enterprise Shareholders would be imposed at a rate of 10% (and may be imposed at a rate of 20% in the case of non-PRC resident individual Shareholders), subject to the provisions of any applicable tax treaty. If we are required to withhold PRC income tax on dividends payable to you, or if you are required to pay PRC income tax on the transfer of our Shares, the value of your investment in our Shares may be materially and adversely affected.

Any dividends paid by our PRC subsidiaries to us as a holding company are subject to PRC withholding taxes.

We rely on the distributions to us by our PRC subsidiaries for funding, including to pay dividends to our Shareholders and to service any debt we may incur. Under the EIT Law and its implementation rules, a 10% withholding tax is applicable to the profit of a foreign-invested enterprise distributed to its immediate holding company outside China to the extent the distributed profit is sourced from China, (i) if the immediate holding company is neither a PRC-resident enterprise nor has any establishment or place of business in China, or (ii) if the immediate holding company has an establishment or place of business in China but the relevant income is not effectively connected with the establishment or place of business. Pursuant to a special arrangement between Hong Kong and China, this rate could be lowered to 5% if a Hong Kong-resident enterprise directly owns over 25% of the Chinese company at all times during the 12-month period immediately prior to obtaining a dividend from such company. In addition, according to a tax circular issued by the STA in February 2009, if the main purpose of an offshore arrangement is to obtain preferential tax treatment, Chinese tax authorities have the discretion to adjust the tax rate enjoyed by the relevant offshore entity. Chinese tax authorities may not determine that the 5% tax rate applies to dividends received by our subsidiary in Hong Kong from our Chinese subsidiaries, or Chinese tax authorities may levy a higher withholding tax rate on these dividends in the future. In accordance with the Administrative Measures for Convention Treatment for Non-resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》) which was promulgated by the STA and came into effect on January 1, 2020, if non-resident taxpayers consider they are eligible for treatments under the tax treaties through self-assessment, they may, at the time of filing tax returns or making withholding tax filings through withholding agents, enjoy the treatments under the tax treaties, and shall concurrently collect and retain the relevant documents for inspection according to relevant regulations, and accept post-filing administration by the tax authorities.

Policies and regulations regarding foreign currency conversion may impact our foreign exchange transactions, including dividend payments to holders of our Shares and our ability to finance in foreign currencies.

The conversion of Renminbi into foreign currencies should be in compliance with relevant laws and regulations. We receive substantially all of our revenue in Renminbi, and undertake certain transactions denominated in foreign currencies. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of the SAFE by complying with certain procedural requirements. In particular, under the relevant existing exchange laws and regulations, without prior approval of the SAFE, cash generated from the operations of our PRC subsidiaries may be used to pay dividends to our Company, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have licenses to carry out foreign exchange business. However, the laws, regulations and governmental policies regarding currency conversion are generally complex and evolving. If we cannot obtain sufficient foreign currencies to satisfy our foreign currency demands via the foreign exchange regulation system, we may not be able to pay dividends in foreign currencies to our Shareholders. Foreign exchange transactions under our capital account are subject to the relevant foreign exchange regulations and policies, and may need approval from the SAFE or its local branches. These regulations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

Fluctuations in the value of the Renminbi may have an adverse effect on our financial results, and impact dividend payments, if any, to our Shareholders.

Fluctuations in exchange rates between Renminbi, Hong Kong dollar, the US dollar and other currencies are unpredictable, and may be affected by a number of factors, such as economic and political developments. In 2021, we recognized net foreign exchange loss of RMB2.2 million, in 2022 and 2023 and the four months ended April 30, 2024, we recognized net foreign exchange gain of RMB2.8 million, RMB0.9 million and RMB63,000, respectively. There can be no assurance that Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or US dollar in the future. It is difficult to predict how market forces may impact the exchange rates between Renminbi and foreign currencies in the future.

Revaluation of Renminbi may have an adverse effect on your investment. For example, to the extent that we need to convert Hong Kong dollars we receive from this Global Offering into Renminbi for our operations, appreciation of Renminbi against Hong Kong dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for any dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us. As a result, fluctuations in exchange rates may have an adverse effect on your investment in our Shares.

You may encounter difficulty in effecting service of legal process upon, and enforcing foreign judgments against, us, our Directors and senior management.

We are a company registered by way of continuation in the Cayman Islands with substantially all of our assets located within China. Most of our Directors and senior management members reside in China and the majority of their assets are within China.

Judgments of courts of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty on that with China. On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**2006 Arrangement**"), pursuant to which reciprocal recognition and enforcement of the judgment may be possible between these two jurisdictions provided that the judgment is rendered by a final court of these two jurisdictions and the parties have an expressly written choice of court.

On January 18, 2019, the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**") was signed between the Supreme People's Court of China and Hong Kong, and such arrangement came into effect on January 29, 2024. Compared with the 2006 Arrangement, the 2019 Arrangement seeks to establish a bilateral legal mechanism with greater clarity and certainty for reciprocal recognition and enforcement of judgments between Hong Kong and the PRC in civil and commercial matters under both Hong Kong and PRC laws. The 2019 Arrangement applies to judgments made by the courts of Hong Kong and the PRC on or after its commencement date. The 2006 Arrangement was superseded upon the effective date of the 2019 Arrangement. However, the 2006 Arrangement will remain applicable to a "choice of court agreement in writing" as defined in the 2006 Arrangement which is entered into before the 2019 Arrangement takes effect. As the 2019 Arrangement went effective relatively recently, its implementation and interpretation is still evolving.

It may be difficult or impossible for you to enforce a judgment between these jurisdictions if you have not agreed on sole jurisdiction with the other party. As a result, you may encounter difficulty in enforcing foreign judgments against us or our Directors or senior management members.

Filing with the CSRC may be required in connection with our future offerings, and we cannot predict whether we will be able to complete such filing.

On February 17, 2023, the CSRC released Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five relevant guidelines, which became effective on March 31, 2023. Pursuant to the Overseas Listing Trial Measures, PRC domestic companies which, after the overseas offering and listing, offers subsequent securities in the same overseas market or conducts offering and listing in other overseas markets (the "**Future Offerings**"), shall complete the filing procedures of, and report relevant information to, the CSRC. See "Regulatory Overview — Overseas Listing."

Based on the foregoing, for the Future Offerings after the proposed Listing, we are required to comply with the filing procedures of the CSRC. It is uncertain whether we can, or how long it will take us to, complete filings procedures in connection with the Future Offerings. We may be subject to approval, filing or other requirements by other PRC government authorities under the PRC laws in the future. Any failure to complete the relevant procedures may have an adverse effect on Future Offerings.

RISKS RELATED TO GLOBAL OFFERING

There has been no prior public market for our Shares, and an active trading market for our Shares may not develop or be sustained.

Before the Global Offering, there was no public market for our Shares. The initial offer price range of our Shares, and the Offer Price, will be the result of negotiations between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us. The Offer Price may differ from the market price for our Shares following the Global Offering.

In addition, while we have applied to have our Shares listed on the Stock Exchange, (i) an active trading market for our Shares may not develop or, (ii) if it does, that it may not be sustained following completion of the Global Offering, or (iii) the market price of our Shares may decline below the Offer Price. You may not be able to resell your shares at a price that is attractive to you, or at all.

The price and trading volume of our Shares may be volatile, which could lead to substantial losses for investors.

The price and trading volume of our Shares may be volatile. The market price of our Shares may fluctuate significantly and rapidly as a result of the following factors, among others, some of which are beyond our control: (i) actual or anticipated variations of our results of operations; (ii) loss of key raw material and packaging material suppliers; (iii) changes in securities analysts' estimates or market perception of our financial performance; (iv) announcement by us of significant acquisitions; (v) addition or departure of senior management members or other key personnel; (vi) fluctuations in stock market price and volume; (vii) regulatory or legal developments, including involvement in litigation; (viii) fluctuations in trading volume or the release of lock-up or other transfer restrictions on our outstanding Shares or sales of additional Shares by us; and (ix) general economic, political and stock market conditions.

In addition, stock markets and the shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced increasing price and volume fluctuations in recent years, some of which have been unrelated or disproportionate to the operating performance of such companies. These broad market and industry fluctuations may materially and adversely affect the market price of our Shares.

There can be no assurance that we will declare and distribute any dividend in the future.

As a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from our operating subsidiaries. Distribution of dividends shall be decided by our Board of Directors at their discretion in compliance with the applicable laws and regulations. A decision to declare or to pay any dividends and the amount thereof depends on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits of our subsidiaries and dividends they pay to us, future plans and business prospects, market conditions, the Articles, regulatory restrictions and our contractual obligations. As a result, there can be no guarantee as to when, whether or in what form and amount dividends will be paid on our Shares in the future. See "Financial Information — Dividend."

You will incur immediate and significant dilution if the Offer Price is higher than the net tangible asset value per Share and may experience further dilution if we issue additional Shares in the future.

The initial Offer Price of our Shares is higher than the net tangible asset value per Share of the outstanding Shares issued to our existing Shareholders immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in terms of the pro forma net tangible asset value. In addition, we may consider offering and issuing additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. Purchasers of our Shares may experience further dilution in terms of the net tangible asset value per Share if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share.

Future sales or perceived sales of substantial amounts of our Shares in the public market could have a material adverse effect on the price of our Shares and our ability to raise additional capital in the future.

The market price of our Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their shareholdings if we issue additional Shares other than on a *pro rata* basis to existing Shareholders. New Shares or equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

Our Controlling Shareholders are able to exercise significant influence over us. The interests of our Controlling Shareholders may not align with that of our other Shareholders.

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), CRH Beverage and Plateau will own approximately 51% and 34% of the enlarged share capital of our Company, respectively. Our Controlling Shareholders will have the ability to exercise significant influence over us, including matters relating to the nomination and election of our Directors, business strategies, dividend and other distributions, and major corporate activities, including securities offerings, acquisitions or investments. The interests of our Controlling Shareholders may not align with that of our other Shareholders. As a result, our Controlling Shareholders may take actions that other Shareholders may not agree with or that are not in our, or our other Shareholders' best interests.

Plateau may cease to be a Controlling Shareholder of our Company in the event that its Share Pledge are enforced after the expiry of the lock-up period.

As of the Latest Practicable Date, all the Shares held by Plateau in the Company, representing 40% of our Company's total issued share capital, were subject to pledges pursuant to a loan agreement between Plateau and certain bank consortium (the "**Share Pledge**"). See "Substantial Shareholders – Share Pledge by Plateau." On June 24, 2024, Bank of China (Hong Kong) Limited ("**BOCHK**") (as security agent on behalf of the bank consortium) has issued an undertaking letter to the Company, pursuant to which, (a) in the period from the date of this prospectus to six months from the Listing Date (the "**First Six Months**"), for purposes of fulfilling the requirements under Rule 10.07(1)(a) of the Listing Rules, BOCHK shall not enforce the Share Pledge so as to cause any change to the shareholding of Plateau in our Company; and (b) in the period of six months from the date on which the First Six Months expires (the "**Second Six Months**"), for purposes of fulfilling the requirements under Rule 10.07(1)(b) of the Listing Rules, BOCHK shall not enforce the Share Pledge so as to cause Plateau to cease to be a Controlling Shareholder of our Company. In the event that BOCHK enforces the Share Pledge following expiry of the Second Six Months which causes Plateau's shareholding to fall below 30% of the total issue share capital of our Company, Plateau will cease to be a Shareholder or a Controlling Shareholder of the Company, in which case, the shareholding structure of the Company may change.

There may be difficulties in protecting your interests under the laws of the Cayman Islands.

Our corporate affairs are governed by our Memorandum and Articles of Association, the Companies Act and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interest of minority shareholders differ in some respects from those in other jurisdictions. Such differences may mean that the remedies available to the minority shareholders may be different from those they would have under the laws of other jurisdictions.

Facts, forecasts and statistics in this prospectus relating to the PRC and global economy and the industry in which we operate may not be fully reliable.

Certain facts, forecasts and statistics in this prospectus relating to the PRC and global economy and the industries in which we operate are obtained from official government publications that we believe are reliable. However, there can be no guarantee of the quality or reliability of these sources. Neither we, the Overall Coordinators nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions obtained from these sources.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

You should read the entire prospectus carefully, and we caution you to not rely on any information contained in press articles or other media regarding us or the Global Offering.

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering, including but not limited to certain financial information, projections, industry comparison, valuations and/or other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any such information appearing in publications other than this prospectus is inconsistent with, or conflicts with, the information contained in this prospectus, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the information included in this prospectus.

In preparation for the Listing, we have applied to the Hong Kong Stock Exchange for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong, which normally means that at least two of our executive Directors must ordinarily reside in Hong Kong. Given that (i) our business operations are principally located, managed and conducted in the PRC and will continue to be principally based in the PRC; (ii) all of our Group's executive Directors and senior management team principally reside in the PRC and will continue to reside in the PRC; and (iii) the management and operation of our Group have mainly been under supervision of the executive Directors of our Company, who are principally responsible for the overall management, corporate strategy, planning, business development and control of our Group's business, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rule 8.12 of the Listing Rules, subject to the following conditions to maintain regular and effective communication between the Hong Kong Stock Exchange and ourselves:

(i) **Authorized Representatives**: We have appointed Mr. ZHANG Weitong (張偉通) ("**Mr. Zhang**") and Mr. CHUNG Ming Fai (鍾明輝) ("**Mr. Chung**") as our authorized representatives ("**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Hong Kong Stock Exchange. Each of them has confirmed that he can be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. The Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange as soon as practicable in respect of any change in the Company's authorized representatives. Accordingly, our Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. See "Directors and Senior Management" for further biographical details of our Authorized Representatives;

(ii) **Directors**: When the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. To facilitate communication with the Stock Exchange, we have provided our Authorized Representatives and the Stock Exchange with the contact details of each of our Directors, including his/her mobile phone numbers, office phone numbers, e-mail addresses and fax numbers (to the extent applicable). In the event that any Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his/her accommodation to the Authorized Representatives. To the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period after requested by the Stock Exchange;

(iii) **Compliance Advisor**: We have appointed Altus Capital Limited as our compliance advisor ("**Compliance Advisor**") pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as our additional channel of communication with the Hong Kong Stock Exchange during the period from the Listing Date to the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the Listing. The Compliance Advisor will act as the additional and alternative channel of communication with the Stock Exchange when the Authorized Representatives are not available and its representatives will be readily available to answer inquiries from the Hong Kong Stock Exchange.

(iv) **Company Secretary**: We have appointed Mr. Chung, who ordinarily resides in Hong Kong, as our company secretary. Mr. Chung will maintain constant contact with our Directors and senior management members through various means.

WAIVER IN RELATION TO NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into and are expected to continue with certain transactions after the Listing which will constitute non-exempt continuing connected transactions under Chapter 14A of Listing Rules. Accordingly, we have applied for, and the Hong Kong Stock Exchange has granted us, waivers in relation to certain continuing connected transactions between us and our connected persons under Chapter 14A of the Listing Rules. See "Connected Transactions."

WAIVER IN RESPECT OF PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1) of the Listing Rules requires that there must be an open market for the securities for which listing is sought, and that a sufficient public float of an issuer's listed securities shall be maintained. Generally, at least 25% of an issuer's total issued share capital must at all times be held by the public.

We have applied to the Hong Kong Stock Exchange to request the Hong Kong Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 8.08(1)(a) of the Listing Rules and that the minimum percentage of the Shares from time to time held by the public to be the higher of: (i) 14.81%, being the percentage of Shares held by the public upon completion of the Global Offering (where the Over-allotment Option is not exercised); and (ii) such percentage of Shares held by the public after the full or partial exercise of the Over-allotment Option, subject to our confirmations that we:

(i) expected to have market capitalization at the time of Listing of over HK$10 billion;

(ii) will make appropriate disclosure of such lower prescribed percentage of public float in this Prospectus in accordance with Rule 8.08(1)(d) of the Listing Rules;

(iii) will announce the percentage of Shares held by the public in the allotment results announcement and upon any exercise of the Over-allotment Option, such that the public will be informed of the minimum public float requirement applicable to our Company;

(iv) will ensure an open market in the Shares, and the number of Shares to be held by the public and their distribution would enable the market to operate properly with a lower percentage;

(v) will confirm the sufficiency of public float in its successive annual reports after the Listing in accordance with Rules 8.08(1)(d) and Rule 13.35 of the Listing Rules;

(vi) will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float of Shares prescribed by the Stock Exchange (or such higher percentage upon the completion of any exercise of the Over-allotment Option); and

(vii) in the event that the public float percentage falls below the minimum percentage prescribed by the Stock Exchange, the Directors will take appropriate steps to ensure the minimum percentage of public float prescribed by the Stock Exchange is complied with.

WAIVER IN RELATION TO CLAWBACK MECHANISM

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached.

Subject to the Stock Exchange granting the waiver described below, the Hong Kong Public Offering and the International Offering will initially account for 11.0% and 89.0% of the Global Offering, respectively, subject to the clawback mechanism described below. We have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements of paragraph 4.2 of Practice Note 18 to the Listing Rules such that the allocation of the Offer Shares in the Hong Kong Public Offering will be adjusted as follows:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 14 times or more but less than 45 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 62,608,800 Shares, representing approximately 18% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised);

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 45 times or more but less than 90 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 80,000,200 Shares, representing approximately 23% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised); and

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 90 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 139,130,600 Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate. In addition, the Overall Coordinators would have discretion to allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. On the other hand, if the Hong Kong Public Offering is not fully subscribed, the unsubscribed Offer Shares under the Hong Kong Public Offering may be reallocated to the International Offering. See "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" for further details.

CONSENT IN RESPECT OF THE PROPOSED SUBSCRIPTION OF SHARES BY UBS AM SINGAPORE

Paragraph 5(1) of Appendix F1 to the Listing Rules provides that no allocations will be permitted to "connected clients" of the overall coordinator(s), any syndicate member(s) (other than the overall coordinator(s)) or any distributor(s) (other than syndicate member(s)) (collectively, the "**Distributors**", and each a "**Distributor**"), without the prior written consent of the Stock Exchange.

Paragraph 13(7) of the Appendix F1 to the Listing Rules states that "connected client" in relation to an exchange participant means any client which is a member of the same group of companies as such exchange participant.

As further described in the section headed "Cornerstone Investors" in this prospectus, UBS Asset Management (Singapore) Limited ("**UBS AM Singapore**") has entered into a cornerstone investment agreement with the Company, the Joint Sponsors and the Overall Coordinators to subscribe for the Offer Shares and will hold the Offer Shares on a discretionary basis for and on behalf of its underlying clients under the International Offering. UBS AM Singapore is an investment advisor and a delegate of the investment manager of its underlying clients. UBS AG Hong Kong Branch ("**UBS HK**") has been appointed, amongst others, as one of the Overall Coordinators of the Global Offering. UBS AM Singapore and UBS HK are members of the same group of companies. As a result, UBS AM Singapore is a connected client of UBS HK.

We have applied for, and the Stock Exchange has granted, a consent under paragraph 5(1) of Appendix F1 to the Listing Rules to permit UBS AM Singapore to participate in the Global Offering as a cornerstone investor on the following basis and conditions as set out in paragraph 5 of Chapter 4.15 of the Guide for New Listing Applicants:

(a) any Offer Shares to be allocated to UBS AM Singapore will be held on behalf of independent third parties on a discretionary basis;

(b) the cornerstone investment agreement of UBS AM Singapore does not contain any material terms which are more favourable to UBS AM Singapore than those in other cornerstone investment agreements;

(c) UBS HK has not participated, and will not participate, in the decision-making process or relevant discussions among the Company, the Underwriters and the Overall Coordinators relating to allocation of shares to UBS AM Singapore;

(d) no preferential treatment has been, nor will be, given to UBS AM Singapore by virtue of its relationship with UBS HK in any allocation of Offer Shares in the International Offering other than the assured entitlement for UBS AM Singapore as a cornerstone investor under the relevant cornerstone investment agreement;

(e) UBS AM Singapore confirms that to the best of its knowledge and belief, it has not received and will not receive preferential treatment in the allocation of Offer Shares in the Global Offering by virtue of its relationship with UBS HK other than the assured entitlement for UBS AM Singapore as a cornerstone investor under the relevant cornerstone investment agreement;

(f) each of the Company, the Overall Coordinators, UBS AM Singapore and UBS HK, has provided the Stock Exchange with written confirmations in accordance with Chapter 4.15 of the Guide for New Listing Applicants; and

(g) details of the cornerstone investments and details of the allocations will be disclosed in this prospectus and the allotments results announcement.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including the proposed independent non-executive Directors) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this prospectus or any statement in this prospectus misleading.

CSRC FILING REQUIREMENT

The CSRC issued notice of filing on July 10, 2024 for the Global Offering and for the submission of the application to list our Shares on the Hong Kong Stock Exchange. In granting its notice of filing, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 38,261,000 Shares and the International Offering of initially 309,565,200 Shares (subject, in each case, to reallocation on the basis described in "Structure of the Global Offering" in this prospectus).

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions that the Offer Price is agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us. The International Offering is managed by the Overall Coordinators and is underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters).

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in "How to Apply for Hong Kong Offer Shares" in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his or her acquisition of Hong Kong Offer Shares to confirm, that he or she is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of listing of, and permission to deal in, our Shares to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the Over-allotment Option). Except for our pending application to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares, no part of our Shares or loan capital is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotments made in respect of any applications will be invalid if the listing of, and permission to deal in, the Offer Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by the Hong Kong Stock Exchange.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board of the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on Wednesday, October 23, 2024. The Shares will be traded in board lots of 200 Shares each. The stock code of the Shares will be 2460.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of any transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for our Shares to be admitted into CCASS.

SHARE REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained by our principal registrar, Harneys Fiduciary (Cayman) Limited, in the Cayman Islands, and our Hong Kong register of members will be maintained by the Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong.

Dealings in the Shares will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

DIVIDENDS PAYABLE TO HOLDERS OF SHARES

Unless determined otherwise by our Company, dividends payable in respect of the Shares will be paid to the Shareholders listed on the Share register of our Company in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholders of our Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in our Shares or exercising rights attached to them. None of the Company, the Joint Sponsors, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers or the Underwriters, any of their respective directors, officers, employees, agents, affiliates or advisors or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, purchasing, holding, disposing of or dealing in, or the exercise of any rights in relation to, our Shares.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain of our subsidiaries), institutions, natural persons, facilities, certificates, titles and the like included in this prospectus and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

ROUNDING

In this prospectus, where information is presented in hundreds, thousands, ten thousands, millions or hundred millions, certain amounts of less than one hundred, one thousand, ten thousand, one million or hundred million, as the case may be, have been rounded to the nearest hundred, thousand, ten thousand, million or hundred million, respectively. Amounts presented as percentages have, in certain cases, been rounded to the nearest tenth or hundredth of a percent. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

CURRENCY TRANSLATIONS

Solely for your convenience, certain translations among amounts in Renminbi, HK dollars or US dollars are contained in this prospectus. None should be regarded as and be interpreted as an amount in one currency that can be on the relevant dates or any other dates actually converted into that in another currency at the rates below or cannot be converted at all. Unless otherwise specified:

(i) all amounts in Renminbi are translated into HK dollars at an exchange rate of RMB0.90827 to HK$1.00;

(ii) all amounts in Renminbi are translated into US dollars at an exchange rate of RMB7.05195 to US$1.00; and

(iii) all amounts in HK dollars are translated into US dollars at an exchange rate of HK$7.76420 to US$1.00.

For further information on our Directors, see "Directors and Senior Management" in this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. ZHANG Weitong (張偉通先生)	19H, Yinxing Ge, Yinzhuang Building, No. 1013 Jintian Road Futian District, Shenzhen Guangdong Province, PRC	Chinese
Mr. LI Shuqing (李樹清先生)	40B, Building 1 Park View Mansion I Nanshan District, Shenzhen Guangdong Province, PRC	Chinese
Ms. WU Xia (吳霞女士)	Room 601, Block E Building 7, Jialan Garden Vanke Siji Huacheng No. 999 Gaoxin Seventh Road Gaoxin Development Zone, Nanchang Jiangxi Province, PRC	Chinese
Non-executive Directors		
Mr. LIN Guolong (林國龍先生)	1-1-16B, China Resources Yinhu Lanshan 1028 Beihuan Avenue Luohu District, Shenzhen Guangdong Province, PRC	Chinese
Mr. SUN Yongqiang (孫永強先生)	1801, Unit 1, 15/F Building 3, Xuefushu Jiayuan Haidian District Beijing, PRC	Chinese
Mr. XIAO Ning (肖寧先生)	Room 307, Unit 17, Building 17 No. 28 Shekou Gongye Ninth Road Nanshan District, Shenzhen Guangdong Province, PRC	Chinese

Ms. CAO Yue (曹越女士)	Room 1602, Building 4, Haishengmingyuan Dongzhimenwai Street Dongcheng District Beijing, PRC	Chinese
Dr. ZHAO Dian (趙典博士)	Room 1003, Unit 1, Building 13 Yard 12, Shuangqiao East Road Chaoyang District Beijing, PRC	Chinese
Independent non-executive Directors		
Dr. CHOW Wing Kin Anthony (周永健博士)	9A Po Garden, 9 Brewin Path Mid-levels, Hong Kong	British
Mr. LI Yinquan (李引泉先生)	Unit C, 20/F, Block 3 Grand Austin, 9 Austin Road West Tsim Sha Tsui, Hong Kong	Chinese Hong Kong
Dr. YAO Yang (姚洋博士)	10D, Unit 2 Building 3, No. 5 District Yuanda Park Haidian District Beijing	Chinese
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Authorized Representatives	Mr. ZHANG Weitong (張偉通先生) Mr. CHUNG Ming Fai (鍾明輝先生)
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The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by CIC (the "CIC Report"). We engaged CIC to prepare the CIC Report in connection with the Global Offering. The information from official government sources has not been independently verified by us, any of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Underwriters, any of their respective directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

OVERVIEW OF THE RTD SOFT BEVERAGE MARKET IN CHINA

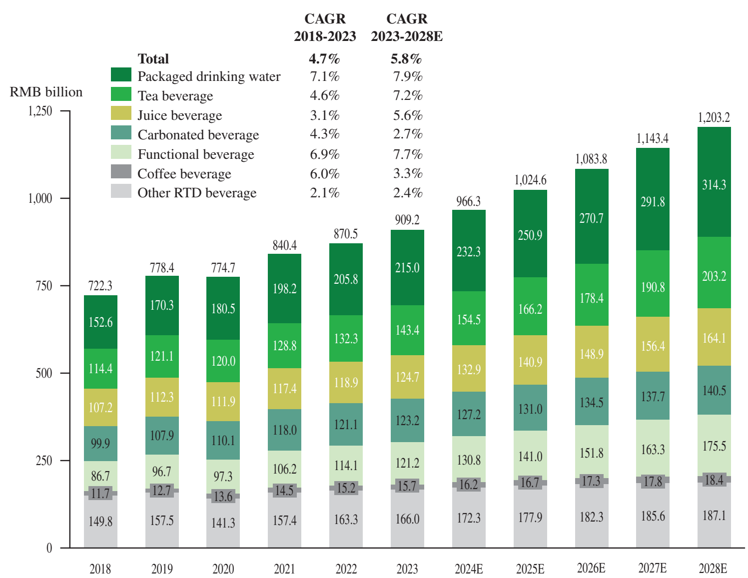
Overview

RTD soft beverage refers to non-alcoholic beverage products that are ready-to-drink, which excludes solid beverage, dairy products and freshly made beverages. China is one of the world's largest RTD soft beverage markets. RTD soft beverage products in China are primarily categorized into: (i) packaged drinking water; (ii) tea beverage; (iii) carbonated beverage, (iv) juice beverage; (v) functional beverage; (vi) coffee beverage; and (vii) other RTD soft beverages, such as protein beverage. The size of the RTD soft beverage market in China in terms of retail sales value reached RMB909.2 billion in 2023, growing at a CAGR of 4.7% from 2018 to 2023.

Driven by increasing urbanization rate, increasing disposable income, consistent product innovation, continuous market segmentation and diversification of sales channels, the size of RTD soft beverage market in China in terms of retail sales value is expected to increase to RMB1,203.2 billion by 2028, growing at a CAGR of 5.8% from 2023 to 2028.

Packaged drinking water is the largest category in terms of retail sales value, with a market size of RMB215.0 billion in 2023. Packaged drinking water was also the fastest-growing category among all RTD soft beverage categories in terms of CAGR from 2018 to 2023, and it is expected to maintain such position with a projected CAGR of 7.9% from 2023 to 2028, based on the assumed packaged ratio of drinking water (calculated by dividing the consumption volume of packaged drinking water during the period by total consumption volume of residents' drinking water during the same period) from 2023 to 2028. In 2023, China's packaged ratio was 14.4%, which is substantially lower than that of developed markets such as the United States at 59.7% and Hong Kong at 22.7%. Driven by the increasing water safety awareness, a stronger preference for healthy hydration, diverse household consumption scenarios, and the diversification of product offerings, the packaged ratio of drinking water in China is expected to reach approximately 85% of the current level in Hong Kong and 30% of that in the United States by 2028, reaching approximately 18.9%. The following chart sets forth the historical and projected market size of the RTD soft beverage market in China in terms of retail sales value by product category:

RTD Soft Beverage Market Size in China by Product Category (2018-2028E)



Source: National Bureau of Statistics, China Beverage Industry Association, the CIC Report

Notes:

(1) Tea beverage includes: (i) sugar-free tea beverage; (ii) herbal-based tea beverage (sugar-sweetened tea beverage such as chrysanthemum tea, chenpi tea and white gourd drink); and (iii) other sugar-sweetened tea beverages (such as lemon tea and milk tea).

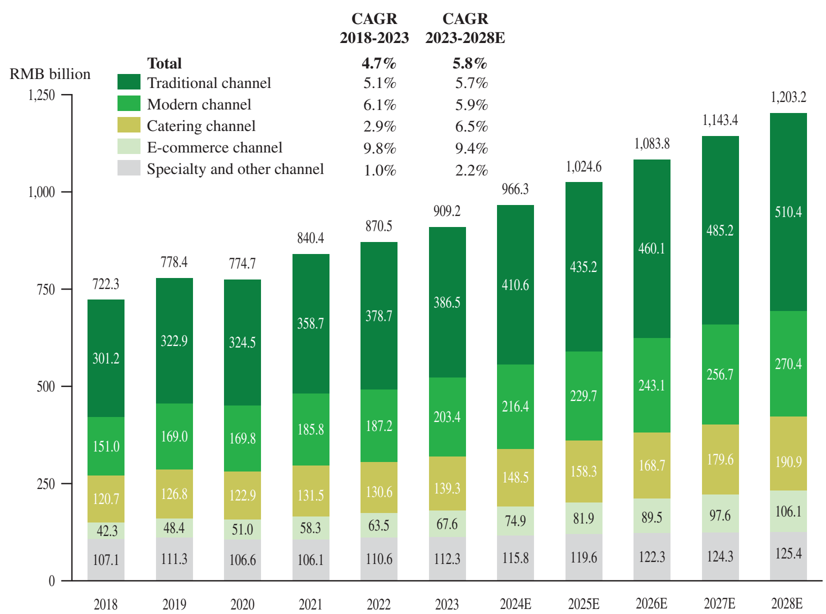
(2) Juice beverage includes: (i) pure juice (100%); (ii) medium concentration juice (25%≤ juice concentration <100%); (iii) low concentration juice (10%≤ juice concentration <25%); and (iv) flavored water (5%≤ juice concentration <10%).

Sales Channels

Major sales channels of the RTD soft beverage market in China include: (i) traditional channel, primarily referring to small non-chained grocery stores and water delivery shops that are typically owned and operated by individual vendors or households; (ii) modern channel, which primarily includes hypermarkets, supermarkets and chained convenience stores; (iii) catering channel, which primarily refers to restaurants and other catering service providers; (iv) e-commerce channel, which primarily refers to online sales platforms; and (v) other channels, which primarily include specialty channels such as airlines, train stations, gas stations, highway service areas, hotels and sports venues, as well as other retail channels.

The traditional and modern channels feature vast numbers of outlets, wide coverage and immediate access. As a result, such channels are utilized by RTD soft beverage companies as the major channels to reach a broader consumer base. The following chart sets forth the historical and projected size of the RTD soft beverage market in China in terms of retail sales value by sales channel:

RTD Soft Beverage Market Size in China by Sales Channel (2018-2028E)



Source: National Bureau of Statistics, China Beverage Industry Association, the CIC Report

Third-Party Payment Arrangements

Our industry consultant, CIC, is of the view that it is common commercial practice for businesses in the RTD soft beverage industry in China to settle their payments through third-party payors with their customers for convenience and flexibility. These customers utilize third-party payment arrangements mainly because:

(i) some customers in the form of sole proprietorships would like to avoid the complexity of setting up the corporate accounts or the inconvenience of using such corporate accounts to allow for more operational flexibility;

(ii) it is more convenient for or in line with the internal financial management practice of some customers to use the accounts of certain affiliated persons such as their legal representatives or actual controllers (and/or their family members), especially during the peak seasons; and

(iii) it is an established operational practice for certain clients with large operational scale, who usually procure and re-sell RTD soft beverages in significant quantities, to use their own form of sales and purchase agreements and settle payments with market players in a way either as specified in the corresponding delegation clauses or in their separate statements through their designated associated entities, according to the CIC Report. Due to the large operational scale of such clients, it is not practical to include all their designated associated entities for external payments as signing parties to the sales and purchase agreements.

Industry Drivers and Future Trends

The RTD soft beverage market in China is expected to be driven by the following drivers and exhibit the following trends:

- ***Increasing Purchasing Power and Per Capita Consumption for RTD Soft Beverages.*** Increasing urbanization rate and per capita disposable income in China continuously enhance the purchasing power of consumers for RTD soft beverages, which is expected to further drive growth of the RTD soft beverage market in China. Meanwhile, in 2023, the per capita consumption volume of RTD soft beverages in China (124.7L) remained significantly lower than that in developed markets such as the US (402.2L), Japan (195.7L) and Hong Kong (172.3L), which indicates substantial potential for growth in the RTD soft beverage market in China. It is expected that the increase of per capita consumption volume of RTD soft beverage in China will follow the historical growth trend in developed markets.

- ***Sales Channel Diversification.*** While the traditional and modern channels continue to dominate RTD soft beverage sales in China due to their unique consumer engagement opportunities and indispensable role in fulfilling the consumption scenarios, the diversified and emerging sales channels, including e-commerce channel and catering channel, have improved consumers' purchasing experience and gained increasing popularity among consumers. In addition, the development of delivery service, such as online-to-offline platforms with on-demand fulfillment capabilities delivering products to consumers' doorsteps, helps modern and traditional channels expand their coverage and at the same time, enhances the convenience and product accessibility for consumers. The development of diverse sales channels in the RTD soft beverage market is expected to promote consumers' purchases of RTD soft beverage products, thereby gradually unleashing the market potential in cities of all tiers.

- ***Growing Health Awareness.*** Similar to many other countries, Chinese consumers' health awareness with respect to food and beverage consumption has been rising in recent years, with health concepts such as zero/low sugar, zero/low calorie, additive-free, herbal-based, plant-based and efficacy becoming increasingly popular in the RTD beverage market in China. Such trends will continue to drive the growth of certain product categories, such as packaged drinking water and sugar-free beverages, making them more popular than other types of drinks.

- ***Launch of New Products to Continuously Meet Consumer Needs.*** Leading RTD soft beverage enterprises in China have been continually enriching their product offerings and expanding their coverage across various RTD soft beverage categories to cater to evolving consumer needs and consumption scenarios. In particular, the boundary between packaged drinking water and other RTD soft beverages is becoming indistinct, leading to the introduction of flavored water, sparkling water and other types of beverage products with intricate flavors, rich texture and diverse benefits, to satisfy consumers' preferences related to health, taste and nutrition.

- ***Increasing ESG Awareness.*** Chinese society is expecting RTD soft beverage companies to make more contributions to sustainability and social responsibility. Companies showing more commitment, for example by adopting sustainable packaging materials, implementing water management systems, focusing on community empowerment and investing in carbon reduction operations, are able to align their development with the values and expectations of Chinese society on ESG.

OVERVIEW OF THE PACKAGED DRINKING WATER MARKET IN CHINA

Overview

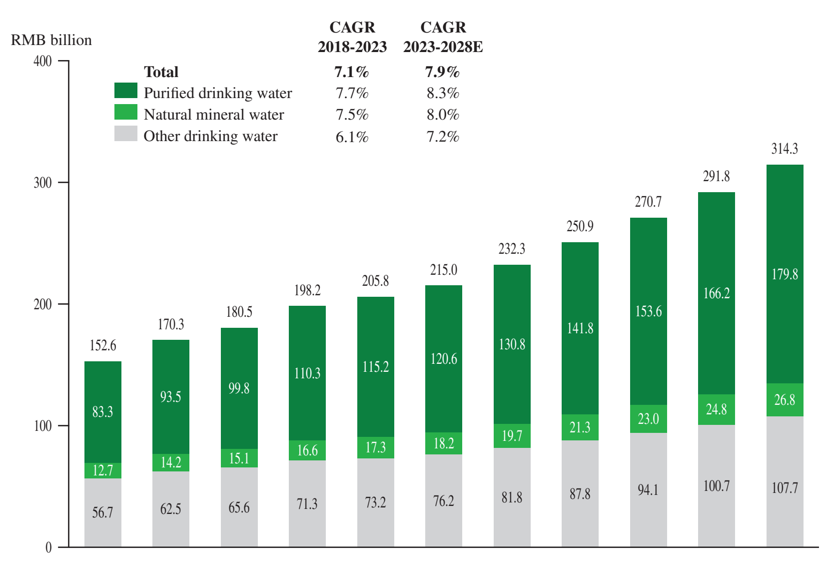
According to the relevant Chinese national standards (GB/T 10789-2015), packaged drinking water is defined to comprise: (i) purified drinking water, which is derived from the surface water, groundwater, or public water supply system and is properly purified through processes including distillation, electrodialysis, ion exchange and reverse osmosis; (ii) natural mineral water, which naturally emerges from deep beneath of the ground or is collected after drilling, contains a certain amount of minerals and trace elements; and (iii) other drinking water including natural drinking water, natural spring water, and others. Natural drinking water is primarily originated from wells, mountain springs, reservoirs, lakes and alpine glaciers. Natural spring water either naturally emerges from underground springs or is collected through drilling from underground springs. Packaged drinking water products are characterized by inelastic and persistent demand, suitability for all age groups, and affordability.

Market Size

The size of the packaged drinking water market in China by retail sales value was RMB215.0 billion in 2023, growing at a CAGR of 7.1% from 2018 to 2023, and is expected to reach RMB314.3 billion by 2028, growing at a CAGR of 7.9% from 2023 to 2028. The main drivers of the packaged drinking water market in China include: (i) increasing awareness of water safety; (ii) strong preference for healthy hydration; (iii) diverse household consumption scenarios; (iv) association with sports and fitness; and (v) diversification of product offering. Furthermore, water filtration systems and/or home carbonation systems not only require one-off purchase cost and space for installation, but also do not typically offer the same level of cleanliness or hygiene as packaged drinking water, which undergoes stringent testing. Meanwhile, on-the-go refill stations, typically located in specialty areas such as airports, train stations and highway service areas in China, cannot match the convenience of purchasing packaged drinking water. Considering factors such as economy, convenience and water safety, it is expected that the penetration of substitutes, such as home water filtration system, home carbonation system and on-the-go refill stations, will remain relatively low in China. These substitutes are likely to have a limited influence to the per capita consumption volume of packaged drinking water in China over the next five years. This market accounted for 23.6% of the RTD soft beverage market in China by retail sales value in 2023, and is estimated to remain its leadership by 2028.

The following chart sets forth the historical and projected size of the packaged drinking water market in China in terms of retail sales value by segment:

Packaged Drinking Water Market Size in China by Segment (2018-2028E)



Source: National Bureau of Statistics, China Beverage Industry Association, the CIC Report

Purified drinking water is the largest segment of the packaged drinking water market in China in terms of retail sales value, reaching RMB120.6 billion in 2023, accounting for 56.1% of the packaged drinking water market in China. This segment is expected to experience continual growth, reaching RMB179.8 billion in terms of retail sales value, accounting for 57.2% of the packaged drinking water market in China in 2028. As the purified drinking water has the characteristics of fast production expansion, low logistics cost and inherent quality that constructs association with healthfulness and safety, it is expected that purified drinking water will maintain its prominence in the next five years with projected growth rate higher than all other segments under packaged drinking water market.

Below are some observations and characteristics of the purified drinking water segment:

- Over the past ten years, approximately half of the retail sales in the packaged drinking water market in the US came from purified drinking water. Sharing the similar attributes of the US packaged drinking water market, including the segmentation of the packaged drinking water market, water resources and public water supply systems, the purified drinking water is expected to remain as the largest segment of the packaged drinking water market in China in the foreseeable future.

- Most world-leading packaged drinking water enterprises identify purified drinking water as their core product.

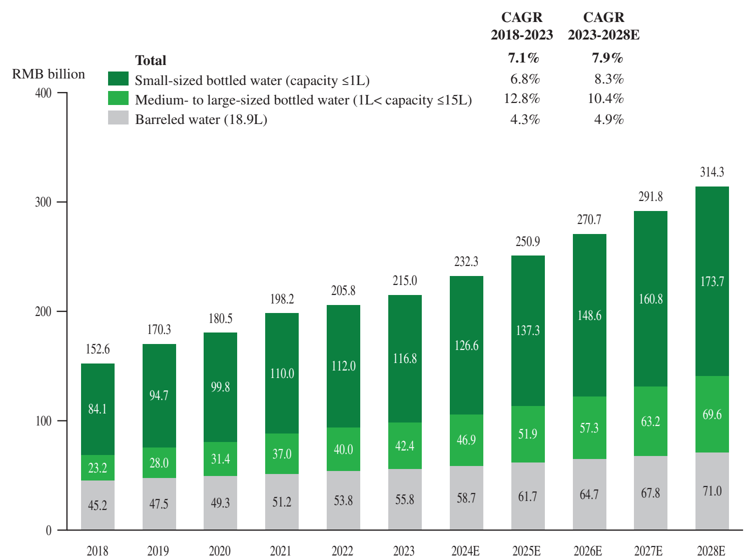
- Compared to other types of packaged drinking water, purified drinking water has fewer production capacity constraints, while enjoying advantages such as rapid mass production and low logistics costs.

- Inherent qualities of purified drinking water such as its association with health and safety, appeal to many Chinese consumers that prefer healthy hydration. Other than RTD consumption, its purity makes it versatile for tea making, cooking and other household uses. As a region distinguished by high life expectancy, Hong Kong launched the purified drinking water product in 1903, representing the first runner in purified drinking water consumption in east Asia.

- There are substantial industry consolidation opportunities in the purified drinking water segment in China, given the large number of small-scale and regional enterprises in this segment. As of December 31, 2023, there were over 15,000 purified drinking water manufacturers in China.

By package sizes, according to the CIC Report, packaged drinking water in China is generally divided into the following: (i) small-sized bottled water (capacity ≤ 1L), mainly for RTD scenarios; (ii) medium- to large-sized bottled water (1L < capacity ≤ 15L), mainly for consumption scenarios such as household, catering and outdoor; and (iii) barreled water, typically 18.9L (5 gallons). The medium- to large-sized bottled water is expected to experience a relatively higher growth rate, primarily driven by increasing household consumption scenarios, heightened awareness of water safety, and expansion of delivery services. The following chart sets forth the historical and projected size of China's packaged drinking water market in terms of retail sales value by package size:

Packaged Drinking Water Market Size in China by Package Size (2018-2028E)

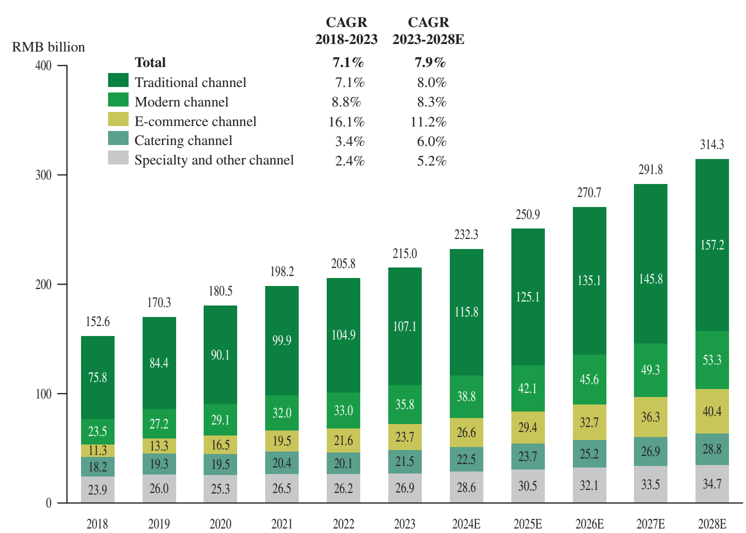


Source: National Bureau of Statistics, China Beverage Industry Association, the CIC Report

Sales Channels

The sales channels of the packaged drinking water market in China are similar to those of the RTD soft beverage market in China, in which the traditional and modern channels are utilized by packaged drinking water companies as the major channels to reach a broad consumer base. The traditional and modern channels are expected to be the primary sales channels of packaged drinking market in China over the next five years. Meanwhile, the e-commerce channel is expected to experience a relatively higher growth rate as e-commerce platforms offer greater convenience to customers with delivery services. The following chart sets forth the historical and projected size of the packaged drinking water market in China in terms of retail sales value by sales channel:

Packaged Drinking Water Market Size in China by Sales Channel (2018-2028E)



Source: National Bureau of Statistics, China Beverage Industry Association, the CIC Report

Industry Drivers and Future Trends

The packaged drinking water market in China is expected to be driven by the following drivers and exhibits the following trends:

- ***Increasing Water Safety Awareness.*** As consumers are becoming more conscious of water safety in light of rising concerns over the quality of tap water, the demand for packaged drinking water products is expected to rise continuously. In particular, the packaged ratio of drinking water in China reached 11.5% in 2018, which increased to 14.4% in 2023, substantially lower than that of developed markets including the US (59.7%) and Hong Kong (22.7%), and is expected to further increase to 18.9% in 2028.

- ***Stronger Preference for Healthy Hydration.*** In recent years, many consumers prefer packaged drinking water or diet-version beverages over regular, full-calorie beverages. For example, in the RTD soft beverage market in China, the percentage by retail sales value of packaged drinking water is expected to increase from 21.1% in 2018 to 26.1% in 2028, based on the assumed increasing packaged ratio of drinking water in China while that of sugar-sweetened carbonated beverages is expected to decline from 10.9% in 2018 to 7.9% in 2028.

- ***Diverse Household Consumption Scenarios.*** Against the backdrop of increasing urbanization, and smaller family sizes, household consumption scenarios such as tea making, cooking and dining have emerged and gained popularity. Consumers have developed varying requirements under different consumption scenarios in terms of package types and sizes of drinking water. In particular, medium- to large-sized bottled water is expected to serve as an alternative to tap water that is considered to have safety and quality concerns. Furthermore, the development of delivery services promotes the accessibility and convenience of making purchases, facilitating the consumption of medium- to large-sized bottled water. The medium- to large-sized bottled water contributed to 15.2% of China's packaged drinking water market in terms of retail sales value in 2018, which increased to 19.7% in 2023 and is expected to reach 22.2% by 2028. As consumption scenarios become more diverse, the consumption frequency of packaged drinking water is expected to increase, thereby further driving the growth of this market.

- ***Association with Sports and Fitness.*** As Chinese consumers are paying more attention to exercising and healthy lifestyles, the proportion of regular exercisers reached 37.2% of the total population in China during the 13th Five-Year Plan period and is expected to increase to 40% or above by 2030. Sports, especially outdoor workouts, are expected to drive the growth of the packaged drinking water market given the strong association of packaged drinking water with sports and fitness.

- ***Diversification of Product Offering.*** Leading players in this market have enriched their product categories, and developed various package types at different price levels, intending to cater to more diversified consumer needs and cover a broader consumer base.

In addition, the packaged drinking water market in China is often faced with certain key challenges:

- ***Capability of Product Quality Control.*** Packaged drinking water companies need to develop stringent internal standards to ensure that the quality of their products complies with national food safety standards. They should not only ensure the water source undergoes proper processing, such as sterilization and filtration, but also that the filling procedure is conducted in a sterile environment.

- ***Continuous Marketing Investment.*** The concentration of the packaged drinking water market in China is continuously increasing. Packaged drinking water companies need to persistently invest in marketing, such as sponsoring sports events and placing off-line advertisements, to increase brand exposure, thereby increasing brand recognition.

- ***ESG Capabilities.*** Packaged drinking water companies are poised to apply ESG measures, including adopting sustainable packaging materials, employing water management methodologies and transitioning to sustainable operations. These measures require companies to possess the capital and capabilities to alter the supply chain and bear the cost of sustainable packaging materials.

COMPETITIVE LANDSCAPE

The RTD Soft Beverage Market in China

The RTD soft beverage market is relatively concentrated in China, with the five largest players contributing a 42.6% market share in terms of retail sales value in 2023, which is expected to continue to rise. The leading players are expected to maintain and increase their market shares, capitalizing on well-established brand recognition, sales channel presence, comprehensive product portfolio and R&D capabilities. In addition, prominent global RTD soft beverage companies have demonstrated that market leaders within a core category can readily leverage their existing infrastructure to swiftly establish dominant positions in other categories.

According to the CIC Report, the Company ranked fifth in terms of retail sales value in the RTD soft beverage market in China in 2023.

Top Five Companies in China's RTD Soft Beverage Market, by Retail Sales Value, China, 2023

Company/Group Name	Total retail sales value, RMB in billions, 2023	Market share, %
Company A[(1)]	94.4	10.4%
Company B[(2)]	87.7	9.6%
Company C[(3)]	87.5	9.6%
Company D[(4)]	75.4	8.3%
The Company	**42.3**	**4.7%**
Top 5 subtotal	**387.4**	**42.6%**
Total	**909.2**	**100.0%**

Source: the CIC Report

Notes:

(1) Established in 1987 in Zhejiang Province, China and headquartered in Hangzhou, Company A is a non-listed company with business operation primarily in China focusing on multiple industries, including food and RTD soft beverage, equipment, logistics and among others.

(2) Established in 1958 in Taiwan, China and headquartered in Tianjin, Company B is a food and RTD soft beverage company listed on the Hong Kong Stock Exchange with business operation primarily in China.

(3) Established in 1996 in Zhejiang Province, China and headquartered in Hangzhou, Company C is a RTD soft beverage company listed on the Hong Kong Stock Exchange with business operation primarily in China.

(4) Company D is the China branch of a U.S. listed RTD soft beverage company that was founded in 1892 and is headquartered in Atlanta, Georgia, the U.S. The parent company operates business in over 200 countries and entered the mainland China market in 1979.

The Packaged Drinking Water Market in China

The concentration of the packaged drinking water market in China is continuously increasing, with the total market share of the five largest players in terms of retail sales value increasing from 56.2% to 58.6% from 2021 to 2023.

According to the CIC Report, the Company ranked second in the packaged drinking water market in China in 2023, and ranked first in the purified drinking water market in China in terms of retail sales value.

Top Five Companies in China's Packaged Drinking Water Market, by Retail Sales Value, China, 2023

Company/Group Name	Total retail sales value RMB in billions, 2023	Market share, %
Company C	50.7	23.6%
The Company	**39.6**	**18.4%**
Company E[(1)]	13.2	6.1%
Company A	12.0	5.6%
Company B	10.5	4.9%
Top 5 subtotal	**126.0**	**58.6%**
Total	**215.0**	**100.0%**

Source: the CIC Report

Note:

(1) Established in 1992 in Guangdong Province, China and headquartered in Shenzhen, Company E is a non-listed RTD soft beverage company with business operation primarily in China.

Purified drinking water is the largest segment of the packaged drinking water market in China in terms of retail sales value in 2023. The Company generated a retail sales value of RMB39.5 billion in 2023, nearly four times that of the second largest player, and exceeding the combined retail sales value of purified water companies ranked from second to fifth.

Top Five Companies in China's Purified Drinking Water Market, by Retail Sales Value, China, 2023

Company/Group Name	Total retail sales value RMB in billions, 2023	Market share, %
The Company	**39.5**	**32.7%**
Company A	10.8	8.9%
Company F[(1)]	7.4	6.1%
Company E	4.4	3.7%
Company B	3.2	2.6%
Top 5 subtotal	**65.2**	**54.1%**
Total	**120.6**	**100.0%**

Source: the CIC Report

Note:

(1) Established in 2006 in Beijing, China and headquartered in Beijing, Company F is a non-listed beverage company with business operation primarily in China.

The Chrysanthemum Tea Beverage Market in China

The competition in China's tea beverage industry is intense, and the leading RTD soft beverage companies continuously explore the sub-segments of tea beverage to find new growth opportunities. Chrysanthemum tea beverage, a kind of herbal-based tea beverage, is loved by consumers due to its healthy elements and refreshing taste. With the increasing health awareness and preference towards refreshing taste, the chrysanthemum tea beverage has become a trending product and one of the fastest sub-segments of tea beverage in China.

According to the CIC Report, China's chrysanthemum tea beverage market has experienced a favorable growth, growing from RMB1.0 billion in 2018 to RMB2.0 billion in 2023 with a CAGR of 14.1%, and is expected to further reach RMB3.9 billion by 2028, representing a CAGR of 14.8% from 2023 to 2028, which is significantly faster than that of the overall tea beverage market.

The Company's tea beverage brands include "Zhi Ben Qing Run", "Zuo Wei Cha Shi", and "Gogo-no-Kocha milk tea", and the Company ranked among top 10 in the tea beverage market in China in terms of retail sales value in 2023. The Company ranked first in the China's chrysanthemum tea beverage market in terms of retail sales value in 2023.

Top Five Companies in China's Chrysanthemum Tea Beverage Market, by Retail Sales Value, China, 2023

Company/Group Name	Total retail sales value, RMB in millions, 2023	Market share, %
The Company	**756.4**	**38.5%**
Company G(1)	184.3	9.4%
Company H(2)	157.8	8.0%
Company I(3)	114.1	5.8%
Company J(4)	47.3	2.4%
Top 5 subtotal	**1,260.0**	**64.1%**
Total	**1,967.1**	**100.0%**

Source: the CIC Report

Notes:

(1) Established in 1993 in Guangdong Province, China and headquartered in Shenzhen, Company G is a non-listed RTD soft beverage company with business operation primarily in China.

(2) Established in 1940 in Hong Kong, China and headquartered in Hong Kong, Company H is a food and RTD soft beverage company listed on the Hong Kong Stock Exchange with business operation primarily in mainland China, Hong Kong and Macau.

(3) Established in 1992 in Fujian Province, China and headquartered in Xiamen, Company I is a non-listed food and RTD soft beverage company with business operation primarily in China.

(4) Established in 1997 in Guangdong Province, China and headquartered in Shenzhen, Company J is a company listed on the Shanghai Stock Exchange with business operation primarily in China, focusing on multiple industries, including RTD soft beverage, medicine, medical equipment and among others.

ENTRY BARRIERS

New entrants to the RTD soft beverage market in China are confronted with a number of barriers, including those relating to:

- **Product Quality and Food Safety.** Product quality and food safety are key concerns of consumers. Quality and reliable water source management are necessary for enterprises to ensure the consistency and excellence of their product quality in compliance with relevant standards. This requires substantial investments, expertise and experience. Establishing trust in consumers with respect to product quality is also crucial. New market entrants or small-scale players may lack the relevant resources to achieve the foregoing.

- **Brand Image and Recognition.** Brand image and recognition affect consumers' purchasing decisions. Maintaining an appealing, trustworthy and professional brand image is key to capture the attention of consumers, especially that of the younger generation. Advertising, marketing campaigns (such as sports marketing), public relations and social media are major tools for enhancing brand recognition, and require substantial investments, especially in the case of competing against well-established brands. Brand image and recognition requires efforts over a long period and thus it is increasingly difficult for new market entrants to build brand recognition in the short term.

- **Robust Sales and Distribution Network.** The ability to manage a large sales and distribution network in China is important, given that China's RTD soft beverage market is vast and highly stratified. Certain leading players have also established in-house sales teams with strong marketing capabilities. New market entrants may not be able to acquire such ability or possess such an experienced sales force in a short period of time.

- **Strong Production Capabilities and Supply Chain Management.** Leading players are generally deeply involved in their upstream operations, including adopting advanced production technologies, and maintaining an end-to-end delivery system from production to warehousing and logistics. These involvements can help them reduce costs and improve efficiency, thereby enhancing their profitability. New market entrants may find it difficult to satisfy the relevant regulatory prerequisites, and proceed to production and build up their warehousing and logistics capabilities within a short period of time.

- **R&D Capabilities, Ingredient and Production Formulas.** Innovation allows RTD soft beverage enterprises to differentiate and remain competitive, which requires substantial investments in R&D activities, to develop new brands, flavors, packaging, sizes and technologies in response to evolving consumer needs. Moreover, ingredient and production formulas can greatly impact the taste of products and consumer experience and recognition, and typically require years of development and refinement to excel. New market entrants may not possess the necessary R&D capabilities and experience with ingredient and production formulas.

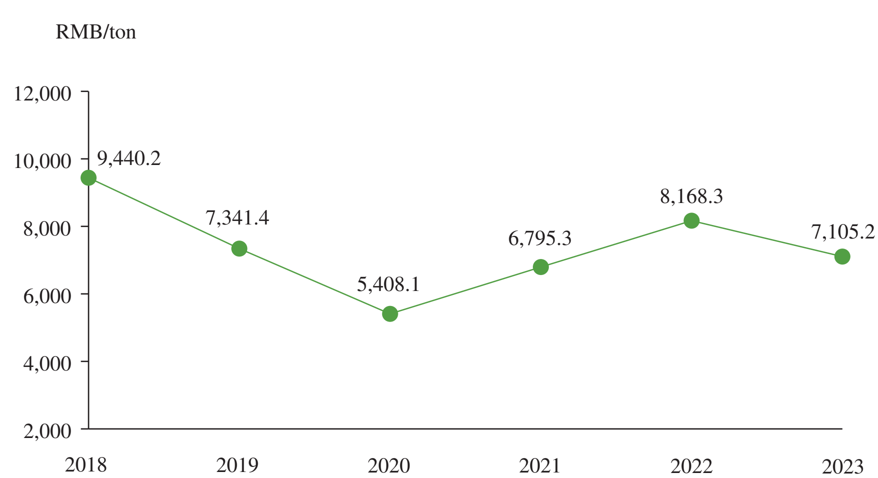
- **Digitalized Operational Capabilities.** Industry-leading players can typically leverage their strong data analytics and in-depth consumer insights to optimize operation processes and drive business decisions. Digitalization is also applied across various business operational processes such as procurement, production and logistics to enhance operational efficiency. New market entrants may not have sufficient funds and data to build digitalized operations within a short period of time.

- **Capital Investment.** Investments in production equipment, sales channel development, product R&D and brand marketing involve significant capital investments. New market entrants with limited capital resources are at a disadvantage in competing against established players.

RAW MATERIALS

Bottle-grade PET is one of the major raw materials of packaged drinking water products. The following chart sets forth the average price[(1)] of bottle-grade PET in China for the periods indicated:

Average Price of Bottle-grade PET (2018-2023)



Source: the CIC Report

Note:

(1) Average price refers to the annual average ex-factory price (VAT inclusive).

The price of bottle-grade PET is highly correlated with the price of crude oil. The price of bottle-grade PET decreased from RMB9,440.2 per ton in 2018 to RMB5,408.1 per ton in 2020, in line with the falling crude oil price and lower downstream demand affected by the COVID-19. The price rebounded in 2021 when the downstream demand recovered driven by decreased effects of the COVID-19. In 2022, the price of bottle-grade PET further increased to RMB8,168.3 per ton due to the rising price of crude oil as a result of geopolitical issues. The price of bottle-grade PET decreased in 2023, in line with the decrease of the price of crude oil. The historical fluctuation of the bottle-grade PET price has been primarily due to volatile crude oil prices, decreased downstream demand affected by the COVID-19 and geopolitical issues. The future price of the bottled-grade PET may continue to fluctuate, depending on the crude oil prices and the supply and demand dynamics of the market. In 2021, 2022 and 2023, the average ex-factory price (VAT exclusive) of bottle-grade PET per ton was RMB6,013.6, RMB7,228.6 and RMB6,287.8, respectively.

SOURCES OF THE INDUSTRY INFORMATION

We engaged CIC, an independent market research consultant, to conduct an analysis of, and to prepare a report on, the RTD soft beverage market in China for use in this prospectus, which was commissioned by us for a fee of RMB1,398,800. CIC prepared its report based on data released by government institutions and non-government organizations and its primary and secondary research. CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics, and the International Monetary Fund, among others. The CIC Survey quoted in this Prospectus was conducted in September 2023 by 2,000 consumers who were over 18 years old and consume packaged drinking water regularly.

Forecasts and assumptions included in the CIC Report are inherently uncertain because of events or combinations of events that cannot be reasonably foreseen, including, without limitation, the actions of governments, consumers, competitors and other third parties. Specific factors that could cause actual results to differ materially include, among other things, risks inherent in the RTD soft beverage market in China, social and economic factors, supply risks, regulatory risks and environmental concerns, labor risks, financing risks, force majeure or unforeseen events.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report. Our Directors confirm that, after taking reasonable care, there is no material adverse change in the overall market information since the date of the CIC Report that would materially qualify, contradict or have an impact on such information.

FOOD RELATED LAWS AND REGULATIONS

Food Safety

On February 28, 2009, the Standing Committee of the National People's Congress (the "**NPCSC**") promulgated the Food Safety Law of the PRC (《中華人民共和國食品安全法》) (the "**Food Safety Law**"), which came into effect on June 1, 2009 and was last revised by the NPCSC on April 29, 2021. On July 20, 2009, the State Council promulgated the Implementing Regulations of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》) (the "**Implementing Regulations of the Food Safety Law**"), which was last revised by the State Council on October 11, 2019 and came into effect on December 1, 2019. According to the Food Safety Law and the Implementing Regulations of the Food Safety Law, food producers and operators shall, in accordance with laws, regulations and food safety standards, engage in production and operation activities, establish a sound food safety management system, and take effective measures to prevent and control food safety risks, thus ensuring food safety.

According to the Food Safety Law, supervision duties related to food safety shall be undertaken by the State Council and its relevant departments. The State Council shall establish a food safety committee. The food safety supervision and administration departments under the State Council shall exercise supervision and administration over food production and operation activities. The health administrative department under the State Council shall organize the implementation of risk monitoring and risk assessment of food safety and shall formulate and issue national food safety standards in concert with the food safety supervision and administration departments under the State Council. The standardization administrative department under the State Council shall provide the reference codes for these national standards. Food safety standards are mandatory standards. No mandatory food standards other than food safety standards shall be formulated. Other relevant departments under the State Council shall carry out relevant food safety work.

Furthermore, the State has established a food safety traceability system. According to the relevant laws and regulations above, food producers and operators shall establish a whole-process food safety traceability system, and truthfully record and keep information on procurement inspection, pre-delivery examination, food sales, etc. in accordance with the requirements, so as to ensure the traceability of food products. The food safety supervision and administration departments under the State Council shall establish a coordination mechanism for whole-process food safety traceability in collaboration with the agriculture administrative department and other related departments under the State Council.

Food Production and Operation Licensing

On January 2, 2020, the State Administration for Market Regulation (the "**SAMR**") promulgated the Administrative Measures of Food Production Licensing (《食品生產許可管理辦法》) (the "**Administrative Measures of Food Production Licensing**"), which came into effect on March 1, 2020. According to the provisions of the Administrative Measures of Food Production Licensing, the food production license is subject to the principle of one license for one entity, which means a food producer shall obtain a food production license to engage in food production activities. The market supervision authorities shall implement classified licensing for food production. The SAMR shall be responsible for formulating general rules and detailed rules on reviewing food production licensing and shall adjust food categories according to the needs of supervision and management.

On June 15, 2023, the SAMR promulgated the Measures for the Administration of Food Operation Licensing and Registration (《食品經營許可和備案管理辦法》), which came into effect on December 1, 2023. According to the Measures for the Administration of Food Operation Licensing and Registration, the SAMR shall be responsible for guiding the national administration of food operation licensing and registration. In addition to certain statutory circumstances, anyone plans to engage in food sales and provide catering services within the territory of the PRC shall obtain a food operation permit in accordance with the law. Whoever sells prepackaged food only shall report to the local market regulatory department of the county or above where it is located for recordation. Food operators engaging in food operation activities at different operation sites shall obtain food operation licenses or make registration for record separately in accordance with the law. An application for a food operation permit shall be filed based on the main business form of the food trader and the category of the business item.

According to the Food Safety Law, the Implementing Regulations of the Food Safety Law, the Administrative Measures of Food Production Licensing and the Measures for the Administration of Food Operation Licensing and Registration, the State implements a licensing system for the food production and operation and food additives. Enterprises engaging in food production, sales and catering services shall obtain a license in accordance with the law. The food production permit is valid for five years. Where the production or operation conditions of a food producer or operator change and no longer satisfy the requirements for food production or operation, the food producer or operator shall immediately take corrective measures and shall re-apply for the license in accordance with the law if necessary. For packaging materials with direct contact with food and other food-related products with higher risks, the production licensing shall be implemented in accordance with the relevant administrative provisions of the State on production licenses for industrial products. Food producers and operators engaging in food production and operation activities without obtaining a food production permit or those engaging in the production activities of food additives without obtaining a food additive production license, may be subject to confiscation of illegal gains, illegally produced and operated food and food additive products and tools, facilities and raw materials used for illegal production and operation. In addition, they may be subject to fines, orders of suspension of production and/or operation, detention and even criminal penalties.

On December 26, 2017, the China Food and Drug Administration (currently known as the SAMR) published an announcement on the Detailed Rules on Reviewing Beverage Production Licensing (2017 Version) (《飲料生產許可審查細則(2017年版)》), which came into effect on the date of publication. These detailed rules apply to the review of beverage production licensing. For enterprises who have packaging sites, procedures, and equipment but have no reasonable equipment layout and process flow, no production license shall be granted.

Pursuant to the Detailed Rules on Reviewing Beverage Production Licensing (2017 Version), the beverage products subject to food production licensing management refer to the quantitatively packaged products which can be directly drunk or washed with water and whose ethanol content does not exceed 0.5% by mass. Beverage products refer to the products covered by the General Rules for Beverages (《飲料通則》) (GB/T 10789), including packaged drinking water, carbonated beverage (soda), tea (type) beverage, fruit and vegetable juice and drinks, protein beverage, solid beverage and other beverage. The packaged drinking water subject to food production licensing management refer to water which is sealed with packaging materials and containers that comply with food safety standards and relevant regulations and can be drunk directly. Packaged drinking water (production license category number: 0601) includes natural drinking mineral water, purified drinking water, natural drinking spring water, natural drinking water and other drinking water.

Food Recall System

In accordance with the Food Safety Law, the State has launched a food recall system. Upon discovery of food produced not conforming to food safety standards or if there is any evidence proving that the foods produced may harm human health, food producers must immediately cease production, recall foods in the market, notify the relevant food producers, operators and consumers thereof, and keep records of the recall and notification status.

On March 11, 2015, the China Food and Drug Administration (currently known as the SAMR) formulated the Measures for the Administration of Food Recalls (《食品召回管理辦法》), which were last revised on October 23, 2020. According to the Measures for the Administration of Food Recalls, the SAMR is responsible for guiding the supervision and management of the national suspension of production and operation, recall and disposal of unsafe foods. Food producers and operators shall, according to law, assume primary responsibilities for food safety, by establishing a sound management system, collecting and analyzing food safety information and performing legal duties of the cease of production and operation as well as recall and disposal of unsafe foods. Where food producers and operators find that their produced and operated food products are unsafe, they must immediately cease the production and operation, inform the relevant food producers and operators to stop production and operation, urge the customers to stop consumption by way of notices or announcements and take necessary measures to prevent food safety risks.

Food producers and operators who violate the provisions on the suspension of production and operation, recall and disposal of unsafe food products may be subject to warnings, fines and other punishments from the market supervision and management department.

Food Labelling Management

According to the Food Safety Law, prepackaged food shall be labeled. The labels shall include the following items: (1) name, specification, net weight, and production date; (2) content or ingredient table; (3) name, address, and contact information of the producer; (4) best before date; (5) the standards code of the product; (6) storage conditions; (7) generic names of food additives used under the national standards; (8) the production license number; and (9) other items that are required by laws, regulations and food safety standards. Food operators shall sell food products in accordance with warning marks, warning specifications or cautions stated on labels thereof.

In order to better implement the relevant provisions of the Food Safety Law, on April 20, 2011, the Ministry of Health of the PRC (currently known as the National Health Commission of the PRC) issued the National Food Safety Standard General Rules for the Labeling of Prepackaged Food (《食品安全國家標準預包裝食品標籤通則》) (GB 7718-2011), which came into effect on April 20, 2012. On December 24, 2014, National Health and Family Planning Commission of the PRC (currently known as the National Health Commission of the PRC) issued the National Food Safety Standard for Packaged Drinking Water (《食品安全國家標準包裝飲用水》) (GB 19298-2014), which came into effect on May 24, 2015, and the labelling requirements on packaged drinking water thereunder were officially implemented on 1 January, 2016.

LAWS AND REGULATIONS RELATED TO WATER ABSTRACTION

Natural Water Abstraction Management

On January 21, 1988, the NPCSC formulated the Water Law of the PRC (the "**Water Law**"), which was last amended by the NPCSC on July 2, 2016. According to the Water Law, the State enforces a water-taking permit system as well as compensated use system in respect of water resources. However, these two systems are not applicable to the use of water by rural collective economic organizations and their members in the ponds and reservoirs owned by such rural collective economic organizations. The water administrative department under the State Council is responsible for organizing the national implementation of the water-taking permit system as well as compensated use of water system.

On April 9, 2008, the Ministry of Water Resources of the PRC promulgated and implemented the Measures for the Administration of Water Abstraction Permits (《取水許可管理辦法》), which was last amended on December 22, 2017. On February 21, 2006, the State Council issued the Regulations on Water Abstraction Permits and Water Resources Fee Collection (《取水許可和水資源費徵收管理條例》), which was last revised and implemented on March 1, 2017. According to the Measures for the Administration of Water Abstraction Permits and the Regulations on Water Abstraction Permits and Water Resources Fee Collection, water abstraction refers to abstracting water directly from rivers, lakes or underground by means of water extraction systems or facilities. Any entities and individuals that draw water resources, except for the circumstances that they are not required to apply for water abstraction permits according to regulations, shall apply for water-taking permits and pay water resources fees. A water abstraction entity or individual shall abstract water according to the approved annual water abstraction plan. For the water extraction exceeding the plan or quota, water resource fees shall be charged progressively on the excessive part. Where the same applicant applies for the use of multiple sources of water, the examination and approval authority for water abstraction shall, after unified examination and approval, distinguish different sources of water and issue separate permits for water abstraction. A water-taking permit is generally valid for 5 years, with the maximum valid term not exceeding 10 years. If, at expiry of the valid term, the permit needs to be renewed, the water abstraction entity or individual shall file an application to the original approval authority 45 days prior to the expiry of the valid term. The original approval authority shall, prior to the expiry of the valid term, make a decision on whether or not to approve the renewal.

Mineral Water Mining Management

On January 19, 1998, the Legislative Affairs Office of the State Council issued the Reply on Issues Concerning Applicable Laws for Administration of the Exploration and Mining of Mineral Water and Underground Hot Water (《關於勘查、開採礦泉水、地下熱水行政管理適用法律有關問題的覆函》), indicating that both mineral water and underground hot water have the dual attributes of mineral resource and water resource. The exploration, development, utilisation, protection and management of mineral water and underground hot water are subject to the Mineral Resources Law of the PRC (《中華人民共和國礦產資源法》), the Implementation Rules of the Mineral Resources Law of the PRC (《中華人民共和國礦產資源法實施細則》), and the Administrative Provisions on the Collection of Mineral Resources Compensation (《礦產資源補償費徵收管理規定》).

Pursuant to the Mineral Resources Law of the PRC last amended by the NPCSC on August 27, 2009, the Implementation Rules of the Mineral Resources Law of the PRC promulgated by the State Council on March 26, 1994 and taking effect on the same day, and the Administrative Provisions on the Collection of Mineral Resources Compensation last amended by the State Council on July 3, 1997, the State adopts a licensing system for the exploration and mining of mineral resources. To explore and exploit mineral resources, it is necessary to apply for registration separately according to law, get mining permit, and obtain exploration right and mining right upon approval. For those engaged in the exploration and mining of mineral resources, prescribed qualifications must be met. The mining of mineral resources is subject to resource tax and resource compensation in accordance with the relevant provisions of the State.

ONLINE RETAIL BUSINESSES

On August 31, 2018, the NPCSC issued the E-commerce Law of the PRC (《中華人民共和國電子商務法》) (the "**E-commerce Law**"), which came into effect on January 1, 2019. According to the E-commerce Law, "e-commerce" refers to business activities carried out through information networks such as the Internet to sell commodities or offer services. E-commerce operators shall go through the registration of market entities in accordance with the law, except where individuals sell self-produced agricultural and sideline products and household handicraft products; individuals make use of their own skills to engage in labor service activities for the convenience of the people and sporadic small-sum trading activities which do not require a license in accordance with the law; and no such registration is required by laws and administrative regulations. When engaging in operation activities, e-commerce operators shall obtain relevant administrative licenses in accordance with the law, failing which such e-commerce operators may be subject to order of rectification within a prescribed period of time, imposition of fines and order of suspension of operations by the market regulation department.

IMPORT AND EXPORT OF GOODS

On May 12, 1994, the NPCSC issued the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), which was last amended by the NPCSC on December 30, 2022 and came into effect on the same day. In accordance with the Foreign Trade Law of the PRC, the department in charge of foreign trade under the State Council shall be responsible for all foreign trade work throughout country, and work with other relevant departments under the State Council to formulate, adjust and issue a catalogue of goods and technologies that are restricted or prohibited from import and export. In addition, the department in charge of foreign trade under the State Council or, together with other relevant departments under the State Council, may, with the approval of the State Council, make temporary decisions to restrict or prohibit the import and export of specific goods and technologies not included in the aforesaid catalogue to the extent permitted by laws. At the same time, with reference to the notice on the Unified Platform of the Business System of the Ministry of Commerce of the People's Republic of China, according to the Decision on Amending the Foreign Trade Law of the PRC (《關於修改<中華人民共和國對外貿易法>的決定》) made by the NPCSC on December 30, 2022, foreign trade operators engaged in the import and export of goods or technologies were not required to go through the filing and registration procedures from December 30, 2022.

Pursuant to the Administrative Provisions of PRC Customs on the Recordation of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) which was promulgated by the General Administration of Customs of the PRC on November 19, 2021 and took effect on January 1, 2022, customs declaration entities refer to consignees or consignors of imports and exports and customs declaration enterprises which have filed record with the Customs pursuant to these Provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification. The recordation of the customs declaration entities is valid for a long period of time. According to the Administrative Measures for the Safety of Imported and Exported Food of the PRC (《中華人民共和國進出口食品安全管理辦法》) which was promulgated by the General Administration of Customs of the PRC on April 12, 2021 and took effect on January 1, 2022, export food production enterprises shall make an application for filing to the local customs, and ensure that the packaging and transportation methods for exported food meet the food safety requirements.

PRODUCT QUALITY AND PRODUCT LIABILITY

On February 22, 1993, the NPCSC promulgated the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the "**Product Quality Law**"), which came into effect on September 1, 1993. It was last amended by the NPCSC on December 29, 2018 and took effect on the same day. According to the Product Quality Law, producers shall be liable for the quality of the products they produce, and sellers shall also take measures to guarantee the quality of the products they sell. The market regulation department of the State Council is in charge of the supervision over product quality nationwide. The relevant departments under the State Council shall be responsible for supervision over product quality within the scope of their respective functions and responsibilities. If there are different provisions concerning the supervision departments over product quality, such provisions shall be applied. The State applies a system of supervision and inspection in respect of product quality with random inspection as the main method. Where the quality of products for which supervision and random inspection have been carried out is not up to standard, the market regulation department that carried out the supervision and random inspection shall order the producer or seller to make rectification within a time limit. Where the rectification is not made within the time limit, the market regulation department of the people's government at provincial level or above shall issue a public announcement; where products are re-examined after the announcement and are still not up to standard, the department shall order the production to be suspended and the operations to be reorganised; where the quality of products that has been re-examined after the expiry of the period for reorganisation is still not up to standard, the business license shall be revoked. If an individual or enterprise has quality issues in products they produce or sell, they may be subject to order of suspension of production or sales, confiscation of products produced and sold illegally, imposition of fines, confiscation of illegal gains, revocation of business licenses or even investigation for criminal liabilities by relevant authorities.

On May 28, 2020, the National People's Congress promulgated the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**"), which became effective on January 1, 2021. According to the Civil Code, a producer shall bear tort liability if its product causes damage to others due to a defect. If a defect is found in a product after it has been put into circulation, the producer and the seller shall take remedial measures in a timely manner including, inter alia, withdrawal from sale, alerts and recalls. In the event of expanded damage arising from a failure to take remedial measures in a timely manner or inadequate remedial measures, the producer and the seller shall also bear tort liability.

PROTECTION OF CONSUMER RIGHTS AND INTERESTS

On October 31, 1993, the NPCSC promulgated the Consumer Rights and Interests Protection Law of the PRC (《中華人民共和國消費者權益保護法》) (the "**Consumer Rights and Interests Protection Law**"), which came into effect on January 1, 1994. It was last amended by the NPCSC on October 25, 2013 and the latest amended version came into effect on March 15, 2014. On March 15, 2024, the State Council promulgated the Regulation on the Implementation of the Consumer Rights and Interests Protection Law of the PRC (《中華人民共和國消費者權益保護法實施條例》), which was officially implemented on July 1, 2024.

According to the Consumer Rights and Interests Protection Law, the consumers, when purchasing and utilising commodities or receiving services, enjoy the inviolable right of personal and property safety. The consumers have the right to demand the operators to provide commodities or services in compliance with the requirements of ensuring personal and property safety. Business operators shall adhere to the principle of voluntariness, equality, fairness, honesty and credibility when having dealings with consumers. Consumers who suffer personal or property damages as a result of purchasing or utilising goods or receiving services are entitled to compensation in accordance with the law.

ADVERTISEMENT

On October 27, 1994, the NPCSC promulgated the Advertising Law of the PRC (《中華人民共和國廣告法》) (the "**Advertising Law**"), which was lastly amended on April 29, 2021. According to the Advertising Law, advertisements shall not have any false or misleading content or defraud or mislead consumers. An advertiser shall be responsible for the veracity of contents of advertisement. Where a false advertisement is published, the market regulatory department shall order cessation of publishing the advertisement, order the advertiser to eliminate adverse effects within the corresponding extent, and impose a fine. Where a false advertisement has caused any damage to the lawful rights and interests of consumers who purchase goods or receive services, the advertiser shall assume civil liability in accordance with the law.

ANTI-UNFAIR COMPETITION

On September 2, 1993, the NPCSC promulgated the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the "**Anti-Unfair Law**"), which was lastly amended on April 23, 2019. According to the Anti-Unfair Law, businesses shall, in their production and distribution activities, adhere to the free will, equality, fairness, and good faith principles, and abide by laws and business ethics. A business shall not conduct any false or misleading commercial publicity in respect of the performance, functions, quality, sales, user reviews, and honors received of its commodities, in order to defraud or mislead consumers.

INTELLECTUAL PROPERTY PROTECTION

Trademarks

On August 23, 1982, the NPCSC promulgated the Trademark Law of the PRC (《中華人民共和國商標法》) (the "**Trademark Law**"), which came into effect on March 1, 1983. It was last amended by the NPCSC on April 23, 2019 and the latest version became effective from November 1, 2019. On August 3, 2002, the State Council promulgated the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) (the

"**Implementation Regulations of the Trademark Law**"), which came into effect on September 15, 2002. It was last amended by the State Council on April 29, 2014 and the latest version became effective from May 1, 2014. Registered trademarks are protected by relevant laws and regulations such as the Civil Code, the Trademark Law and the Implementation Regulations of the Trademark Law.

According to the Trademark Law and the Implementation Regulations of the Trademark Law, the Trademark Office of National Intellectual Property Administration is responsible for the registration and administration of trademarks throughout the country. Registered trademarks are trademarks approved and registered by the Trademark Office of National Intellectual Property Administration, including commodity trademarks, service trademarks, collective trademarks, and certification marks. Goods that are required to use registered trademarks according to the laws and administrative regulations must receive approval at its trademark registration, as such goods are prohibited from being sold unless registration has been approved by the Trademark Office. Registered trademarks are valid for ten years commencing from the date of registration, unless otherwise revoked by the Trademark Office. When it is necessary to continue using the registered trademark upon expiration of period of validity, a trademark registrant shall make an application for renewal in accordance with the requirements. The period of validity for each renewal of registration shall be ten years commencing from the next day of the expiration of the previous period of validity. If the formalities for renewal have not been handled upon expiration of period of validity, the registered trademarks will be deregistered.

Patents

On March 12, 1984, the NPCSC promulgated the Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**"), which came into effect on April 1, 1985. It was last amended by the NPCSC on October 17, 2020 and the latest version became effective from June 1, 2021. On August 2, 2002, the State Council promulgated the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (the "**Implementation Rules of the Patent Law**"), which came into effect on September 15, 2002. It was last amended by the State Council on December 11, 2023 and took effect on January 20, 2024. Patents are protected by relevant laws and regulations such as the Civil Code, the Patent Law and the Implementation Rules of the Patent Law.

According to the Patent Law and the Implementation Rules of the Patent Law, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide. It accepts and examines patent applications in a uniform way and grants patent rights in accordance with the law. Patents for inventions, utility models and designs can be applied for in accordance with the law. Invention patents are valid for twenty years, utility model patents for ten years and design patents for fifteen years, from the date of application, except where no annual fee for the patent has been paid as required, or the patent owner has given up its patent by a written declaration.

Copyrights

On September 7, 1990, the NPCSC promulgated the Copyright Law of the PRC (《中華人民共和國著作權法》) (the "**Copyright Law**"), which came into effect on June 1, 1991. It was last amended by the NPCSC on November 11, 2020 and the latest version became effective on June 1, 2021. On May 30, 1991, the State Council promulgated the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) (the "**Implementation Regulations of the Copyright Law**"), which came into effect on June 1, 1991. It was last amended by the State Council on January 30, 2013 and took effect from March 1, 2013. Copyrights are protected by relevant laws and regulations such as the Civil Code, the Copyright Law and the Implementation Regulations of the Copyright Law. The national copyright authority is responsible for copyright administration throughout the country.

Domain Names

Domain names are protected by the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the Ministry of Industry and Information Technology of the PRC on August 24, 2017 and became effective on November 1, 2017. According to the Administrative Measures for Internet Domain Names, the domain name services follow the principle of "first apply, first register", and the applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Regulation**"), which was lastly amended and became effective on August 5, 2008. According to the Foreign Exchange Regulation, the foreign exchange administration department under the State Council supervises and administers the national foreign exchange market in accordance with the law, and stipulates the currency and form of foreign exchange market transactions. Except as otherwise provided by laws and regulations, the circulation of foreign currency is prohibited within the territory of the People's Republic of China, and settlement in foreign currency is prohibited. Foreign exchange items can be classified into current account items and capital account items. Foreign exchange income for current account items (such as the payment of dividends and interest) can be retained or sold to financial institutions engaged in foreign exchange settlement and sale in accordance with regulations. Foreign exchange expenditures for current account items shall be paid in accordance with the administrative regulations of the foreign exchange regulatory department under the State Council on foreign exchange payment and purchase, upon presentation of valid documents, out of an entity's own foreign exchange funds or those purchased from financial institutions engaged in foreign exchange settlement and sale. Foreign exchange and foreign exchange settlement funds for capital account items (such as direct equity investment) shall be used in accordance with the purposes approved by the relevant competent departments and foreign exchange regulatory authorities, and the foreign exchange regulatory authorities have the right to supervise and inspect the use of foreign exchange and foreign exchange settlement funds for capital account items and the variation of individual accounts.

The SAFE promulgated the Notice on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) on March 30, 2015, which came into effect on June 1, 2015. According to the Notice on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises, the discretionary foreign exchange capital settlement of foreign-invested enterprises refers to the foreign exchange funds in the capital account of foreign-invested enterprises that has been confirmed by the SAFE for monetary capital contribution rights and interests (or registered by the bank for monetary capital contribution) according to the actual business needs of enterprises. Foreign exchange capital funds of foreign-invested enterprises shall be settled based on discretion, and the proportion shall be tentatively set at 100%. While implementing the discretionary settlement of foreign exchange capital, foreign-invested enterprises can still choose to use their foreign exchange capital in accordance with the foreign exchange payment and settlement system.

On June 9, 2016, the SAFE issued the Notice on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》). The notice stipulates that the RMB funds obtained from the discretionary settlement of foreign exchange income of domestic institutions are included in the accounts for pending foreign exchange settlements, and the foreign exchange income from capital account items of domestic institutions and the RMB funds obtained from foreign exchange settlement shall be used within the business scope under the authenticity and self-use principles.

On October 23, 2019, the SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》). The notice cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-invested enterprises, and allowed non-investment foreign-invested enterprises to make domestic equity investments with capital funds in accordance with the law provided that they do not violate the current special administrative measures for foreign investment access (negative list) and that the domestic investment projects are true and compliant. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item-by-item basis.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, the reform of facilitating receipts and payments under capital accounts shall be popularized nationwide. Eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall under the principle of prudential business development, manage and control the relevant business risks, and conduct spot checking in accordance with the relevant requirements.

ENVIRONMENTAL PROTECTION

The Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) was promulgated on December 26, 1989 and last amended on April 24, 2014, and came into effect on January 1, 2015. Pursuant to The Environmental Protection Law of the PRC, the pollution prevention and control facilities in construction projects shall be designed, built and commissioned along with the principal part of the project at the same time. The pollution prevention and control facilities shall meet the requirements specified in the approved documents regarding the environmental impact assessment and shall not be dismantled or left idle without authorization.

The Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) was first promulgated on October 28, 2002, which had been amended twice by the NPCSC and was last revised and came into effect on December 29, 2018. The law provides that classification-based management shall be applied to environment impact assessment of construction projects according to their degree of impact on the environment. The catalogs for the classification-based management of the environment impact assessment of the construction projects shall be determined and published by the administrative department of the State Council in charge of environmental protection. The construction entity concerned shall prepare the Environmental Impact Report or Environmental Impact Statement or fill out the Environmental Impact Registration Form. The Environmental Impact Report or Environmental Impact Statement of a construction project shall be submitted by the construction entity to the administrative department of ecology and environment with the approval authority for approval in accordance with the provisions of the State Council. The State shall implement a record-filing-based management on Environmental Impact Registration Forms. If the environmental impact evaluation document of the construction project fails to be examined by the examination and approval department in accordance with the law or is not approved after examination, the construction unit may not start construction.

The Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) was last revised by the NPCSC on June 27, 2017 and implemented on January 1, 2018. The law stipulates that the discharge of water pollutants shall not exceed the prescribed water pollutant discharge standards and the total discharge control targets of key water pollutants. Enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to waters and enterprises, institutions and other production and operation units required to obtain pollutant discharge license before discharging waste water and sewage must obtain the pollutant discharge license. The pollutant discharge license specifies requirements on the types, concentration, total amount and discharging direction of the water pollutants to be discharged. The specific measures for pollutant discharge licensing shall be prescribed by the State Council. In addition, according to the Administrative Measures for the Licensing of Discharge of Urban Sewage into the Drainage Network promulgated by the Ministry of Housing and Urban-Rural Development of the People's Republic of China on January 22, 2015, last revised on December 1, 2022 and effective on February 1, 2023, enterprises, institutions and individual industrial and commercial enterprises engaged in manufacturing, construction, catering and medical activities must apply for a license for the discharge of sewage into the drainage network before discharging sewage into urban facilities.

On September 5, 1987, the NPCSC promulgated the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) (the "**Prevention and Control of Atmospheric Pollution**") and was implemented on June 1, 1988. The law was last revised and became effective on October 26, 2018. According to the law, the State implements total emission control over the discharge of key atmospheric pollutants. Any person or enterprise who violates the provisions of the Prevention and Control of Atmospheric Pollution will face the risk of being ordered to make corrections, fined, ordered to stop production and rectified, or even investigated for criminal liability by the relevant authorities. In addition, those who discharge atmospheric pollutants and cause damage shall also bear tort liability according to law.

The NDRC and the Ministry of Ecology and Environment issued the Opinions on Further Strengthening the Control of Plastic Pollution on January 16, 2020, which came into effect on the same day. According to the opinions, the main goal of strengthening the control of plastic pollution is that, by 2020, some districts and sectors will pioneer the banning and restriction of production, sale and use of some plastic products. By 2022, in sectors where plastic pollution problems are prominent and emerging sectors such as e-commerce, express delivery, and takeaway, a number of replicable and generalizable plastic reduction and green logistics models will be formed. By 2025, plastic pollution should be effectively controlled.

On April 1, 2024, Ministry of Ecology and Environment promulgated the Measures for Pollutant Discharge Permitting Administration (《排污許可管理辦法》), which came into effect on July 1, 2024. According to the Measures for Pollutant Discharge Permitting Administration, enterprises, public institutions and other producers and business operators shall, in accordance with factors such as the amount of pollutants produced, the amount of pollutants discharged and the extent of their impact on the environment, carry out the management of pollutant discharge permits with a focus, simplified management and pollutant discharge registration. The specific scope of pollutant discharging entities under priority pollutant discharge permitting administration or those under summary pollutant discharge permitting administration shall be governed by the classification administration list of pollutant discharge permitting for fixed pollution sources. The pollutant discharging entity that, in accordance with the law, shall apply for a pollutant discharge permit in accordance with the law and discharge pollutants in accordance with the relevant provisions. Those who has not obtained a discharge permit shall not discharge pollutants. The pollutant discharge registration entity that needs to fill out a pollutant discharge registration form shall register its pollutant discharge on the National Pollutant Discharge Permit Management Information Platform.

In addition to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Environmental Impact Assessment, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Prevention and Control of Atmospheric Pollution, the Measures for Pollutant Discharge Permitting Administration and the Opinions on Further Strengthening the Control of Plastic Pollution, relevant laws and regulations we follow in environmental protection also include the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (2020 Revision), the Regulations on the Management of Environmental Protection of Construction Projects (2017 Revision), the Catalogue of Classified Management of Environmental Impact Assessment of Construction Projects and the Regulations on the Administration of Pollution Discharge Permits.

PRODUCTION SAFETY

On June 29, 2002, the NPCSC formulated and issued the Production Safety Law of the PRC (《中華人民共和國安全生產法》) (the "**Production Safety Law**"), which was last revised on June 10, 2021 and became effective on September 1, 2021. In accordance with the provisions of the Production Safety Law, the State implements a system of accountability for production safety accidents. Production and operation units must implement national or industry standards formulated in accordance with the law to ensure safe production, and provide safe production conditions that meet the requirements of laws, administrative rules and national or industry standards. Production and business units shall set up conspicuous safety warning signs in production and business sites and relevant facilities and equipment with relatively high potential hazard. The design, manufacture, installation, use, testing, maintenance, transformation and scrapping of safety equipment shall comply with national or industry standards.

LABOUR LAWS AND REGULATIONS

Labour Law and Labour Contract Law

The Labour Law of the PRC (《中華人民共和國勞動法》) was promulgated by the NPCSC on July 5, 1994 and was last amended on December 29, 2018 and became effective on the same date. According to the law, the State adopts a standard work week where an employee shall not work for more than eight hours a day and no more than 44 hours a week on average. The employers may follow other rules on work and rest with the approval by labor administrative departments. The State implements a system of guaranteed minimum wages, and the wages paid by employers to workers shall not be lower than the local minimum wage standard. Employers must establish and improve the system for occupational safety and health, strictly implement the national protocols and procedures on occupational safety and health required by the State and provide education on occupational safety and health to employees, and guard against labour safety accidents and reduce occupational hazards.

The Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) was first promulgated on June 29, 2007 by the NPCSC and was last amended on December 28, 2012 and enforced on July 1, 2013. It requires that employers shall establish and improve labour rules and regulations in accordance with the law to ensure that employees enjoy labour rights and perform labour obligations. When an employer establishes a labour relationship with an employee, a written labour contract shall be entered into. An employer must make payment for employee remuneration timely and in full amount in accordance with the provisions of relevant labour contract and State regulations. Besides, an employer must strictly abide by the fixed standard of labour work, and must not force or threaten an employee in disguise to work overtime. If the employer arranges overtime duties, it shall pay overtime wage to the employee in accordance with the relevant provisions of the State.

Laws and Regulations on Social Insurance and Housing Provident Fund

The Social Insurance Law of PRC (《中華人民共和國社會保險法》) was promulgated by the NPCSC on October 28, 2010 and was last amended and took effect on December 29, 2018. The law stipulates that the State shall establish social insurance systems such as basic endowment insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance, with work-related injury insurance premiums and maternity insurance to be paid by the employer, and basic endowment insurance funds, basic medical insurance premiums and unemployment insurance premiums jointly paid by the employer and individuals. If employers fail to pay social insurance premiums on time or in full amount, the collection agency of social insurance premiums shall order it to pay or make up the deficit of premiums within a prescribed time limit, and impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; and if it still fails to pay the premiums within the prescribed time limit, the relevant administrative department shall impose a fine of 1-3 times the outstanding amount upon it.

Pursuant to the Regulations on Management of Housing Provident Fund (2019 Revision) (《住房公積金管理條例》), the employer shall go through the housing provident fund contribution registration with the housing provident fund management center, and apply for the establishment of housing provident fund account for employees. Each employee can only have one housing provident fund account. The contribution ratio of employee and employer's housing provident fund shall not be less than 5% of the employee's monthly average salary in the previous year. Cities with favorable conditions can appropriately increase the contribution ratio. If the employer does not register the contribution of the housing provident fund or does not establish housing provident fund account for its employees, the housing provident fund management center shall order it to be handled within a time limit. The employer that fails to make up the procedures within the time limit, it shall be given a fine of RMB10,000 to RMB50,000. If the employer fails to contribute to the housing provident fund within the time limit, the housing provident fund management center shall order it to make contribution within the time limit. The employer that fails to contribute to the housing provident fund within the time limit, it may apply to the people's court for enforcement.

Laws and Regulations Related to Foreign Investment

All enterprises in the PRC are required to comply with the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**") promulgated by the NPCSC in 1993 and amended in 2018. The Company Law, which regulates the formation, structure and management of companies, also applies to foreign-invested companies. Where there are otherwise different provisions in any law regarding foreign investment, such provisions shall prevail. The Company Law was recently amended in December 2023, and the revised Company Law came into effect on July 1, 2024.

On March 15, 2019, the National People's Congress promulgated the Law of the PRC on Foreign Investment (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which became effective on January 1, 2020. On December 27, 2021, the NDRC and the MOFCOM promulgated the Special Administrative Measures for Foreign Investment Access (Negative List) (Edition 2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "**Negative List**"), which became effective on January 1, 2022.

Pursuant to the Foreign Investment Law and the Negative List, the PRC implements a system of pre-entry national treatment plus negative list management for foreign investment. The Negative List specifies the areas in which investment is restricted, and foreign investors must meet the conditions set out in the Negative List to invest in those areas; areas outside the Negative List are managed in accordance with the principle of consistency between domestic and foreign investment.

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which officially came into effect on January 1, 2020. Pursuant to the Measures for the Reporting of Foreign Investment Information, foreign investors or foreign-funded enterprises shall report investment information to commerce departments through the enterprise registration system and the National Enterprise Credit Information Publicity System.

Pursuant to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020, which came into effect on January 18, 2021, the Office of the Working Mechanism for Security Review of Foreign Investment was set up under the NDRC. Under the leadership of the NDRC and the MOFCOM, the office is responsible for the routine work of the security review of foreign investment.

Pursuant to the Provisions on the Takeover of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), which were jointly promulgated by six regulatory authorities including the CSRC on August 8, 2006, came into effect on September 8, 2006, and were last amended on June 22, 2009, foreign investors are required to obtain the appropriate approvals for the following takeovers: (i) a foreign investor purchases the equity of a domestic non-foreign-funded enterprise or subscribes to the increased capital of a domestic company, and thus changes the domestic company into a foreign-funded enterprise; or (ii) a foreign investor establishes a foreign-funded enterprise, and through which it purchases by agreement the assets of a domestic enterprise and operates its assets; or (iii) a foreign investor purchases by agreement the assets of a domestic enterprise, and then invest such assets to establish a foreign-funded enterprise and operate the assets. The parties to a takeover shall determine the transaction price on the basis of the assessment result of the equities to be transferred or of the assets to be sold, which is given by an asset assessment institution. It is prohibited to divert any capital abroad in any disguised form by transferring any equities or selling assets at a price which is obviously lower than the assessment result. In addition, the takeover of a domestic enterprise by a foreign investor, which may cause the modification of any equity formed by investments to state-owned assets or transfer of the property right of state-owned assets, shall satisfy the relevant provisions on the management of state-owned assets. This provision also applies to the takeover of domestic enterprises by investment companies established by foreign investors in China in accordance with the law.

TAXES

Enterprise Income Tax

The Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法》) was first promulgated by the National People's Congress on March 16, 2007 and last amended by the NPCSC on December 29, 2018 and became effective on the same date. The Implementing Regulation of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) (the "**EIT Rules**") was first promulgated by the State Council on December 6, 2007, last revised on April 23, 2019 and took effect on the same date. Pursuant to the above law and the implementing regulation, enterprises are divided into resident enterprises and non-resident enterprises. Enterprise income tax shall be payable by a resident enterprise for income derived from or accruing in or outside the PRC. Enterprise income tax shall be payable by a non-resident enterprise, for income derived from or accruing in the PRC by its office or premises established in the PRC, and for income derived from or accruing outside the PRC with which the established office or premises has a de facto relationship. "Income" as referred herein includes income from the sale of goods, the provision of services, the transfer of property, dividends and other equity investments, interest, rental, royalties, donations and other income. The enterprise income tax rate is 25%, but if a non-resident enterprise has no establishment or place in China, or has an establishment or place but its income has no actual connection with the establishment or place, the applicable tax rate is 20%.

The Notice on Issues Concerning the Recognition of Overseas Registered Chinese-funded Holding Enterprises as Resident Enterprises Based on the Standards of Actual Management Agency was promulgated by the STA on April 22, 2009 and partially revised on December 29, 2017. If an overseas Chinese-funded enterprise meets the following conditions at the same time, it shall be determined to be a resident enterprise in China with actual management agency to which corresponding tax arrangement shall apply, and enterprise income tax shall be levied on its income derived from within and outside China: (i) the place where the senior management personnel responsible for the implementation of daily production, operation, management and operation of the enterprise and their senior management departments perform their duties is mainly located in China; (ii) the financial decisions (such as borrowing, lending, financing, financial risk management, etc.) and personnel decisions (such as appointment, dismissal and remuneration, etc.) of the enterprise are decided by the institutions or personnel located in China, or need to be approved by the institutions or personnel located in China; (iii) the main properties, accounting books, company seals, minutes and files of the board of directors and shareholders' meetings, etc. are located or kept in China; (iv) more than 1/2 (including 1/2) of the directors or senior managers of the enterprise with voting rights often reside in China.

Value-Added Tax

The Interim Value-Added Tax Regulations of the People's Republic of China (《中華人民共和國增值稅暫行條例》) was promulgated on December 13, 1993 by the State Council and has undergone three revisions with the latest version issued and implemented on November 19, 2017. According to the regulation, units and individuals that sell goods or provide processing, repair and repair services and import goods within the territory of China are taxpayers of value-added tax and shall pay value-added tax.

According to the Interim Value-Added Tax Regulations of the People's Republic of China, the Circular of the Ministry of Finance and the STA on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32) (《財政部、稅務總局關於調整增值稅稅率的通知》) issued by the Ministry of Finance and the STA on April 4, 2018, and took effect on May 1, 2018 and the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated by the Ministry of Finance, the STA and the General Administration of Customs on March 20, 2019 and took effect on April 1, 2019, the value-added tax rates applicable to ordinary taxpayers are 13%, 9% and 6%, and applicable to small-scale taxpayers are 3%.

Dividends and Taxes

The main laws, rules and regulations governing the distribution of dividends by foreign-invested enterprises in China are the Foreign Investment Law and their implementing regulations, and the Company Law. Under these requirements, foreign-invested enterprises may only pay dividends from their accumulated profits (if any) determined in accordance with PRC accounting standards and regulations. A company in China is required to allocate at least 10% of their respective accumulated after-tax profits (if any) as a capital reserve fund every year until the cumulative amount of such reserve fund reaches 50% of the registered capital of the enterprise. A company in China is not allowed to distribute any profits until any losses in previous fiscal years have been covered. Both retained profits from the prior fiscal year and distributable profits for the current fiscal year may be distributed.

Pursuant to the EIT Law and EIT rules stipulate that, the corporate income tax rate of 10% has been generally applicable to dividends declared to non-resident enterprise shareholders who do not have an establishment or place in the PRC, or who have an establishment or place but whose relevant income is not actually connected with the establishment or place (if such dividends come from the PRC), unless the jurisdiction of incorporation of any such non-resident enterprise shareholders has entered into a tax agreement with the PRC providing for preferential withholding arrangements.

OVERSEAS LISTING

On February 17, 2023, the CSRC promulgated the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》), which became effective on March 31, 2023. Pursuant to the Measures, the CSRC shall, in accordance with the law, supervise and regulate the overseas offering and listing activities by domestic enterprises. In the case of the direct overseas offering and listing by a domestic enterprise, the issuer shall file with the CSRC. In the case of the indirect overseas offering and listing by a domestic enterprise, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC. The recognition of the indirect overseas offering and listing by a domestic enterprise follows the principle of substance over form, and an issuer will be recognized as the indirect overseas offering and listing by a domestic enterprise if it meets the following conditions: (i) the proportion of any one of the indicators of the domestic enterprise's operating revenues, total profits, total assets or net assets of the domestic enterprise in the latest accounting year exceeds 50% of the relevant information in the issuer's audited consolidated financial statements for the same period; and (ii) the major aspect of the operating activities is conducted within the PRC, or the principal place of business is located in the PRC, or the majority of senior management members responsible for the operation and management of the business are citizens of the PRC, or they are ordinarily residing in the PRC.

If a domestic enterprise fails to fulfill the filing procedures, or if there are conditions that prohibit the overseas offering and listing by such domestic enterprise, and the enterprise proceeds with overseas offering and listing, the CSRC shall order it to make corrections, issue a warning to it, and impose a fine.

According to the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, the person in charge who is directly responsible and other persons directly responsible shall be given a warning, and a fine of not less than RMB500,000 but not more than RMB5 million shall be imposed. The circumstances where overseas offering and listing are prohibited include: (i) where listing and financing is expressly prohibited by laws, administrative regulations or relevant state regulations; (ii) where the relevant competent authorities of the State Council have determined, in accordance with the law, that the overseas offering and listing may jeopardize national security; (iii) where the domestic enterprise or its controlling shareholder or de facto controller has been involved in a criminal crime of corruption, bribery, embezzlement of property, misappropriation of property or undermining the order of the socialist market economy within the last three years; (iv) where the domestic enterprise is being investigated according to law for suspected crimes or major violations of law, and there is not yet a clear opinion on the conclusion; (v) there is a major ownership dispute over the equity held by the controlling shareholder or shareholders dominated by the controlling shareholder or de facto controller.

The Provisions on Strengthening Confidentiality and Archives Administration for Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) issued by the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023, which came into effect on March 31, 2023, state that, in the course of overseas offering and listing activities by a domestic enterprise, the domestic enterprise, as well as the securities firms and securities service providers that provide corresponding services, shall establish a sound confidentiality and archive work system, take necessary measures to implement the responsibility of confidentiality and archive management, and shall not disclose state secrets and working secrets of state organs. "Domestic enterprise" includes domestic joint-stock companies that conduct direct overseas offering and listing and domestic operating entities of entities that conduct indirect overseas offering and listing.

CYBERSECURITY AND DATA PROTECTION

The laws of the PRC on cybersecurity and data security protection mainly consist of the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**") and the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) (the "**Data Security Law**"), and together with the Regulations on Protecting the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the "**Critical Information Infrastructure Protection Regulations**"), provide the basic institutional guarantees for the maintenance of cybersecurity, data security and protection of personal information rights and interests in China. In addition to the aforementioned laws, the Amendment (IX) to the Criminal Law of the People's Republic of China (《中華人民共和國刑法修正案(九)》), which came into effect on November 1, 2015, the E-Commerce Law (《電子商務法》), which came into effect on January 1, 2019, the Civil Code, which came into effect on January 1, 2021, and other laws put forward industry regulatory requirements for cybersecurity and data protection from different perspectives; at the same time, many departmental regulations also continue to refine the rules for processing various types of data.

On November 7, 2016, the NPCSC promulgated the Cybersecurity Law, which took effect from June 1, 2017 onwards. As the first programmatic law for the field of cybersecurity and data protection, the Cybersecurity Law covers a wide range of areas. With regard to network operation security, the Cybersecurity Law requires network operators, including Internet information service providers, to take technical measures and other necessary measures in accordance with the provisions of laws and regulations and the compulsory requirements of national standards to ensure the safe and stable operation of the network, effectively respond to cybersecurity incidents, prevent illegal criminal activities committed on the network, and maintain the integrity, confidentiality and availability of network data. With regard to the protection of critical information infrastructures, the Cybersecurity Law establishes the basic principle that critical information infrastructures require additional protection and, on that basis, puts forward national security examination requirements for the procurement of network products and services by operators of critical information infrastructures that may have an impact on national security, and clarifies the principle requirement that personal information and important data collected and generated by operators of critical information infrastructures within China should be stored within the country, and that when traveling abroad due to business needs, they need to pass a data cross-border transfer security assessment. With regard to the protection of personal information, the Cybersecurity Law sets out the basic principles and provisions for the protection of personal information, such as the requirements relating to the collection, use, processing, storage and disclosure of personal information, and Internet information service providers shall take technical and other necessary measures to ensure the safety of personal information collected and to prevent the leakage, destruction or loss of personal information.

On June 10, 2021, the NPCSC promulgated the Data Security Law, which became effective on September 1, 2021. Compared to the Cybersecurity Law, the Data Security Law focuses on regulating the security of data flows. The Data Security Law establishes a data protection system based on data types and security levels, in accordance with the importance of data for economic and social development and the potential harm that the illegal use of data may cause to national security, public interests or the interests of individuals and organizations. With regard to data types, the Data Security Law specifies the types of important data and the obligations of their processors, and important data processors shall specify the person in charge of data security and set up a management organization in charge of data security, and relevant data processors shall carry out regular risk assessments of their data processing activities and submit the assessment reports to the relevant regulatory authorities. With regard to data flows, the Data Security Law includes the cross-border transfer of important data by data processors other than operators of critical information infrastructures in the special regulatory procedures for the cross-border transfer of data, and restricts the unauthorized provision of data stored in China to judicial or law enforcement agencies outside the country. Data related to the safeguarding of national security, interests and the fulfillment of international obligations are subject to China's export controls. The Data Security Law further emphasizes and stipulates that the state will establish a data security review system to conduct national security reviews of data processing activities that affect or may affect national security. The Data Security Law stipulates that violations of the Data Security Law may result in relevant entities or individuals being subject to warnings, fines, suspension of business for rectification, revocation of permits or business licenses, and/or even being pursued for criminal liability.

On August 20, 2021, the NPCSC promulgated the Personal Information Protection Law, which came into effect on November 1, 2021. The Personal Information Protection Law aims to protect the rights and interests of personal information, regulate the processing of personal information, safeguard the orderly and free flow of personal information in accordance with the law, and promote the rational use of personal information. The Personal Information Protection Law establishes a comprehensive system of rules for the processing of personal information, including that the processing of personal information shall have a clear and reasonable purpose, that the processing of sensitive information is subject to additional protection, that the provision of personal information to outsiders and the entrusted processing of personal information requires the signing of a special agreement to ensure security, that the preservation, deletion, disclosure and automated decision-making of personal information should comply with special rules, and that processors of personal information should have appropriate organizational, institutional and technical measures in place. The Personal Information Protection Law provides four compliance approaches for the cross-border transfer of personal information, namely, passing the data cross-border transfer security assessment organized by the Cyberspace Administration of China (the "**CAC**"), signing and filing a Standard Contract for the Cross-border Transfer of Personal Information (《個人信息出境標準合同》) with the provincial cyberspace administration, applying for Personal Information Protection Certification (《個人信息保護認證》), and complying with international treaties or agreements concluded by China or to which it is a party. Processing of personal information in violation of the provisions of the Personal Information Protection Law or failure to comply with the relevant personal information protection obligations will result in the relevant entity being subject to warnings, fines, suspension of business for rectification, revocation of business permits and business licenses, and/or even being pursued for criminal liability.

With regard to data processing activities closely related to national security, public interests and personal rights and interests as mentioned in the three programmatic laws, provisions such as the Critical Information Infrastructure Protection Regulations, the Measures for Cybersecurity Review, the Measures for Cross-border Data Transfer Security Assessment (《數據出境安全評估辦法》), and the Measures for the Standard Contract for the Cross-border Transfer of Personal Information have been introduced in succession to strengthen data regulation in terms of the identity of data processors, data types and special data processing activities.

On July 30, 2021, the State Council promulgated the Critical Information Infrastructure Protection Regulations, which came into effect on September 1, 2021. Pursuant to the Critical Information Infrastructure Protection Regulations, critical information infrastructure means any of network facilities and information systems in important industries and fields, such as public communication and information services, energy, transportation, water conservancy, finance, public services, e-government, and science, technology and industry for national defense, that may seriously endanger national security, national economy and people's livelihood, and public interests in the event that they are damaged or their data are leaked. The Critical Information Infrastructure Protection Regulations stipulates that the aforementioned competent authorities and supervision and administration authorities of important industries and fields are the authorities responsible for critical information infrastructure security protection. Such agencies shall be responsible for organizing the determination of critical information infrastructure in the industry and field concerned according to the determination rules, and inform the operators of the determination results in a timely manner and notify the public security department under the State Council of the same. An operator shall assume strict operator responsibilities after being recognized as a critical information infrastructure operator.

On December 28, 2021, a number of departments, including the Ministry of State Security, jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》), which came into effect on February 15, 2022. The Cybersecurity Review Measures stipulate that critical information infrastructure operators procuring network products and services and network platform operators conducting data processing activities that influence or may influence national security should be subject to rigorous cybersecurity review by the Cybersecurity Review Office set up by the CAC. In addition, network operators holding the personal information of more than 1 million users and newly listing on foreign markets must report for cybersecurity review with the Cybersecurity Review Office. If network products and services, data-processing activities or foreign listing acts affect or may affect national security, the Network Security Review Office, after reporting to the Central Cyberspace Affairs Commission for approval, may conduct a cybersecurity review in accordance with the provisions of the Cybersecurity Review Measures. Pursuant to the Cybersecurity Review Measures, any violation is subject to penalties under the Cybersecurity Law and the Data Security Law, including government enforcement actions and investigations, fines, penalties, and suspension of non-compliant operations.

On 22 March 2024, the CAC promulgated the Provisions on Facilitating and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》), which came into effect on the date of publication. The Provisions on Facilitating and Regulating Cross-Border Data Flows update the Measures for Cross-border Data Transfer Security Assessment and the Measures for the Standard Contract for the Cross-border Transfer of Personal Information previously implemented by the CAC, clarifying the criteria for declaring the important data cross-border transfer security assessment, and proposing that a data processor does not need to declare the security assessment of cross-border data transfer if the data processor has not been notified by the relevant department or region or has been publicly released as important data.

The Provisions on Facilitating and Regulating Cross-Border Data Flows stipulate the conditions for data cross-border transfer that are exempted from declaring the security assessment of cross-border data transfer, signing and filing a Standard Contract for the Cross-border Transfer of Personal Information, and applying for Personal Information Protection Certification: (i) cross-border transfers of data that is collected and generated in activities such as international trade, cross-border transportation, academic cooperation, transnational production, manufacturing, and marketing, if not including personal information or important data; (ii) personal information collected and generated outside the territory of China, which is then transmitted to domestic locations for processing before being transferred cross-border and does not involve the introduction of domestic personal information or important data during the processing; (iii) it is necessary to transfer personal information cross-border for the purpose of executing or fulfilling a contract where the individual is a party;

(iv) it is necessary to transfer the personal information of employees cross-border for the purpose of cross-border human resources management, to comply with employment policies formulated in accordance with the law, and collective contracts concluded in accordance with the law; (v) it is necessary to transfer the personal information cross-border in emergency situations, such as protection of the life, health and property safety of an individual; (vi) data processors other than critical information infrastructure operators have transferred personal information of fewer than 100,000 people (excluding sensitive personal information) cross-border cumulatively since January 1 of the current year.

The Provisions on Facilitating and Regulating Cross-Border Data Flows establishes a negative list system for pilot free trade zones. It proposes that pilot free trade zones may, within the framework of the national data categorization and classification protection system, have the autonomy to independently formulate their own list of data that needs to be included in the regulation scope of security assessment of cross-border data transfer, Standard Contract for the Cross-border Transfer of Personal Information and Personal Information Protection Certification. The aforementioned negative list shall be submitted to the cyberspace affairs commission at the provincial level for approval and subsequently filed with the national cyberspace administration authority and national data administration authority. Data processors within the pilot free trade zones may transfer data cross-border that falls outside the negative list without the need to apply for declaring the security assessment of cross-border data transfer, signing and filing a Standard Contract for the Cross-border Transfer of Personal Information, and applying for Personal Information Protection Certification.

The Provisions on Facilitating and Regulating Cross-Border Data Flows specify the conditions for two types of data cross-border transfer activities that should be declared the security assessment of cross-border data transfer: (i) critical information infrastructure operators providing personal information or important data cross-border; (ii) data processors other than critical information infrastructure operators providing important data cross-border, or provide more than 1 million people's personal information (excluding sensitive personal information) or more than 10,000 people's sensitive personal information cross-border cumulatively since 1 January of the current year. Meanwhile, the Provisions on Facilitating and Regulating Cross-Border Data Flows specifies the conditions for data cross-border transfer activities that should subject to the conclusion of a Standard Contract for the Cross-border Transfer of Personal Information or apply for Personal Information Protection Certification, i.e., data processors other than critical information infrastructure operators have cumulatively provided personal information (excluding sensitive personal information) of more than 100,000 people and less than 1 million people cross-border and at the same time provided sensitive personal information of less than 10,000 people outside the country since 1 January of that year.

HISTORY AND DEVELOPMENT

Overview

Our history can be traced back to 1980s when China Longhuan Co., Ltd. (中國龍環有限公司) ("**Shekou Longhuan**"), the predecessor of C'estbon China, was established by Guiyang Cili Product Development Company (貴陽刺梨產品開發公司), China Merchants Shekou Industrial Zone Water Supply Company (招商局蛇口工業區供水公司) ("**Shekou Water Supply**") and Huanya Co., Ltd. (環亞股份有限公司). Mr. Yin Ying (尹英) served as the chairman of the first session of the board of directors of Shekou Longhuan. In 1992, the trademark "C'estbon (怡寶)" was transferred by China Merchants Development Company Limited (香港招商局發展有限公司) to Shekou Longhuan. In 1996, our Company entered into a cooperation agreement with Shekou Water Supply on the operations of C'estbon China, pursuant to which our Company and Shekou Water Supply held 67.25% and 32.75% of the equity interest in C'estbon China respectively, and Shekou Longhuan's business was subsequently succeeded by C'estbon China. In 1999, our Company acquired the remaining 32.75% equity interest of C'estbon China from Shekou Water Supply and C'estbon China became a wholly owned subsidiary of our Company, and Mr. Huang Tieying (黃鐵鷹) was appointed by CR Holdings, our then sole shareholder, to serve as the chairman of C'estbon China. Since then, C'estbon China has grown rapidly and launched various categories of packaged drinking water and beverage products.

Our Company was incorporated in the BVI with limited liability on July 4, 1995 and has been serving as the holding company for all the operating subsidiaries of our Group. On April 16, 2024, our Company was re-domiciled from the BVI to the Cayman Islands.

We have been developing and offering a variety of quality packaged drinking water products and beverage products under our diverse brand portfolio. According to the CIC Report, we have grown into the second largest company in the packaged drinking water market and the largest company in the purified drinking water market in China, with a market share of 18.4% and 32.7%, respectively.

Milestones of Development

The following table sets out the key milestones of our business development:

Year	Event
1980s	Our predecessor Shekou Longhuan was established.
1998	We were invited as one of the principal initiators and drafters of the national standard for "bottled purified drinking water".
2001	We upgraded our packaging for C'estbon (怡寶) brand purified water products.

Year	Event
2007	We adopted our comprehensive national expansion strategy "westward expansion, eastward extension, northern conquest (西進、東擴、北伐)" to establish a deeply penetrating sales and distribution network which spans the entire country.
	We initiated the "Hundred Libraries Plan (百所圖書館計劃)", a long-term, sustainable rural revitalization type of voluntary service project which involves donating libraries to primary and secondary schools in regions lacking educational resources.
2009	We strategically launched the 4.5L packaged drinking water.
2011	We launched our beverage products including Gogo-no-Kocha milk tea (午後奶茶), FIRE (火咖) and Mulene (魔力) products.
2018	We launched our flavored water brand Mi Shui Series (蜜水系列).
2019	We became the first partner of TEAM CHINA, and sponsored the 7th World Military Games, reinforcing our brand image of "healthy, safe and professional". Our products became the "National Athletes' Choice".
	We launched our juice beverage brand Holiday Series (假日系列).
2021	We launched our Chinese herbal-based tea beverage brand Zhi Ben Qing Run (至本清潤).
	We supported daily consumption of drinking water for over 70 national teams and the Chinese Delegation for the Tokyo Olympics, and became the official supplier of packaged drinking water for the 14th National Games.
2022	We optimized our product portfolio and launched new products such as our high-end natural mineral water brand L'eau (怡寶露), our sparkling water brand FEEL, and juice beverage brand Sekai-no-Kitchen (源自世界的廚房).
	We continued to expand and refine our production capacities, including commencing construction of our self-owned factories Yixing Factory and Wuyi Mountain Factory, and entering into the construction agreement for our Wanlv Lake Factory.

Year	Event
2023	We continued to expand our product portfolio, and launched new products such as Orange Holiday (橙橙假日), Zhi Ben Qing Run lemon tea (至本清潤檸檬茶), Bonjour Forêt (本優) bottled natural mineral water and 520ml C'estbon natural drinking water. Our self-owned factories, including Yixing Factory, Biyouxuan Factory and Nanning Factory (Phase II), were put into operation, and our production capacities continued to enhance steadily.
2024	We became the title sponsor of the Chinese Football Association Super League.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Incorporation of our Company

Our Company was incorporated as a BVI business company with limited liability in the BVI on July 4, 1995 with an authorized share capital of US$50,000 divided into 50,000 shares with a par value of US$1.00 each. Upon incorporation, our Company issued and allotted one Share to Rui Jun Investments Limited, a wholly owned subsidiary of CRE Limited, with a consideration of US$1.00.

On October 13, 1995, the one issued Share was transferred from Rui Jun Investments Limited to CRE Beverage Limited (currently known as China Resources Snow Breweries Limited) with a consideration of US$1.00, which was subsequently transferred to CRH Beverage on May 31, 2007 with a consideration of US$1.00. On January 18, 2011, our Company further issued and allotted 599 Shares to CRH Beverage at a consideration of US$599.

Share Allotment to KIRIN

On August 19, 2011, our Company issued and allotted 400 Shares to KIRIN for a consideration of US$474.7 million, which was determined based on arm's length negotiations between KIRIN and us, taking into account the timing of the investments, the historic and anticipated future performance of the Company and KIRIN's non-alcoholic business in Greater China, as well as the potential business cooperation and strategic alliance between the Company and KIRIN. As a result, our Company was owned by CRH Beverage and KIRIN as to 60% and 40%, respectively.

KIRIN is a Japan-based company listed on Tokyo Stock Exchange, and is primarily engaged in beer and beverage business and holding minority investments in a number of equity-accounted investees globally in a variety of industries such as food, beverages, health science and pharmaceuticals. In addition to the minority investment in our Company, KIRIN also has business cooperation with the Group since 2011. Specifically, (i) C'estbon Holdings was granted the right by KIRIN to manufacture, promote and distribute in the mainland China, Hong Kong and Macau certain beverage products with KIRIN's intellectual properties, as well as to sub-license such intellectual properties to its subsidiaries and Cooperative Manufacturing Partners for manufacturing and distribution on behalf of our Group in the PRC. Accordingly, we launched a series of new products supported by our cooperation with KIRIN brand, such as Gogo-no-Kocha milk tea (午後奶茶), FIRE (火咖) and Sekai-no-Kitchen (源自世界的廚房) with a term of cooperation until 2025, subject to renewal upon mutual consents between our Company and KIRIN; and (ii) C'estbon Holdings was granted the sole and exclusive right to import, market, promote, sell, distribute and sub-distribute in Hong Kong and Macau certain beverage products manufactured by KIRIN. The revenue generated by our Group from sales of products in relation to KIRIN as detailed above accounted for 2.0%, 1.5%, 1.4% and 1.3% for the three years ended December 31, 2023 and the four months ended April 30, 2024, respectively.

Share Transfer to Plateau by KIRIN

On August 5, 2022, Plateau acquired all the 400 shares from KIRIN with a consideration of US$1,000 million (the "**2022 Share Transfer**") which was determined after arm's length negotiations with reference to various factors including the timing of the investments, the prospects of our business and the valuation of comparable companies. CRH Beverage and Plateau, among others, entered into a shareholders agreement (the "**Shareholders Agreement**") on April 8, 2022. See "– Pre-IPO Investment." Upon completion of the 2022 Share Transfer, our Company remained to be owned by CRH Beverage as to 60%, and held by Plateau as to 40%.

Re-domiciliation

On April 16, 2024, our Company was re-domiciled from the BVI to the Cayman Islands.

Share Subdivision

On April 21, 2024, our Shareholders resolved, among others, that each issued and unissued ordinary share then of US$1.00 par value be subdivided into 2,000,000 Shares of US$0.0000005 par value each ("**Share Subdivision**"), upon completion of which CRH Beverage and Plateau respectively held 1,200,000,000 and 800,000,000 Shares of US$0.0000005 par value each.

As a result of the Share Subdivision, the authorized share capital of our Company became US$50,000 divided into 100,000,000,000 ordinary shares of par value of US$0.0000005 par value each, of which 2,000,000,000 ordinary shares are issued and fully paid-up.

OUR PRINCIPAL SUBSIDIARIES

We have five principal subsidiaries which made material contribution to our results of operations during the Track Record Period. The table below sets forth details of our principal subsidiaries as of the Latest Practicable Date:

No.	Name of the Principal Subsidiaries	Place of Incorporation	Date of Incorporation	Registered/ Issued Capital	Attributable Interest to Our Group	Principal Businesses
1.	C'estbon Holdings	Hong Kong	November 23, 2009	HK$771,483,694.42	100%	Sales of packaged drinking water and beverage products in Hong Kong and Macau, investment holding
2.	C'estbon China Investment	PRC	August 26, 2011	US$83,290,359.29	100%	Investment holding
3.	C'estbon China	PRC	August 1, 1996	RMB650,000,000	100%	Production and sales of packaged drinking water and beverage products in China
4.	C'estbon Changsha	PRC	October 17, 2012	US$20,000,000	100%	Production of packaged drinking water and beverage products in China
5.	C'estbon Chengdu	PRC	September 1, 2014	RMB166,670,000	100%	Production of packaged drinking water and beverage products in China

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had no major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

PRE-IPO INVESTMENT

Overview

On February 16, 2022, Plateau (the "**Pre-IPO Investor**") entered into a share purchase agreement with KIRIN, pursuant to which Plateau agreed to purchase all the 400 ordinary shares held by KIRIN at a consideration of US$1,000 million. Details of Plateau's investment (the "**Pre-IPO Investment**") are set out below:

Name of the Pre-IPO Investor	Plateau
Amount of consideration paid	US$1,000 million
Basis of determining the consideration paid	The consideration was determined based on arm's length negotiations between KIRIN (as the seller) and Plateau (as the purchaser) with reference to various factors including the timing of the investments, the prospects of our business and the valuation of the then comparable companies.
Date of the investment agreement	February 16, 2022
Date of settlement of consideration	August 5, 2022
Cost per Share(1)	US$1.25
Discount to the Offer Price(2)	30.7%
Strategic benefits from the Pre-IPO Investment	We are of the view that our Company can benefit from the Pre-IPO Investment as Plateau can provide us with professional advice on our Group's development strategies from non-managerial perspective, leveraging its knowledge and past investment experience. The Company could also benefit from Plateau's commitment to our Company as the Pre-IPO Investment demonstrates Plateau's confidence in our Group's operations and serve as an endorsement of our Group's performance, strengths and prospects.

Notes:

(1) Calculated based on dividing the consideration by the number of Shares held by Plateau after the Share Subdivision. On April 21, 2024, our Shareholders resolved, among others, that each issued and unissued ordinary share then of US$1.00 par value be subdivided into 2,000,000 Shares of US$0.0000005 par value each. See "— Major Shareholding Changes of Our Company — Share Subdivision".

(2) Calculated based on the assumption that the Offer Price is HK$14.00 per Share (being the mid-point of the indicative Offer Price range of HK$13.50 to HK$14.50).

Lock-up

Plateau has undertaken to the Hong Kong Stock Exchange to comply with the requirements pursuant to Rule 10.07(1) of the Listing Rules.

Rights of Plateau

Pursuant to the Shareholders Agreement, Plateau has certain special rights which are customarily granted to a pre-IPO investor, including but not limited to, director appointment right, right of first refusal and tag-along right to dispose of the Shares, information right and divestment right. The Shareholders Agreement, including the above special rights of Plateau, shall be terminated upon Listing. On April 21, 2024, all the parties to the Shareholders Agreement entered into a supplemental agreement thereto, according to which Plateau's divestment right shall be automatically terminated immediately prior to the Company's first submission of the listing application for the Listing, provided that the divestment right so terminated shall resume automatically at the earlier of (i) the Company's listing application is rejected or returned by the applicable stock exchange and the Company has decided not to appeal to such rejection or return decision; (ii) the Company's listing is suspended, withdrawn or determined not to be consummated by unanimous consents of the Shareholders; or (iii) the Company's listing does not take place by November 1, 2025 for any reason.

Information about Plateau

Plateau was incorporated in the Cayman Islands on January 12, 2022 and is principally engaged in investment holding in our Company with its own funds. Plateau Holding Limited primarily invests in consumer and healthcare industries, and is currently not engaged in investments in businesses which compete or are likely to compete with our Company. Plateau is wholly owned by Plateau Consumer Fund, L.P., whose general partner is Plateau Investment Limited. Plateau Investment Limited is wholly owned by Plateau Holding Limited, which is wholly owned by Ms. Dong Yi. Plateau reached consensus and entered into a share purchase agreement with KIRIN in February 2022 to acquire the 40% equity interest in our Company from KIRIN and therefore became our Shareholder. Immediately upon the completion of the Global Offering, Plateau will hold approximately 34% of the enlarged share capital of our Company (assuming the Over-allotment Option is not exercised). Therefore, Ms. Dong Yi, Plateau Holding Limited, Plateau Investment Limited, Plateau Consumer Fund, L.P. and Plateau will constitute our Controlling Shareholders upon the Listing.

Ms. Dong Yi is a sophisticated investor with approximately 10 years of investment experience. She founded Plateau Holding Limited in 2017. She is the ultimate beneficial owner of Plateau and currently serves as its director. In addition to the interest in the general partner of Plateau Consumer Fund, L.P., Ms. Dong Yi also, through her wholly owned companies Plateau Capital Limited and Plateau Group Limited (each being a limited partner of Plateau Consumer Fund, L.P. and does not exercise management control thereof), held a total of 2.65% limited partnership interests in Plateau Consumer Fund, L.P. To our best knowledge, the other limited partners of Plateau Consumer Fund L.P., are independent from each other. Plateau Consumer Fund, L.P. has 17 limited partners in total. Maxwish Limited (銘宇有限公司), the largest limited partner in Plateau Consumer Fund, L.P. with approximately 36.8% limited partnership interest that is not in charge of decision making thereof, is an investment holding company incorporated in Hong Kong, which is indirectly wholly owned by Bank of China Limited (中國銀行股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 3988) and Shanghai Stock Exchange (stock code: 601988)). Save for Maxwish Limited, no other limited partners held 20% or more limited partnership interest in Plateau Consumer Fund, L.P. as of the Latest Practicable Date or are otherwise considered as key limited partners of Plateau Consumer Fund, L.P.. Except for Plateau Capital Limited and Plateau Group Limited which are wholly owned by Ms. Dong Yi, each of the limited partners of Plateau Consumer Fund L.P. is an Independent Third Party. Save as disclosed herein, Ms. Dong Yi does not have any other relationship with the Group.

Compliance with Pre-IPO Investment Guidance

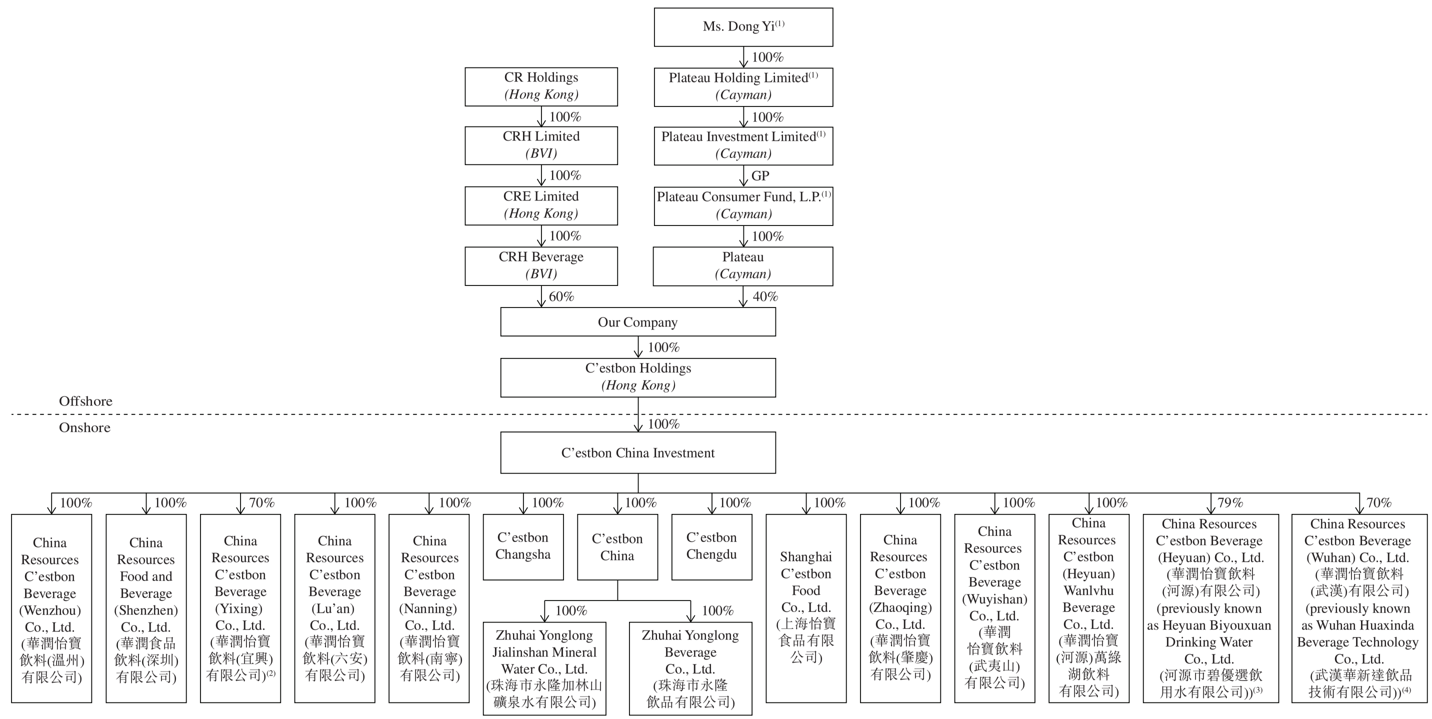
On the basis that (i) the consideration for the Pre-IPO Investment was irrevocably settled more than 28 clear days before the date of our first submission of the listing application to the Stock Exchange in relation to the Listing; (ii) the divestment right granted to the Pre-IPO Investor has been terminated immediately prior to the submission of the listing application for the Listing by or on behalf of the Company; and (iii) all other special rights granted to the Pre-IPO Investor pursuant to the terms of the Pre-IPO Investment will be terminated upon the Listing, the Joint Sponsors are of the view that the Pre-IPO Investment is in compliance with Chapter 4.2 under the Guide for New Listing Applicants issued by the Stock Exchange.

Public Float

Immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the 2,000,000,000 Shares held by CRH Beverage and Plateau, representing approximately 85.19% of our total issued Shares upon Listing, will not be considered as part of the public float for the purpose of Rule 8.08 of the Listing Rules as such Shares are held by our Controlling Shareholders. In light of the above, the public float of the Company upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised) will be approximately 14.81%.

CORPORATE AND SHAREHOLDING STRUCTURE

The following diagram sets forth the corporate structure of our Group immediately before the completion of the Global Offering:



Notes:

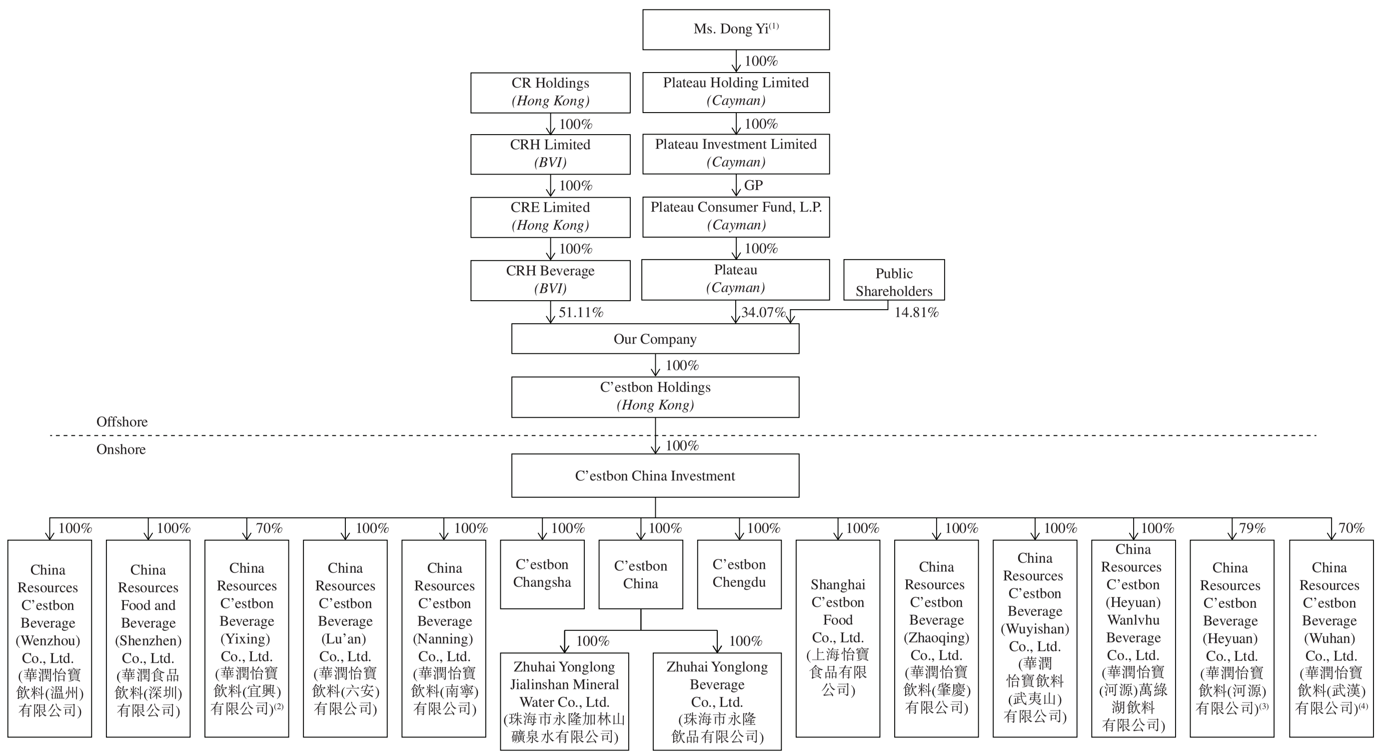
(1) In addition to the interest in the general partner of Plateau Consumer Fund, L.P., Ms. Dong Yi also, through Plateau Capital Limited and Plateau Group Limited, held a total of 2.65% limited partnership interests in Plateau Consumer Fund, L.P..

(2) The remaining 30% interest of China Resources C'estbon Beverage (Yixing) Co., Ltd. is held by Wuxi Guorui Urban and Rural Investment Development Center (Limited Partnership) (無錫國睿城鄉投資發展中心(有限合夥)), an Independent Third Party.

(3) The remaining 21% interest of China Resources C'estbon Beverage (Heyuan) Co., Ltd. is held by Guangdong Biyouxuan Industrial Holding Co., Ltd. (廣東碧優選實業控股有限公司), an Independent Third Party.

(4) The remaining 30% interest of China Resources C'estbon Beverage (Wuhan) Co., Ltd. is held by Wuhan Huaxinda Technology Co., Ltd. (武漢華新達科技有限公司), an Independent Third Party. Wuhan Huaxinda Technology Co., Ltd. is an associate of a limited partner holding less than 5% partnership interest in Plateau Consumer Fund, L.P. (being one of our Controlling Shareholders).

The following diagram sets forth the corporate structure of our Group immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Notes:

(1)-(4) See the details contained in the preceding page.

OVERVIEW

Our Vision

Better and stronger: to become a world-class beverage enterprise ("做優、做強、成為世界一流綜合飲料企業")

Who We Are

We are a pioneer in China's packaged drinking water industry and a leading company in China's RTD soft beverage industry. According to the CIC Report, we were one of the first enterprises specializing in the production of packaged drinking water in China. After four decades of development, we have grown into the second largest company in the packaged drinking water market in China and the largest company in the purified drinking water market in China by retail sales value in 2023, with a market share of 18.4% and 32.7%, respectively. The retail sales value of our "C'estbon" purified drinking water products reached RMB39.5 billion in 2023, standing as the number one brand in China's purified drinking water market, with a market share of 32.7%, according to the CIC Report. We have taken a growth trajectory similar to that of prominent global RTD soft beverage companies to expand and grow from a core product category with market leading position to other categories, propelling us to a leading position across various core product categories within China's RTD soft beverage industry. We centered on packaged drinking water while diversifying our beverage offerings, reinforcing our multi-category strategic roadmap of "one flagship brand accompanied by a spectrum of popular brands (一超多強)" and vigorously engaging in R&D and innovation to capture the expansive market opportunities. In 2023, according to the CIC Report, we ranked fifth in terms of retail sales value among China's RTD soft beverage companies, with a market share of 4.7%, showcasing our leading position in packaged drinking water and beverage products.

According to the CIC Report, among the top five RTD soft beverage companies in China in terms of retail sales value in 2023, we ranked in the top two, in terms of CAGR from 2021 to 2023, for both retail sales value and net profit. Anchored on our "C'estbon" brand, and rooted in the success of our purified drinking water products, we persistently enhance our product portfolio of packaged drinking water products through diversification of water types and expansion of product specifications, catering to a wide range of consumption scenarios including outdoor, indoor, business, catering and sports. For example, we strategically developed our medium- to large-sized packaged drinking water, which, from 2021 to 2023, achieved a CAGR exceeding 10% in both revenue and sales volume, and its revenue share within our packaged drinking water products increased steadily year on year. Leveraging our deeply rooted brand image of "healthy, safe, professional" established in the packaged drinking water market, along with our valuable assets including our extensive nationwide sales network and production capacity layout, we strategically expanded our presence across multiple core product categories in China's RTD soft beverage industry, which have been validated by the market and exhibit considerable growth potential. According to the CIC Report, among the top 10 RTD soft beverage companies in China in terms of retail sales value in 2023, our beverage products recorded the highest retail sales value growth rate in terms of CAGR from 2021 to 2023. We have successfully crafted multiple hit products under our renowned brands, propelling us to a leading position across various core product categories within China's RTD soft beverage industry. According to the CIC Report, in terms of retail sales value in 2023, we ranked among top 10 in various core RTD beverage categories of China, including tea beverage, juice beverage and coffee beverage; notably, we ranked first in China's chrysanthemum tea beverage market and second in the flavored water market, with a market share of 38.5% and 12.9%, respectively.

CR Group, one of our Controlling Shareholders, is a leading state-owned conglomerate headquartered in Hong Kong which ranked 72nd in the Fortune Global 500 in 2024. Its core businesses include consumer goods, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors. Under the CR Group, eight companies are listed on the Hong Kong Stock Exchange and nine companies are listed on the A-share market in Mainland China. Notably, CR Beer, CR Power, CR Land and CR Mixc are constituents of the Hang Seng Index in Hong Kong. As a dedicated RTD soft beverage enterprise within the CR Group, we play a significant role in the CR Group's consumer goods arm. Our corporate culture aligns with that of the CR Group and its associated business units. Benefiting from synergies in various areas including our sales channels, digitalization, raw material procurement, construction management and ESG initiatives, we are able to further improve our operational efficiency, enhance our market share and amplify our brand's influence. We actively uphold our social responsibility, consistently adhering to the quality value of "integrity cultivates quality; responsibility yields excellence." In 2019, our "C'estbon" brand was honored as the "Official Drinking Water of TEAM CHINA" and supplied safe and healthy packaged drinking water and beverage products to over 70 Chinese national sports teams, providing professional and healthy replenishment. To fulfill our mission of shaping the future of refreshment to bring a safe, healthy and wonderful life, we continue to deliver healthy and quality products to consumers, promoting "C'estbon" to become a deeply trusted and widely recognized national brand.

During the Track Record Period, we achieved strong revenue growth, continual improvement in profitability and robust cash flow. Our strong financial performance is closely tied to our widely recognized brand image, marketing strategies that highly resonate with consumption scenarios, ongoing R&D for product portfolio expansion, nationwide sales and distribution network as well as comprehensive production capacity layout that synergizes effectively with our sales network. Our revenue increased from RMB11,339.9 million in 2021 to RMB13,514.7 million in 2023, growing at a CAGR of 9.2% from 2021 to 2023, and increased from RMB3,939.6 million in the four months ended April 30, 2023 to RMB4,149.8 million in the four months ended April 30, 2024. In the meantime, we continually optimize our supply chain, enhance our digital capabilities and expand our own production capacity to manage production costs. We also optimized packaging materials, upgraded our equipment to improve production efficiency and extended to the upstream of the industry value chain, such as independently completing injection molding process. Furthermore, by implementing comprehensive channel coverage, optimizing and integrating our sales channels, enhancing the efficiency of logistics and warehousing, together with optimizing transportation costs, we consistently drive improvement in our sales efficiency. Through these measures, alongside our strong revenue growth, our profitability, operational efficiency and cash flow generation capabilities also consistently improved. Our profit for the period increased from RMB858.1 million in 2021 to RMB1,331.4 million in 2023, growing at a CAGR of 24.6% from 2021 to 2023, and increased from RMB355.8 million in the four months ended April 30, 2023 to RMB460.7 million in the same period of 2024. Meanwhile, our net profit margin increased from 7.6% in 2021 to 7.8% in 2022, and to 9.9% in 2023, and further to 11.1% in the four months ended April 30, 2024. Our net cash from operating activities increased from RMB827.2 million in 2021 to RMB1,718.2 million in 2023, growing at a CAGR of 44.1% from 2021 to 2023, and increased from RMB745.6 million in the four months ended April 30, 2023 to RMB751.6 million in the same period of 2024.

Our Market Opportunities

As a pioneer in China's packaged drinking water industry and a leading company in China's RTD soft beverage industry, we are well-positioned to reinforce our market leadership and seize emerging opportunities, leveraging our strong brand recognition, comprehensive product portfolio and expansive nationwide sales network.

According to the CIC Report, the size of China's RTD soft beverage market by retail sales value reached RMB909.2 billion in 2023. Driven by accelerating urbanization and increasing per capita disposable income in China, the purchasing power of consumers for RTD soft beverage products will continue to increase, and the size of the RTD soft beverage market in China is expected to expand to RMB1,203.2 billion by 2028, representing a CAGR of 5.8% from 2023 to 2028. With the continuously growing trend of health awareness in respect of food and beverage consumption, certain product categories, such as packaged drinking water and sugar-free beverages, have become more popular than other types of the RTD soft beverage products.

According to the CIC Report, in terms of retail sales value, packaged drinking water is the largest category in China's RTD soft beverage industry with a market size of RMB215.0 billion in 2023. Having grown at a CAGR of 7.1% from 2018 to 2023, packaged drinking water is also the fastest growing category in the RTD soft beverage industry in China, and is further expected to reach a market size of RMB314.3 billion by 2028 at an accelerated CAGR of 7.9% from 2023 to 2028. According to the same source, in terms of retail sales value, purified drinking water is the largest segment among the packaged drinking water market, accounting for 56.1% of the packaged drinking water market in China. Having grown at a CAGR of 7.7% from 2018 to 2023, purified drinking water is also the fastest growing segment among the packaged drinking water market in China, and is further expected to account for 57.2% of the packaged drinking water market in China in 2028 at an accelerated CAGR of 8.3% from 2023 to 2028. As a pioneer in the packaged drinking water market in China and a leading company in China's RTD soft beverage industry, we enjoy the advantages of a substantial market and growth potential, laying a solid foundation for the continuous growth and enduring success of our business.

In addition, leading RTD soft beverage enterprises have been continually enriching their product offerings and broadening their reach across various product categories to cater to evolving consumer needs in terms of flavors, sizes and consumption scenarios. Particularly, the boundary between packaged drinking water and beverage products is becoming increasingly indistinct with the emergence of flavored water, sparkling water and other types of beverage products with intricate flavors, rich texture and diverse benefits. Aside from the growing and more diverse demand for brands and products, there has been a noticeable rise in ESG awareness within Chinese society. RTD soft beverage enterprises are showing stronger commitment through a number of decarbonization measures and initiatives such as adopting sustainable packaging materials, implementing water management systems and promoting community empowerment, which align their development strategies with societal values and expectations regarding ESG.

Our Business Model

We are committed to providing our consumers with RTD beverage products that promote a healthy and positive lifestyle. To this end, we closely track shifts in lifestyle trends and developments in consumer needs, and proactively conduct product R&D to continually enrich our offerings. Our marketing strategy, highlighted by sports marketing, has been a key component of the growth of our brands. Since 2013, we have sponsored marathon events and other sports events. We have been the partner of the Chinese national team, TEAM CHINA, since 2019, reinforcing our brand image of "healthy, safe, professional." As of the Latest Practicable Date, we had a product portfolio of 13 brands, mainly including "C'estbon" ("怡寶"), "Zhi Ben Qing Run" ("至本清潤"), "Mi Shui Series" ("蜜水系列"), "Holiday Series" ("假日系列") and "Zuo Wei Cha Shi" ("佐味茶事"), comprising a total of 59 SKUs. Our diverse product offering covers core product categories in China's RTD soft beverage market, such as packaged drinking water, tea beverage and juice beverage, among others. Through years of endeavor, we have continually cultivated a strategic roadmap of "one flagship brand accompanied by a spectrum of popular brands" across multiple product categories. With our "C'estbon" leading the way as the number one brand in China's purified drinking water market, with a market share of 32.7% in terms of retail sales value in 2023, we established a robust portfolio of other beverage brands to further strengthen our market position. The picture below shows our packaged drinking water and beverage products as of the Latest Practicable Date.

We primarily generate revenue by the sales of products through our nationwide sales and distribution network. During the Track Record Period, we cooperated with over 1,000 distributors covering over two million retail points of sale in China accumulatively. According to the CIC Report, in 2023, in terms of regional presence, our packaged drinking water products held the highest market share in the packaged drinking water market in six major Chinese provinces, namely Guangdong, Hunan, Sichuan, Hainan, Guangxi and Hubei. According to the CIC Report, the packaged drinking water market in these six provinces represented approximately 30% of the total market size of the packaged drinking water market in China during 2023, making these provinces the core market for packaged drinking water consumption. Our leading position in these core markets is a testament to our robust competitive edge, and we are committed to further extending our reach into additional markets. We also ranked among the top three in the packaged drinking water market of another 17 provinces of China in 2023, and the size of the packaged drinking water market in these 17 provinces accounted for approximately 60% of the total market size of the packaged drinking water market in China, according to the CIC Report. Aligned with our nationwide sales network, we have also strategically positioned our comprehensive production capacity layout, implemented a rigorous quality control system and established digitalized supply chain management capability spanning the entire nation.

Our Major Honors

Our commitment to social and environmental responsibility, coupled with our marketing strategies and technical advancements, have garnered widespread recognition across all sectors of society. During the Tokyo 2020 Summer Olympics and Beijing 2022 Winter Olympics, we ensured the steady supply of packaged drinking water and beverage products for China's national teams and received letters of appreciation from the Chinese sports delegations participating in the respective Olympics. In 2021, as the official supplier of packaged drinking water for the 14th National Games, our professional supplies and services were well recognized, exemplified by a letter of appreciation from the Hong Kong Sports Delegation (香港體育代表團) for which we served as a diamond-level partner. In 2022, we were honored with the Silver Award of the 6th China Youth Volunteer Service Project Competition ("第六屆中國青年志願服務項目大賽銀獎") awarded by the Communist Youth League of China (共青團中央) and Office of the Central Guidance Commission on Building Spiritual Civilization (中央文明辦), among others, demonstrating our dedication and commitment towards social welfare. In 2023, our public welfare project, "Rural Revitalization Music Classroom Project" was honored with the "2023 Beautiful Public Welfare Conference — Annual Beautiful Voice" by the New Weekly, and our "Hundred Libraries Plan" has received the "Annual Public Welfare Endeavor Award" at the 2023 Dream Builders Public Welfare Congress organized by the Southern Weekly.

OUR COMPETITIVE STRENGTHS

We believe that our business success and leading market position are underpinned by the following key strengths. These strengths are closely interconnected and mutually reinforcing, enabling our sustained and cohesive core competency in a highly competitive market.

Renowned company in the packaged drinking water market in China and leading company in the RTD soft beverage market in China with strong growth and increasing profitability

We are a pioneer in the packaged drinking water market in China. Beginning the journey with the introduction of our "C'estbon" brand packaged distilled water in Shenzhen, Guangdong in 1990, "C'estbon" is one of the earliest registered trademarks within the industry in China, standing as one of the most recognized and reputable brands in China's packaged drinking water market. In addition, we are one of the first enterprises in China to specialize in the production of packaged drinking water and one of the first in China's RTD soft beverage industry to break through an annual production of ten million tons, according to the CIC Report. Leveraging our long history and leading position in China's RTD soft beverage industry, we actively participated in setting the standards for the packaged drinking water industry in China. In 1998, in the formulation of the national standards for "Bottled Purified Drinking Water," we were privileged to be invited as one of the principal initiators and drafters. We also hold key positions in multiple industry associations, which underscores our leadership and influence within the industry, as well as highlights our pioneering contributions to the dynamic and robust development of China's packaged drinking water market to date. See "— Awards and Recognitions."

We are a leading company in the RTD soft beverage market in China. According to the CIC Report, we have ranked in the top two in terms of retail sales value of packaged drinking water for 10 consecutive years from 2014 to 2023. In 2023, our market share in the packaged drinking water market reached 18.4%. We have ranked top one in the Chinese purified drinking water market for 12 consecutive years from 2012 to 2023. In 2023, the retail sales value of our "C'estbon" purified drinking water reached RMB39.5 billion, with a market share of 32.7%, which was approximately four times larger than the company ranked second and surpassed the combined total of companies ranked second to fifth, establishing our position as the top one brand in China's purified drinking water market. In 2023, we sold over 14.6 billion bottles of our "C'estbon" branded water products. Our "C'estbon" brand was also one of the seven brands in 2023 to achieve a retail sales value exceeding RMB30 billion in China's RTD soft beverage market. The "C'estbon" brand, with its iconic "small green bottle" design, has become deeply ingrained in the minds of Chinese consumers. We have taken a growth trajectory similar to that of prominent global RTD soft beverage companies to expand and grow from a core product category with market leading position to other categories, propelling us to a leading position across various core product categories within China's RTD soft beverage industry. We centered on packaged drinking water while diversifying our beverage offerings. As a result, we have successfully crafted multiple hit products under our renowned brands. According to the CIC Report, in terms of retail sales value in 2023, our market share ranked among top 10 in core RTD beverage categories, including tea beverage, juice beverage and coffee beverage; notably, we ranked first in China's chrysanthemum tea beverage market and second in the flavored water market in terms of retail sales value in 2023, with a market share of 38.5% and 12.9%, respectively.

Leveraging our high retail sales value, leading market share and strong brand recognition, we continue to enhance our product offerings and expand our category coverage to meet consumers' evolving demands in taste, specifications and consumption scenarios, demonstrating robust growth momentum and capabilities to bolster our profitability continually. According to the CIC Report, the packaged drinking water industry in China recorded a CAGR of 4.1% from 2021 to 2023. During the same period, the growth in the retail sales value of our packaged drinking water products achieved a CAGR of 7.4%. Additionally, according to the same source, our beverage products grew at a CAGR of 38.6% during the same period, significantly outpacing the industry average of 4.0% and the growth rates of other leading companies. From 2021 to 2023, our profit increased from RMB858.1 million in 2021 to RMB1,331.4 million in 2023 at a CAGR of 24.6%. Meanwhile, our net profit margin increased from 7.6% in 2021 to 7.8% in 2022, and further to 9.9% in 2023. According to the CIC Report, among the five largest companies in the RTD soft beverage industry in China by retail sales value in 2023, we ranked in the top two, in terms of CAGR from 2021 to 2023, for both retail sales value and net profit.

Strategic deployment of sports marketing to convey our brand image of "healthy, safe, professional" and comprehensively reach a broader consumer base through diversified marketing approaches

Since the launch of our first packaged drinking water product under the "C'estbon" brand, we have been strategically emphasizing and leveraging the strong connection between the consumption of packaged drinking water and sports activities, continually implementing our sports marketing strategy. Sports events have a wide audience base, cover a variety of communication channels and convey a positive image to the audience. In 2014, the State Council issued the Opinions on Accelerating the Development of the Sports Industry and Promoting Sports Consumption (關於加快發展體育產業促進體育消費的若干意見), promoting national fitness as a national strategy which also promoted the increasing consumer emphasis on a healthy and positive lifestyle. In response, we strategically promote our sports marketing strategy to effectively communicate our brand philosophy to a broader consumer base.

Since 2012, we have sponsored a series of highly esteemed international and domestic sports events, successfully establishing a comprehensive sports marketing echelon, effectively reaching consumers across all age groups and regions. As the core of our sports marketing strategy, we fostered a strategic partnership with TEAM CHINA. Furthermore, we honorably served as the official supplier for the 14th National Games, sponsored the Chinese Football Association Super League (the "**CSL**"). Aside from premier sports events, we actively engage in general public sports events such as national marathons, campus running events, the National He Mei Village Basketball Tournament (Village BA) (全國和美鄉村籃球大賽) (村BA) and the "Road of Xuanzang" Ultra Gobi ("玄奘之路"戈壁挑戰賽) to solidify and expand our consumer base. See "— Marketing and Branding".

Cooperation with TEAM CHINA

Since 2019, we have been a partner of TEAM CHINA. Our "C'estbon" brand has successfully become the "Official Drinking Water of TEAM CHINA" after rounds of review and screening, meeting the strict hydration requirements of professional athletes and helping them maintain the best competitive condition. We supported TEAM CHINA in a series of key sports events, such as the Tokyo 2020 Summer Olympics and the Beijing 2022 Winter Olympics, to promote our brands and products. We continue to provide professional and healthy packaged drinking water and beverage products for more than 70 Chinese national sports teams. From daily preparation and training to major world and national sports events, our products accompany every aspect of the daily life, training and competition of the TEAM CHINA athletes. Our excellent support for TEAM CHINA has been recognized by various Chinese national sports teams, evidenced by multiple letters of appreciation. Our collaboration with TEAM CHINA has significantly enriched the sporting aspect of our brand. It underscores our stringent standards to product quality, and, in the meantime, has significantly enhanced our brand's visibility and recognition among consumers. Our current collaboration is based on a five-year framework, with the initial term commencing in year-end 2019. We are currently in negotiation for the next term of collaboration.

Close collaboration with sports events, including marathons and collaboration with Eliud Kipchoge

In the packaged drinking water industry in China, we have taken the lead in establishing a strong presence in marathon events. According to the CIC Report, China hosted a total of 622 marathon events (including half marathons) in 2023, with approximately 38 million participation and on-site spectatorship. As of the Latest Practicable Date, we have sponsored the highest number of Grade-A marathon events among packaged drinking water companies in China. Since 2013, we have gained extensive experience and expertise in organizing and collaborating with marathon events, establishing us as the preferred partner for city marathon events. Our partnerships have also contributed to the transformation of the marathon into a widely celebrated event for the general public. We engaged Olympic champion Mr. Eliud Kipchoge as our marathon promotion ambassador, with his partnership running from March 2023 to March 2026. Through our close partnerships with marathon events and Mr. Kipchoge, we established a robust connection between our brand and sporting events, thereby expanding the reach of our RTD soft beverage products to a broader consumer base with long-term relationships.

Title sponsorship with the CSL

Our "C'estbon" packaged drinking water became the official drinking water of the CSL in 2023 and established a title sponsorship with the CSL from February 2024 to December 2026. CSL is the highest level of professional football league in China. In 2023, the CSL hosted 240 matches, attracting a cumulative audience of approximately 380 million person-times across on-site spectatorship, television broadcasts and online streaming. CSL's long match season and wide coverage spanning various leagues and regions within China help us enhance market recognition across cities of different tiers in China.

Our comprehensive sports marketing echelon allows us to reach a broad audience through diversified communication channels, establishing comprehensive and effective connections with consumers. With such a vigorous sports marketing strategy, we are able to continuously improve our brand awareness and recognition, reinforcing our brand image of "healthy, safe, professional," advocating for a healthy and positive lifestyle.

Our "healthy, safe, professional" brand image deeply resonates with our consumers. Our commitment to high-quality products and spirit of innovation align seamlessly with the positive and healthy image of sports events, and their spirit of constantly challenging and surpassing oneself, enabling our diverse product offering to closely match the growing consumer demand for sports- and health-oriented consumption. We have conducted customer and consumer satisfaction assessments for 18 consecutive years, consistently recording a positive trajectory in satisfaction rates. According to the CIC Survey, our "C'estbon" brand ranked first in terms of brand satisfaction and repurchase rate, and second in terms of brand mentions among packaged drinking water brands in China. In particular, among the young consumer group aged 18 to 35, the satisfaction rate and mention rate of the "C'estbon" brand exceed the average across all age groups.

Additionally, we create new potential for our brand by attracting a broader range of consumers through our diversified marketing methods. On one hand, we promote our brand recognition among the youth by sponsoring diverse variety shows; on the other hand, we carry out extensive in-transit marketing at different scenes, such as publicity and advertisements on buses, subways, high-speed rail, airports, elevators and large outdoor billboards, to ensure our products reach consumers in cities at different tiers. See "— Marketing and Branding — Variety Show Marketing and In-transit Marketing."

Solidified strategic roadmap of "one flagship brand accompanied by a spectrum of popular brands" and vigorous efforts in R&D and innovation to capture strong market potentials

According to the CIC Report, packaged drinking water is the largest product category in China's RTD soft beverage market, possessing the characteristics of an essential consumer good, and meeting fundamental hydration needs of consumers. Driven by increasing urbanization, rising disposable incomes, increased consumer expenditure, ongoing product innovation, continuous market segmentation, as well as the diversification of sales channels, the packaged drinking water market is expected to continually expand. As we continue to strengthen and grow our "C'estbon" brand as the number one brand in China's purified drinking water market, with a market share of 32.7% in terms of retail sales value in 2023, and to capture the ongoing growth opportunities within China's packaged drinking water market, we consistently enrich our packaged drinking water product portfolio through diversification of water types and expansion of product specifications, among others. As one of the drafting members of the industry standard and national standard for bottled purified drinking water and based on our in-depth understanding of the development trends of packaged drinking water across different consumption scenarios, we continually introduce packaged drinking water products with different specifications, covering consumption scenarios including outdoor, at-home, business, catering and sports. We believe that "quality water does not differentiate water types" ("好水不分水種") and have accordingly expanded into products such as natural mineral water, natural drinking water and sparkling water to strategically secure high-quality water sources. During the Track Record Period, we introduced "L'eau" premium natural mineral water, "Bonjour Forêt" natural mineral water, FEEL sparkling water and 520ml C'estbon natural drinking water, completing the layout across the three main water types: purified drinking water, natural mineral water and natural drinking water.

Enhancing the scale of our packaged drinking water products and pursuing a diversified strategy are pivotal drivers of our business development. An example of a successful product development strategy within our packaged drinking water business is the launch of medium- to large-sized packaged drinking water products. Through precise insights into consumer habits and demands, we strategically launched the 4.5L packaged drinking water in 2009, and subsequently enriched our SKU variety by introducing several other medium- to large-sized packaged drinking water products. Since 2020, we have been actively promoting our medium- to large-sized packaged drinking water products in residential communities nationwide. In partnership with our distributors, we have implemented various promotion strategies and offered multiple delivery options. We have also actively collaborated with the catering channel to promote our medium- to large-sized packaged drinking water for culinary uses such as soup bases. From 2021 to 2023, our medium- to large-sized packaged drinking water achieved a CAGR exceeding 10% in both revenue and sales volume, and its revenue share within our packaged drinking water products increased steadily year on year.

We experienced a notable increase in the revenue of our beverage products during the Track Record Period, successfully establishing a second curve for growing our business. Utilizing our strong brand recognition, comprehensive sales and distribution network as well as production capacity in the packaged drinking water business, we strategically entered multiple core product categories of China's beverage industry that have shown significant growth potential. Centered around our packaged drinking water products, we have also created a beverage product matrix to cater to the diverse consumer needs. In 2021, 2022 and 2023 and the four months ended April 30, 2024, revenue generated from our beverage products accounted for 4.6%, 5.7%, 7.9% and 10.3% of our total revenue, respectively, and revenue generated from our beverage products exceeded RMB1 billion in 2023. We have successfully created multiple hit products which achieved leading positions in core products categories in China's RTD soft beverage industry, such as packaged drinking water, tea beverage and juice beverage products, among others. Other than "C'estbon," we have another five brands of beverage products which achieved a retail sales value exceeding RMB100 million in 2023, namely, "Zhi Ben Qing Run" ("至本清潤"), "Mi Shui Series" ("蜜水系列"), "Holiday Series" ("假日系列"), "FIRE" ("火咖") and "Gogo-no-Kocha milk tea" ("午後奶茶"), according to the CIC Report. We have continuously solidified a strategic roadmap of "one flagship brand accompanied by a spectrum of popular brands" across multiple product categories, with our

"C'estbon" leading the way as the number one brand in China's purified drinking water market, with a market share of 32.7% in terms of retail sales value in 2023, and we have established a robust portfolio of other beverage brands to further strengthen our market position. This strategic roadmap has been driving and will continue to drive our revenue growth, profitability and operational efficiency. From 2021 to 2023, our beverage products experienced a CAGR of 43.0% and a CAGR of 40.7% for revenue and sales volume, respectively, marking an exceptional achievement that significantly outperformed the average industry growth rate.

One of our notable successes in beverage product developments is the development and launch of our Zhi Ben Qing Run chrysanthemum tea. In Guangdong, chrysanthemum tea is traditionally regarded as a healthy drink due to its cooling, moisturizing and nourishing attributes. Leveraging this recognition and the consumption patterns in this region, we strategically chose the chrysanthemum tea sub-segment within the tea beverage category. We aim to create a hit product, positioned as a Chinese style tea beverage offering "*Classic Flavors, Taste of Memories*," with a sweet and refreshing taste that appeals to a wide audience. We carefully select quality ingredients such as Hangzhou white chrysanthemum flowers (杭白菊) and brown crystal sugar (黃冰糖), apply modern beverage production techniques and adopt package design with traditional aesthetics and "China Chic" styles to develop our Zhi Ben Qing Run chrysanthemum tea. Launched in August 2021, Zhi Ben Qing Run chrysanthemum tea recorded a retail sales value of RMB756.4 million in 2023. According to the CIC Report, Zhi Ben Qing Run ranked first in China's chrysanthemum tea beverage market, with a market share of 38.5% in 2023. Building on the success of Zhi Ben Qing Run chrysanthemum tea, we introduced Zhi Ben Qing Run lemon tea in 2023 and sour plum drink in 2024. This addition further diversified our product portfolio and strengthened the market presence of Zhi Ben Qing Run brand in the beverage market.

We place great emphasis on R&D, continually launching different products, as well as upgrading and optimizing existing products to further enrich our product matrix. As a result, we have continuously deepened the layout of our core product categories with significant market potential such as tea beverages, juice beverages and sports drinks, thereby reinforcing our multi-category development roadmap. As of April 30, 2024, we have an R&D team comprised of 77 personnel, including 22 with master's degrees and 32 with the title of engineer. Most of our R&D team have extensive experience in the food and beverage industry. During the Track Record Period, we initiated a research framework specializing in sensory analysis and thermotolerant microorganisms, and established sensory analysis, tea and coffee laboratories to enhance our R&D prowess. According to the CIC Report, we are a pioneer in introducing mid- to large-sized drinking water in 6L and 12.8L to cater to the needs of family consumption scenarios. We also successfully launched products such as Zuo Wei Cha Shi Green Tea, Seikai-no-Kitchen Salty Lychee, "L'eau" premium packaged drinking water and FEEL sparkling water, continually enriching our product layout in core categories with market potential.

Adhere to "delicate cultivation for triumphing at the end market" and establish our sales and distribution network with strong control and high efficiency

Our regional expansion strategy

Beginning the journey with the introduction of our "C'estbon" brand packaged distilled water in Shenzhen, Guangdong in 1990, we have secured the stronghold in Guangdong and established leading position in the packaged drinking water market in the Southern Region and provinces in the proximity. According to the CIC Report, we have ranked first in the packaged drinking water market for consecutive years in Guangdong, Hunan, Sichuan, Hainan and Guangxi. Leveraging our leading position in these provinces, in recent years, we have strategically targeted the Yangtze River coastal market as the focal direction for our regional expansion and achieved strong results. The Yangtze River coastal market spans seven provinces and municipalities including Shanghai, Jiangsu, Anhui, Hubei, Chongqing, Sichuan and Xizang, covering an area of approximately 2.2 million square kilometers, which accounts for 23.1% of the nation's total area, with a population share of 24.8% and contributing 29.4% to the national GDP. In terms of retail sales value in 2023, the packaged drinking water market share of the Yangtze River coastal market is approximately 30% in 2023. According to the CIC Report, in the seven provinces and municipalities along the Yangtze River coast, our packaged drinking water products ranked first in two provinces (Sichuan and Hubei) and second in five provinces/municipalities (Shanghai, Jiangsu, Anhui, Chongqing and Xizang), in terms of retail sales value in 2023.

Strategically harnessing the dense population and developed economies of the Southern China and the Yangtze River coastal market, we have continued deepening the reach of our sales network in markets where we hold a leading position and seizing the market potentials in the Northern China, Eastern China and other regions in China. In each target geographical market, we have successfully replicated our expansion roadmap. This begins with securing a leading position and establishing a strong presence in key areas, then broadening our reach to nearby markets, which has yielded significant results. For example, to comprehensively enhance our penetration in the northern region, we have first established strong presence in Beijing, Liaoning and Shaanxi and leverage such leading position to enhance our coverage in other provinces in the proximity. As a result, we have experienced strong increase in sales volume in the Northern market (Beijing, Tianjin, Hebei and Shanxi), Northeastern market (Heilongjiang, Jilin and Liaoning) and Northwestern market (Shaanxi, Inner Mongolia, Gansu, Ningxia, Qinghai and Xinjiang), recording an increase of 16.0%, 20.9% and 31.7% in sales volume in 2023 compared to the preceding year, respectively.

In the meantime, we actively participate in the implementation of the Guangdong-Hong Kong-Macau Greater Bay Area strategy and expand into the Hong Kong and Macau markets leveraging the brand equity of the CR Group and our sales and distribution capabilities. We are the Mainland China enterprise with the highest retail sales value in the Hong Kong packaged drinking water market in 2023, according to the CIC Report. In 2023, our sales volume in Hong Kong increased by 157.0% compared with that in 2022. With partnerships with major retail operators in Hong Kong and simultaneously riding on the momentum of our C'estbon packaged drinking water products, we have introduced multiple beverage brands to the Hong Kong market, including Zhi Ben Qing Run, Mi Shui Series and Zuo Wei Cha Shi.

Our sales channel strategy

Adhering to our sales channel strategy of "delicate cultivation for triumphing at the end market," we place significant emphasis on terminal retail points of sale, particularly the strategic locations that possess the potential to serve as influential exemplars within the industry. We have adopted a nationwide unified sales channel strategy, exemplified by our "hundreds of cities, thousands of stores demonstration street" ("百城千店示範街") initiative, the "collective efforts to cover the market" ("集體鋪市") activity and the "green land action" ("綠地行動") campaign, to expand the retail points of sale selling our products. By diligently maintaining our consumer relationships, conducting market research, ensuring optimal displays at the retail points of sale, and performing regular inspections of commercial refrigerator showcases, we continually enhance our influence at our retail points of sale. To further support our retail points of sale, we enhanced efforts for commercial refrigerator showcases, with over twice as many commercial refrigerator showcases placed in 2023 compared to that in 2021. This strategic approach encourages operators of the retail points of sale to devote additional resources to display and sell our products, thereby attracting a larger consumer base and enhancing the overall consumer experience. According to the CIC Report, in 2023, we ranked first in the industry in terms of average retail sales value of packaged drinking water products per retail point of sale. We continue to deepen our cooperative relationships with retail points of sale, laying a solid foundation for multi-category expansion. For example, the percentage of retail points of sale selling both our packaged drinking water and beverage products in the total retail points of sale selling our packaged drinking water products increased from 50.6% in 2021 to 67.1% in 2023.

We value and actively expand into emerging sales channels. Since 2014, we have accelerated our development and investment in our online business and established our presence on all major e-commerce platforms in China, including Tmall, JD.com, Douyin, Pinduoduo, Meituan, Dingdong Maicai, WeChat, Kuaishou, Ele.me, Xiaohongshu and Freshippo, as of the Latest Practicable Date. We have also actively collaborated with instant e-commerce, facilitating the rapid development of our 30-minute delivery service. During the Track Record Period, our revenue from e-commerce channels increased significantly, at a CAGR of 34.0% from 2021 to 2023, and reached RMB709.8 million in 2023 and RMB240.4 million in the four months ended April 30, 2024. We adopted a diversified sales strategy, incorporating methods such as content recommendation and live streaming for marketing and promotion on new media platforms. Through seamless collaboration between our sales and marketing departments, we accurately grasped consumer profiles, dynamically perfected our market strategies and enhanced our sales volume. For example, by precisely capturing the mindset of young consumers keen on trying new things, we developed a 350ml small-sized Lemon Mi Shui specifically for e-commerce channels frequented by young customers, meeting the demand for portability and cost-effectiveness. Upon its launch, it immediately became the top-selling item in the juice beverage category on the Douyin platform during the summer season of 2023. In 2023 and the four months ended April 30, 2024, sales through e-commerce channels accounted for 23% and 19% of the total sales of Mi Shui series during the same periods, respectively. Furthermore, to further penetrate the household market, we have expanded into community sales scenarios through our "Bee Stores," which explore product adaptation and operational models in community consumption scenarios in key cities, utilizing cost-effective and modular equipment. Moreover, we collaborated with nationwide third-party smart terminal retail equipment operators with a particular location focus on schools, hospitals, factories, tourist attractions and transportation hubs to continuously enhance our brand recognition, product sales and market coverage.

Strong and dedicated sales team and effective management system, underpinning the strengths of our robust distribution network

We have successfully formed a strong distributor network, characterized by its stable growth, mutually beneficial cooperation and value-sharing system. During the Track Record Period, we successfully partnered with over 1,000 distributors nationwide, covering over two million retail points of sale across the country accumulatively. We have actively sought to increase our market penetration in the third-tier or lower cities for sustainable growth. The percentage of retail points of sale we covered located in third-tier and lower cities increased from 51.2% as of December 31, 2021 to 54.6% as of December 31, 2022 and 55.9% as of December 31, 2023, and further increased to 57.2% as of April 30, 2024, showcasing our robust capabilities to cultivate our sales and distribution network in such market. We house a strong and dedicated sales team. As of April 30, 2024, we had over 8,700 dedicated front-line sales personnel, making us one of the enterprises with the most powerful in-house sales team in China's RTD soft beverage industry in terms of team scale and sales efficiency, according to the CIC Report.

We believe that having our own sales personnel lead the service and maintenance operations of our retail points of sale is crucial to our sales channel strategy, which can provide efficient mobilization capability in the fast-moving consumer goods industry. We have a dedicated and experienced sales team, comprising sales personnel with an average of more than six years' experience and a sales management team with an average of over 18 years' relevant experience. Our front-line sales personnel maintain close communication with operators at each retail point of sale, fostering and preserving collaborative partnerships through regular on-site visits and full-range support, including maintenance, management and guidance. Our sales team accurately understands the competitive landscape at retail points of sale, consumer preferences, product pricing and channel inventory status and is further empowered by our comprehensive traceability management system, which collects information regarding channel inventory and product distribution to facilitate efficient production scheduling. This strategic insight enables our sales team to effectively construct a well-structured sales network, enhance market penetration across various product categories, particularly within our rapidly expanding beverage products, and strengthen channel influence and consumer loyalty.

We have developed a strong distributor management and cooperation mechanism, which mainly encompasses bidding procedures, regional division principles, order and settlement management, business goal formulation and assessment, marketing support and training programs, to enhance the management level and efficiency of our distribution network. We have implemented the CRM-SUP system (客戶關係管理支持系統) to boost the efficiency of our front-line sales team. This system streamlines the entire workflow into a standardized online operational system which can be conveniently managed through handheld devices. The CRM-SUP system effectively assists us in critical business processes, including planning business visits, processing orders, arranging promotions and overseeing performance, which has significantly enhanced our operational efficiency and strategic decision-making. See "— Information Technology." During the Track Record Period, on average, each of our front-line sales personnel paid a growing number of visits to retail points of sale in line with our business needs.

Comprehensive production capacity layout synergizing with nationwide sales network to continually reduce cost and enhance efficiency

We have established a comprehensive production capacity layout in seamless synergy with our nationwide sales network. As of April 30, 2024, we had 13 self-owned factories in operation and collaborated with 31 Cooperative Manufacturing Partners in China to produce packaged drinking water and beverage products. Our production factories are strategically located in 19 densely populated provinces and municipalities in China, encompassing all first-tier and new first-tier cities within a radius of 300-500 kilometers. We follow the "1+N" model to position our factories, which typically includes the positioning of several satellite production factories in the vicinity of our large production factory in each region. This model ensures that our production capacity layout is closely centered around core markets to facilitate sales in proximity of production factories, decreasing delivery radius and logistics costs. Meanwhile, it helps achieve a flexible and efficient production supply to adapt to the dynamic demand of the market.

Our robust production capacity enables us to meet the diverse production requirements concerning various types, specifications and categories of RTD soft beverage products. During 2023, our total output of packaged drinking water and beverage products combined amounted to 13.5 million tons, with daily production capacity reaching up to 4.4 million boxes, standing at an industry-leading level. Our strategic emphasis on regional markets with high-quality water resources enables us to provide consumers with safe, healthy and high-quality products and to ensure our products are able to meet or exceed the national standards. We proactively made deployment to obtain the access to quality water sources, such as Wanlv Lake in Guangdong Province, Wuyi Mountain in Fujian Province and Danjiangkou in Hubei Province to construct or expand our production factories. We are gradually shifting from a sales-driven production model to a dynamically balanced production and sales model. Under the traditional sales-driven production model, the sales department sets the sales plan based on market demand, and the production department determines the production plan according to the sales plan and factory capacity, with the procurement and logistics resources being coordinated by separate departments. In contrast, under the new model, the establishment of the three major centers — production, operation, and marketing — has enabled more efficient work division and process optimization for production, sales, logistics and procurement. Specifically, the operation center dynamically matches production with sales, and is also responsible for coordinating procurement, inventory and logistics management. This model allows for swift and flexible adjustments in production plans and procurement strategies in line with market changes, leading to higher production efficiency, lower operational costs, and a more agile response to market demands. As a result, we are able to better take advantage of significant opportunities to better cater to and satisfy evolving consumer demands and preferences across regions.

When determining the locations of our production factories in different regional markets, we strategically evaluate whether to construct self-owned factories or to engage Cooperative Manufacturing Partners, in order to achieve a seamless integration of scale expansion with production efficiency and continually optimize cost management and efficiency. In well-established markets, markets with long-term growth potential, or areas with high-quality or abundant water resources and supplies, we strategically construct self-owned factories to enhance our production capacity and operational efficiency. During the Track Record Period, our self-owned factories in operation have shown continuous improvement in production capacity, with an annual output exceeding 4.4 million tons in 2023, which increased by 16.5% as compared to 2021. To further boost production capacity and production efficiency of our self-owned factories, we have incorporated advanced equipment into our factories. In addition, we have established close business relationships with Cooperative Manufacturing Partners, enabling us to secure ample production capacity to meet market demands. We have established exclusive arrangements with our Cooperative Manufacturing Partners to produce packaged drinking water products in accordance with our specified technical and quality control standards. Through the strategic footprint of our self-owned production facilities and in-depth control of our Cooperative Manufacturing Partners, we have gradually established our regional market advantages, enhanced our market share and optimized our logistic capabilities, enabling us to achieve effective cost control by fully utilizing the transportation radius of our production capacity layout.

Since our inception, we have placed utmost importance on the quality and safety of our products, leading the way in adopting advanced production techniques and water source management practices. We have established unified quality standards that cover the entire value chain of our products, applicable to both our self-owned factories and Cooperative Manufacturing Partners. In strict adherence to guidelines, norms and implementation standards pertaining to food safety and quality management, all of our production factories involved in the production of packaged drinking water have obtained FSSC22000/ISO22000 food safety management system certification. Furthermore, our headquarters' laboratory received recognition from the China National Accreditation Service for Conformity Assessment (CNAS) in 2015. As a dedicated RTD soft beverage company under the CR Group, we actively uphold our social responsibility and adhere to a quality value of "integrity cultivates quality; responsibility yields excellence." Based on thorough understanding of consumer needs, we continuously enhance our quality management capabilities to create value and safeguard our sustainable development. See "— Quality Control."

We have also developed digitalized supply chain management capabilities, thus enhancing our production and transportation efficiency while ensuring the steady expansion of our business. For instance, in response to the surge in PET prices historically due to geopolitical factors, we implemented an AI-assisted raw material and packaging material management system to help us secure price advantages during raw material and packaging material purchases. The technology underlying this system has been granted a national invention patent. In addition, we have achieved precise traceability of raw materials and packaging materials and finished products through our proprietary IT systems, enabling us to manage inventory statistics, track sales and ensure product quality and safety. We also significantly improved operational efficiency through leveraging our IT systems for order planning coordination and optimizing our logistics and delivery solutions. By maintaining strong collaboration with our Cooperative Manufacturing Partners, we actively extended to the upstream of the industry value chain and accelerated our cost-reduction and efficiency-enhancement initiatives, such as independently completing injection molding process, optimizing bottle shapes and replacing sleeve labels to adhesive labels, which effectively improved our profitability.

Adhering to "responsibility serving as the cornerstone of our brand" to exemplify corporate responsibility and promote green and sustainable development

As a dedicated RTD soft beverage enterprise within the CR Group, we share the common corporate culture and ethos with the CR Group and its related business units, renowned for our unwavering commitment to social responsibility and welfare advancement. Adhering to the ethos of "responsibility as the cornerstone of our brand," we proactively align with national policies, practice social responsibility and contribute to societal welfare. As a leading enterprise in corporate social responsibility, we have developed a robust management system. Since 2014, we have consistently demonstrated our commitment by publishing annual Corporate Social Responsibility ("**CSR**") reports, signifying a decade of dedication. We actively engage with our stakeholders through various communication channels, incorporating the expectations of our consumers and employees into our CSR value chain.

We are dedicated to practicing our social responsibility and making positive contributions to the broader community. Throughout the years, we have consistently supported charitable causes and actively engaged in philanthropic activities. Our commitment to social responsibility is evidenced through various initiatives, such as the "Hundred Libraries Plan" ("百所圖書館計劃"), which involves donating libraries to primary and secondary schools in regions lacking educational resources and is a long-term, sustainable rural revitalization type of voluntary service project. Launched in 2007, the "Hundred Libraries Plan" has been carried out for 18 consecutive years as of April 30, 2024, reaching out to 20 provinces, five autonomous regions and three municipalities directly under the Central Government, donating and completing a total of 240 libraries for public welfare, collecting more than a million books and benefiting more than a million children, which has been widely recognized and praised by society. Furthermore, we have established the "Disaster Relief Rapid Response Mechanism"

(“救災公益快速響應機制”) to actively participate in disaster relief efforts in areas affected by earthquakes, floods and other disasters through donations of goods and volunteer work. See “— Environmental, Social and Governance Matters — Community Engagement.”

Furthermore, we are committed to the carbon peak and carbon neutrality (the “**Dual Carbon**”) goals and uphold the principle of green development. In 2022, we rolled out our Dual Carbon management strategy, encompassing carbon footprint verification, product carbon footprint and carbon neutral implementation plan. In particular, we have taken the initiative to implement environmentally friendly policies and measures in the ordinary course of our business. We also leverage our wide publicity and brand recognition to actively promote our environmental protection agenda to contribute to sustainable development. See “— Environmental, Social, and Governance Matters — Environmental and Social Issues.”

Through our engagement in social welfare initiatives and our commitment to green development, we demonstrate to the public our steadfast dedication to social responsibility. Such endeavors have effectively enhanced our corporate image and brand recognition across all sectors of society, which in turn fosters a collaborative ecosystem characterized by mutual trust and co-prosperity, facilitating positive engagement and sustainable growth with our stakeholders.

Visionary management leadership and dedicated strategic support from shareholders

A visionary management team is key to our success in excelling in the competition. Our senior management have an average of over 10 years’ experience in the fast-moving consumer goods and RTD soft beverage industry, and is fully committed to our mission to bring a safe, healthy and wonderful life through high-quality packaged drinking water and beverage products. Our senior management are dedicated to applying their business acumen, extensive experience and sharp market insights to lead the team towards a stable and sustainable business growth. See “Directors and Senior Management.”

Our talented and reliable employees are fundamental to our success. We have established a comprehensive and effective human resource management system that includes a cadre selection process aligned with our business strategy, a systematic and tiered talent development model, an all-staff performance management approach that effectively drives business growth, and a competitive compensation distribution with diverse incentive mechanisms to shape sustainable organizational capabilities. We place particular emphasis on the construction of a talent echelon, continuously promoting the rotation and training of middle and front-line management, propelling the growth and development of young talents and intensifying the introduction of talents with professional and technology backgrounds, all with the aim of building a high-quality professional workforce. Our talent development system fully embodies the philosophy of “Valuing People, Unlocking Potential, Elevating Spirits (尊重人的價值,開發人的潛能,升華人的心靈),” allowing employees to continuously realize their life dreams.

We benefit from the strategic support of our strong and dedicated shareholders. One of our Controlling Shareholders, CR Holdings, is one of the leading state-owned conglomerates headquartered in Hong Kong and was ranked 72nd in the Fortune Global 500 in 2024. Its core businesses include consumer goods, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors. Under the CR Group, eight companies are listed on the Hong Kong Stock Exchange and nine companies are listed on the A-share market in Mainland China. Notably, CR Beer, CR Power, CR Land and CR Mixc are included in the constituents of the Hang Seng Index in Hong Kong. As a dedicated RTD soft beverage enterprise within the CR Group, we play a significant role in its consumer goods arm and our corporate culture aligns seamlessly with that of the CR Group and its associated business units. Benefiting from synergies in various areas including sales channels, digitalization, raw material procurement, construction management and ESG initiatives, we are able to further improve our operational efficiency, improve our market share and amplify our brand's influence. For instance, our packaged drinking water and beverage products are sold through CR Vanguard's supermarkets across the nation, which enhances our brand exposure and consumer reach. We also established a long-term cooperative relationship with China's major PET material supplier, CR Chemical, to optimize our product cost structure and provide consumers with safe, standardized and high-quality products. See "Connected Transactions."

OUR STRATEGIES

Enhance channel efficiency and expedite the expansion of comprehensive channel network

Committed to our sales channel strategy of "delicate cultivation for triumphing at the end market," we regard the efficient management and expansion of our sales channels as pivotal to our enduring growth. To reinforce our market leadership, we will continue to focus on strengthening and expanding our sales channels while persistently refining our comprehensive sales network.

- We plan to amplify our strengths within the traditional channels. Leveraging our current advantages, we aim to stay responsive to evolving trends in the sales channels and enhance the capabilities and efficiency of our front-line sales team, thereby further invigorating our traditional channels and boosting operational efficiency. Our strategy includes keeping geographical expansion, enhancing distribution quality, deepening our reach into the retail points of sale of lower-tier markets, increasing our sales terminal exposure and elevating our product sales and brand awareness of different categories of products at strategic retail points of sale through displays and equipment placements, thereby continuously enhancing our brand prominence and market penetration.

- We plan to strengthen our sales channel expansion efforts and refine our comprehensive sales network to maximize consumer reach. We will further explore the opportunities within e-commerce channels to expand consumer coverage, and continue to deepen consumer engagement and expand our offline presence through diversified channels, such as smart terminal retail equipment, catering, airway and hotel, among others. We will tailor our development strategies to suit the unique conditions of each region and channel, unlocking new growth opportunities for our products.

Expand and optimize production capabilities to improve supply chain effectiveness

We aim to enhance our production capabilities and refine our supply chain effectiveness to bolster our business operations. Leveraging our existing production lines and comprehensive logistics network, we aim to expand our self-owned factories to optimize our production capacities and extend our reach along the industry value chain, enhancing the stability and efficiency of our production.

- We intend to strategically construct self-owned factories, expand and improve our existing factories to ensure production security, efficiency and scalability, while achieving cost efficiency. We will continue to optimize our production capacity layout utilizing our "1+N" model.

- We plan to expand and extend our self-owned production lines to cover the entire industry value chain, especially the more value-creating segments, such as injection molding, to increase our profit margins. We also plan to further introduce advanced production equipment to improve automation and economies of scale.

- We will leverage our comprehensive logistics network encompassing water, land and rail transportation, optimize our warehouse capacity and invest in automated and intelligent infrastructure. These measures will enhance our operational efficiency and enable effective cost control.

- We will continue to optimize our efficiency in managing and utilizing water and energy resources to actively support the Dual Carbon goals. Our optimized packaging material and packaging method exemplify the concept of environmental protection and sustainable development, while also achieving cost reduction and efficiency.

- We plan to expand our quality water sources by proactively identifying and obtaining the access to additional natural and natural mineral water sources, thereby enriching the variety of our water offerings and improving our market shares.

Uphold sports marketing strategies to strengthen brand recognition and enhance consumer interaction

With belief in integrating brand building with product sales, we are committed to enhancing brand vitality, recognition and reputation through our comprehensive market strategy, strengthening our brand and expanding our consumer reach to increase our sales.

- We view sports marketing as an integral part of our operating strategy that drives our market expansion. Through events such as sponsoring TEAM CHINA, marathons and the CSL, we aim to solidify our brand's image as a leading company in sports marketing, demonstrating our commitment to excellence and high quality. Leveraging our experience in collaboration with top-tier sports events, we plan to develop a robust "C'estbon" sports marketing matrix. We strategically seize the valuable opportunities during large international and domestic sporting events and enhance our partnerships with general sports games to further expand our brand's visibility and recognition, strengthen communication with consumers and solidify our consumer base.

- We intend to optimize our marketing resources and achieve synergistic growth of brand awareness and sales volume. Adhering to long-terminism and continuously adapting to new market trends, we aim to enhance the effectiveness of our brand promotion and stimulate sales growth. Leveraging the rapid dissemination capabilities of online channels and the extensive reach and strong exposure of in-transit marketing, we will stay ahead of emerging trends in advertising and promotion, constantly innovating the form and substance of our marketing campaigns.

- We will further develop a high-quality after-sales service and customer support team to deliver satisfactory service. By attentively responding to consumer feedback and needs, we will continually improve our products and services, establishing a strong reputation among consumers. We plan to continue to enhance consumer interaction and engagement. For example, we launched a direct-to-consumer online sales store in September 2023, allowing us to maintain a closer contact with the consumers by gathering their feedback directly.

Accelerate product category expansion and increase investment in R&D

We plan to reinforce our leading position through expanding our product offerings and improving product quality. Leveraging deep consumer insights accumulated through the end market and industry-leading R&D capabilities, we will continue to uphold the "consumer first" principle, serving our consumers with a diversified selection of high-quality product offerings.

- We are committed to enhancing our brand positioning and consumer recognition through expanding our product matrix. We aim to diversify our packaged drinking water offerings and broaden the water types we provide, to cater to a wider spectrum of consumer needs. In addition, we aim to further penetrate beverage categories with significant market potential, including tea beverages, juice beverages, carbonated beverages and sports drinks.

- We plan to continually improve our understanding of consumer demand. Through proactively conducting comprehensive research and harnessing technological innovation, we will be able to address consumer demands regarding product safety, nutrition, health and flavors, through innovative yet practical approaches.

Integrate the industry value chain and explore potential acquisitions to capitalize on market opportunities and drive business growth

We aim to seize market opportunities through integrating the industry value chain and identifying potential acquisitions. Our growth strategy is twofold: it encompasses organic growth and the acquisition of valuable assets or brands along the industry value chain. We are dedicated to identifying and integrating potential targets for partnerships and acquisitions of strategic significance domestically and overseas. We will consider mergers and acquisitions of high-quality RTD soft beverage companies along the industrial chain after careful selection and evaluation to unlock growth potential. Except for the acquisition of Wuhan Huaxinda Beverage Technology Co., Ltd. (currently known as China Resources C'estbon Beverage (Wuhan) Co., Ltd.), one of our former Cooperative Manufacturing Partners, in January 2024 as part of our production expansion plan, during the Track Record Period and as of the Latest Practicable Date, we have not identified any major targets for partnerships, mergers or acquisitions or entered into such related agreements.

Promote digital transformation to build an interconnected management system and enhance operational efficiency

We value technological innovation and digital transformation as key levers to boost operational efficiency. We aim to establish our digital infrastructure across sales, operations, production and logistics to facilitate intelligent procurement, transportation and production processes. By integrating cutting-edge technologies and digital systems, we strive to establish an interconnected, intelligent and efficient management system. This approach enables us to visualize operation and management, thereby enhancing operational efficiency. Our commitment to digital innovation and transformation underscores our dedication to operational excellence.

Persistently strive to attract, cultivate and retain top talents to drive organizational advancement

Recognizing talents as one of our core competencies, we aim to enhance our human resources management, expand our talent pool and secure key talents. We plan to refine our recruitment and training systems to attract high-caliber talents with excellent educational background, technical expertise and global perspective. We have established and will continuously improve our talent selection and promotion mechanism, which provides competitive compensation and comprehensive welfare benefits for our employees. We are dedicated to establishing a professional and efficient management system, encouraging employees to fully unleash their creativity, preserving the motivation and stability of our core team, fostering timely organizational adaptations, and continually enhancing operational efficiency.

OUR BRANDS AND PRODUCTS

Committed to becoming the go-to brand to address the basic and diversified beverage needs of Chinese consumers, we have been developing and offering a variety of quality RTD soft beverages under our diverse brand portfolio, primarily including C'estbon ("怡寶"), Zhi Ben Qing Run ("至本清潤"), Mi Shui Series ("蜜水系列"), Holiday Series ("假日系列") and Zuo Wei Cha Shi ("佐味茶事"). We have crafted a diverse portfolio of market-leading products primarily in two categories: packaged drinking water products and beverage products, which are widely recognized among Chinese consumers. As of the Latest Practicable Date, our product portfolio comprised 13 brands and 59 SKUs in total.

The following table sets forth our revenue by product category for the periods indicated:

	Year ended December 31,						Four Months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)						*(unaudited)*			
Packaged drinking water products	**10,817,805**	**95.4**	**11,905,738**	**94.3**	**12,446,560**	**92.1**	**3,624,024**	**92.0**	**3,720,746**	**89.7**
Small-sized bottled water products[(1)]	6,922,561	61.0	7,484,417	59.3	7,715,685	57.1	2,298,777	58.3	2,317,541	55.9
Medium- to large-sized bottled water products[(2)]	3,469,225	30.6	3,962,285	31.4	4,242,914	31.4	1,177,076	29.9	1,258,838	30.3
Barreled water products[(3)]	426,019	3.8	459,036	3.6	487,961	3.6	148,171	3.8	144,367	3.5
Beverage products	**522,076**	**4.6**	**717,038**	**5.7**	**1,068,168**	**7.9**	**315,573**	**8.0**	**429,085**	**10.3**
Total	**11,339,881**	**100.0**	**12,622,776**	**100.0**	**13,514,728**	**100.0**	**3,939,597**	**100.0**	**4,149,831**	**100.0**

Notes:

(1) Small-sized bottled water products refer to packaged drinking water products with an individual container volume of no more than 1L.

(2) Medium- to large-sized bottled water products refer to packaged drinking water products with an individual container volume between 1L and 15L.

(3) Barreled water products refer to packaged drinking water products with an individual container volume of 18.9L.

The following table sets forth certain key information of our main products by brand and product category as of the Latest Practicable Date:

Product Category	Brand	Description	Brand Launch Time	Individual Container Volume	Suggested Retail Price to End Customers	Number of SKUs
Packaged drinking water products	C'estbon (怡寶)	Bottled/barreled purified drinking water	1990s	350ml, 400ml, 555ml, 1.18L, 1.55L, 2.08L, 4.5L, 6L, 12.8L and 18.9L	RMB1.5 to RMB23	10
		Bottled purified drinking water and natural drinking water		520ml and 5L	N/A[(1)]	3
	L'eau (怡寶露)	Premium natural mineral water in glass bottles	2022	350ml and 750ml	RMB15.0 to RMB30.0	2
	Bonjour Forêt (本優)	Bottled natural mineral water and natural drinking water	2023	350ml and 555ml	RMB1.5 to RMB2.0	3
	Jialinshan (加林山)	Barreled natural mineral water and purified drinking water	2010	18.9L	RMB18.0 to RMB22.0	2
	FEEL (FEEL氣泡蘇打水)[(2)]	Canned/bottled sparkling water	2022	330ml and 480ml	RMB3.0 to RMB4.0	4
Tea beverage products	Zhi Ben Qing Run (至本清潤)[(3)]	Herbal-based tea beverage	2021	310ml, 450ml, 1L and 1.5L	RMB3.0 to RMB8.5	8
	Zuo Wei Cha Shi (佐味茶事)	Sugar-free tea beverage	2019	430ml	RMB5.0	3
	Gogo-no-Kocha milk tea (午後奶茶)	Milk tea beverage	2011[(4)]	430ml and 500ml	RMB4.0 to RMB5.0	3
Juice beverage products	Mi Shui Series (蜜水系列)[(5)]	Flavored water	2018	350ml and 480ml	RMB4.0 to RMB5.0	7
	Holiday Series (假日系列)	Low-concentration juice	2019	440ml and 1.5L	RMB4.0 to RMB8.5	5
	Sekai-no-Kitchen (源自世界的廚房)	Low-concentration juice	2022	500ml	RMB5.0	1
Other products . .	Mulene (魔力)	Sports drinks	2011[(4)]	500ml	RMB5.0	3
	FIRE (火咖)	Coffee beverage	2011[(4)]	180ml, 260ml, 280ml and 440ml	RMB3.5 to RMB6.0	5

Notes:

(1) As of the Latest Practicable Date, certain bottled water SKUs under our C'estbon brand were not available for retail sales.

(2) We have two SKUs of carbonated beverage under the brand FEEL, representing the lime-flavored canned and bottled sparkling water, in 330ml and 480ml, respectively.

(3) We have one SKU of juice beverage under the brand Zhi Ben Qing Run, representing the Zhi Ben Qing Run sour plum drink in 450ml.

(4) Brand launch time of Gogo-no-Kocha milk tea, Mulene and FIRE refers to the time when we established our strategic collaboration with KIRIN brand and started to sell these products as part of our product portfolio.

(5) We have one SKU of carbonated beverage under the brand Mi Shui Series, representing the Mi Shui Lemon Soda in 480ml.

For detailed analysis of our sales volume, average selling price, gross profit and gross profit margin by product category, see "Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Revenue," "Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Gross Profit and Gross Margin" and "Financial Information — Results of Operations." For details on the market share of our products, see "Industry Overview — Competitive Landscape."

Packaged Drinking Water Products

We primarily manufacture and sell our packaged drinking water products under our core brand "C'estbon." We generated revenue of RMB10,796.8 million, RMB11,887.4 million, RMB12,405.3 million, RMB3,616.4 million and RMB3,691.8 million from our packaged drinking water products under our core brand "C'estbon", in 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, respectively, representing 99.8%, 99.8%, 99.7%, 99.8% and 99.2% of the total revenue from packaged drinking water products during the same periods. According to the CIC Report, we ranked second in the packaged drinking water market in China in 2023, and ranked first in the purified drinking water market in China in terms of retail sales value, with a market share of 18.4% and 32.7%, respectively. As of April 30, 2024, our packaged drinking water products comprised our bottled water products under our brands "C'estbon," "L'eau," "Bonjour Forêt" and "FEEL" and our barreled water products under "C'estbon" and "Jialinshan." Our packaged drinking water products typically have a shelf life of approximately 18 months from the date of production, and our bottled sparkling water and canned sparkling water typically have shelf lives of nine months and 12 months, respectively.

Bottled Water

C'estbon (怡寶)

We launched our brand "C'estbon" in the 1990s, as one of the first and largest companies in China specialized in the production of packaged drinking water products. In line with our brand slogan of "Your and My C'estbon," we are dedicated to providing consumers with our packaged drinking water to satisfy daily hydration needs of our consumers and to effectively rehydrate during physical activities. We are also one of the members who initiated and drafted the Chinese national standards for bottled purified drinking water. Utilizing advanced production techniques, C'estbon products are in compliance with more stringent standards than the national standards in China, ensuring purity in every drop. With our decades of endeavor in R&D and quality control, C'estbon has become a pioneer in China's packaged drinking water market and one of the most popular packaged drinking water brands in China.

Our small-sized bottled water products have been the flagship products under our C'estbon brand, which are popular among Chinese consumers. Since the launch of the "small green bottle" in 2001, its classic image has helped us swiftly gain market recognition and garnered substantial market share in the packaged drinking water market, contributing significantly to the establishment of our brand position and reputation. To accommodate the rising demand from individual consumers, households and offices, we expanded our product lines to include medium- to large-sized bottled water products exceeding 1L. This strategic extension was in direct responding to the dynamic shifts in China's consumer behavior and the burgeoning market appetite for such offerings. This move was motivated by an increasing consumer consciousness regarding water safety and a stronger inclination towards packaged drinking water for various household settings. We introduced the 6L- and 12.8L-sized packaged drinking water in 2020 and 2021, respectively, to address a spectrum of consumption scenarios. We also launched other new SKUs of packaged drinking water products in 2023 and 2024 with different packaging sizes and water types to further diversify our product offerings. Our C'estbon bottled water product lineup has different size options designed for various drinking scenarios and consumption needs.

The pictures below set forth our C'estbon bottled water products:

Personal and portable drinking scenario (below 1L)

350ml 400ml 520ml 555ml

Household, catering and outdoor scenario (above 1L)

1.18L 1.55L 2.08L 4.5L 5L 6L 12.8L

L'eau (怡寶露)

Launched in 2022, "L'eau" ("怡寶露") is our high-end natural mineral water brand introduced to the premium packaged drinking water market and tailored for high-end consumption scenarios including upscale business establishments, bars, luxury hotels, fine dining venues and coffee shops. Sourced from our 120-meter underground water source at Jialin Mountain, which ensures stable metasilicate content and high water quality, L'eau highlights the essence of simplicity and quality through the natural purity of the products.

Packaged in elegantly designed glass bottles, L'eau's packaging features a fluid and streamlined shape that echoes the natural form of water droplets. The front of the bottle showcases the Chinese character "露" and the French word "L'eau," combining cultural symbols from both Chinese and Western traditions to evoke a sense of diversity and artistic charm, enhancing the brand's sophistication. As of April 30, 2024, we had two SKUs under L'eau, representing two size options: 350ml and 750ml. The pictures below set forth our L'eau products:

L'eau (350ml)

L'eau (750ml)

Bonjour Forêt (本優)

Our Bonjour Forêt ("本優") brand aims to deliver a refreshing and quality daily drinking experience, offering natural mineral water and natural drinking water at an affordable suggested retail price without exceeding RMB2.0. Its minimalist and approachable design is inspired by the elements of sunlight and water droplets in nature. Its brand name is also seamlessly integrated into the bottle design, which deviates from the traditional wraparound labels and showcases the elegance and beauty of Bonjour Forêt. As of April 30, 2024, we had two SKUs under Bonjour Forêt, representing two size options: 350ml and 555ml. In August 2024, we launched Bonjour Forêt Natural Drinking Water in 555ml to further diversify our product portfolio. The pictures below set forth our Bonjour Forêt products:

Bonjour Forêt
Natural Mineral Water
(350ml)

Bonjour Forêt
Natural Mineral Water
(555ml)

Bonjour Forêt
Natural Drinking Water
(555ml)

FEEL

Launched in 2022, "FEEL" is a sparkling water brand committed to bringing to consumers the refreshing taste of sparkling water while keeping zero sugar, zero fat, zero calories and zero potassium sorbate. FEEL brand aims to provide our consumers with a healthy option that can be enjoyed on any occasion. As of April 30, 2024, we had two sparkling water SKUs under FEEL, representing two size options: 330ml and 480ml. The pictures below set forth our FEEL products:

FEEL (330ml)

FEEL (480ml)

Barreled Water

C'estbon Barreled Water

Our purified barreled water product, "C'estbon Barreled Water" ("怡寶桶裝水"), launched under our flagship brand C'estbon seeks to cater to the growing demand for larger-sized drinking water products for household and office use. As of April 30, 2024, we had one SKU for C'estbon Barreled Water in 18.9L size. The picture below sets forth our C'estbon Barreled Water product:

18.9L

C'estbon Barreled Water

Jialinshan (加林山)

Launched in 2010, "Jialinshan" ("加林山") stands as a testament to our commitment to providing convenient and sustainable hydration solutions tailored to meet large-volume hydration needs. Our Jialinshan barreled water is produced from natural mineral water. We also have a sub-brand Yonglong ("永隆") under our brand Jialinshan selling purified barreled water products. As of April 30, 2024, we had two SKUs under Jialinshan, representing natural mineral water and purified drinking water, both in 18.9L barrel size. The pictures below set forth our Jialinshan products:

18.9L

Jialinshan Natural Mineral Water
(加林山桶裝水(天然礦泉水))

18.9L

Yonglong Purified Drinking Water
(永隆桶裝水(純淨水))

Beverage Products

In recent years, we continued to enrich our product portfolio under different brands to cater to our consumers' evolving preferences by introducing beverage products, such as tea beverage products and juice beverage products, into our product portfolio. During the Track Record Period, we rolled out, among others, tea beverages under Zhi Ben Qing Run, new flavors of sugar-free tea beverages under Zuo Wei Cha Shi and new flavors of juice beverages under Holiday Series. Our beverage products typically have a shelf life of approximately 12 months from the date of production, while milk tea beverage and coffee beverage typically have a shelf life of 9 months.

Tea Beverages

We currently have three brands for our tea beverage products covering herbal beverages under Zhi Ben Qing Run, sugar-free tea beverages under Zuo Wei Cha Shi and other tea beverages under Gogo-no-Kocha milk tea.

Zhi Ben Qing Run (至本清潤)

Launched in 2021, Zhi Ben Qing Run ("至本清潤") is a Chinese herbal beverage brand that seeks to deliver the Chinese classics and the oriental aesthetic of life to consumers. Zhi Ben Qing Run products are designed to appeal a wide consumer base across all age groups, suitable for drinking across different seasons and occasions. Zhi Ben Qing Run products are developed based on the traditional Chinese classic flavors, with the aim to help consumers discover the refreshing and sweet taste experience from Chinese herbal beverage, echoing its "Classic Savor — A Taste of Memory" ("經典滋味 • 記憶中的味道") market positioning.

As of April 30, 2024, we had eight SKUs under Zhi Ben Qing Run, including Zhi Ben Qing Run chrysanthemum tea (至本清潤菊花茶) in various sizes, Zhi Ben Qing Run lemon tea (至本清潤檸檬茶) in various sizes, and Zhi Ben Qing Run Sour Plum Drink (至本清潤酸梅湯). Launched in August 2021, the sales of Zhi Ben Qing Run series products rose rapidly with the retail sales value exceeding RMB100 million within one year, according to the CIC Report. In 2023, in terms of retail sales value, Zhi Ben Qing Run ranked first in China's chrysanthemum tea beverage market, with a market share of 38.5%, according to the CIC Report. Zhi Ben Qing Run chrysanthemum tea is made by mixing Hangzhou white chrysanthemum flowers and brown crystal sugar together, providing a delightfully sweet and floral taste.

We continue to expand our product portfolio by introducing new flavors and size options to meet diverse consumer needs. In February 2023, we introduced a new flavor to our selection with the launch of Zhi Ben Qing Run lemon tea, a unique blend of Yunnan province's large-leaf black tea infused with lemon juice. To explore a relatively untapped market, we introduced larger packaging options for both chrysanthemum tea and lemon tea in 2023. In the same year, we launched the a smaller size option of 310ml for both our Zhi Ben Qing Run chrysanthemum tea and lemon tea, meeting the inclination among consumers towards online shopping. By offering a variety of package sizes, our Zhi Ben Qing Run products become accessible for a broader range of consumption occasions, thereby appealing to a wider spectrum of consumer tastes and preferences. Leveraging the success of our Zhi Ben Qing Run brand, we launched Zhi Ben Qing Run sour plum drink in March 2024, further diversifying our beverage offerings. The pictures below set forth our Zhi Ben Qing Run products:

310ml 450ml 1L 1.5L 310ml 450ml 1L 450ml

Zhi Ben Qing Run Chrysanthemum Tea (至本清潤菊花茶)

Zhi Ben Qing Run Lemon Tea (至本清潤檸檬茶)

Zhi Ben Qing Run Sour Plum Drink (至本清潤酸梅湯)

Zuo Wei Cha Shi (佐味茶事)

Launched in 2019, Zuo Wei Cha Shi is a brand targeting health-conscious young consumers who value intricate taste, embodying its slogan "Zero Sugar yet Tasty" ("零糖也好喝"). As a sugar-free tea brand, Zuo Wei Cha Shi integrates the original flavor of tea with the healthy attributes of zero sugar, zero fat and dietary fiber, offering a healthy and tasty sugar-free tea option suitable for drinking at work, with meals or at leisure.

As of April 30, 2024, we had three SKUs under Zuo Wei Cha Shi: Zuo Wei Cha Shi Oolong Tea (佐味茶事烏龍茶), Zuo Wei Cha Shi Black Tea (佐味茶事紅茶) and Zuo Wei Cha Shi Green Tea (佐味茶事綠茶). The pictures below set forth our Zuo Wei Cha Shi products:

430ml
Zuo Wei Cha Shi Oolong Tea
(佐味茶事烏龍茶)

430ml
Zuo Wei Cha Shi Black Tea
(佐味茶事紅茶)

430ml
Zuo Wei Cha Shi Green Tea
(佐味茶事綠茶)

Gogo-no-Kocha milk tea (午後奶茶)

In 2011, in order to diversify our product portfolio and cater to a larger consumer base in the beverage market, we established strategic collaboration with KIRIN brand, after which we started to sell Gogo-no-Kocha milk tea as part of our product portfolio. The Gogo-no-Kocha milk tea series is designed to provide consumers with a selection of high-quality and healthy milk tea highlighted by its smoothness and milkiness. Produced with selected black tea and imported milk powder, Gogo-no-Kocha milk tea products are free from trans-fatty acid and are low in fat.

As of April 30, 2024, we had three SKUs under Gogo-no-Kocha milk tea: Gogo-no-Kocha milk tea (Classic Flavor) (午後奶茶經典原味), Gogo-no-Kocha milk tea (Chocolate Flavor) (午後奶茶巧克力口味) and Gogo-no-Kocha milk tea (the Tea of Wish) (午後奶茶願事之茗). The pictures below set forth our Gogo-no-Kocha milk tea products:

500ml
Gogo-no-Kocha milk tea
(Classic Flavor)
(午後奶茶經典原味)

500ml
Gogo-no-Kocha milk tea
(Chocolate Flavor)
(午後奶茶巧克力口味)

430ml
Gogo-no-Kocha milk tea
(The Tea of Wish)
(午後奶茶願事之茗)

Juice Beverages

We currently have three brands for our juice beverage products, namely Mi Shui Series, Holiday Series and Sekai-no-Kitchen. Among them, Mi Shui Series and Holiday Series are our key brands for juice beverages.

Mi Shui Series (蜜水系列)

Established in 2018, Mi Shui Series ("蜜水系列") is a flavored water brand positioned to provide juice beverages to young consumers and is designed for casual drinking during work, leisure and entertainment activities. Mi Shui Series products use fruit juice mixed with honey at a low temperature, achieving a 5% juice content for each bottle. We use cold aseptic filling process to produce our Mi Shui series products and cold chain transportation to transport the juice, thereby retaining the fresh taste from the mix of fruit juice and honey.

As of April 30, 2024, we had five SKUs under Mi Shui Series: Lemon Mi Shui (蜜水檸檬) in 350ml and 480ml, Grapefruit Mi Shui (蜜水白柚), Passion Fruit Mi Shui (蜜水百香) and Orange Mi Shui (蜜水橙橙). In May 2024, we further launched Mi Shui Lemon Soda (蜜水檸檬果汁汽水) and Passion Fruit Mi Shui in 350ml as we continuously expanded our product offerings. The pictures below set forth our Mi Shui Series products:

350ml and 480ml
Lemon Mi Shui
(蜜水檸檬)

480ml
Grapefruit Mi Shui
(蜜水白柚)

350ml and 480ml
Passion Fruit Mi Shui (蜜水百香)

480ml
Orange Mi Shui
(蜜水橙橙)

480ml
Mi Shui Lemon Soda
(蜜水檸檬果汁汽水)

Holiday Series (假日系列)

Established in 2019, our juice beverage brand Holiday Series ("假日系列") is designed to provide universally appealing and delicious low-concentration juice beverages to a broad consumer base that spans across all age groups. The Holiday Series is designed for a range of occasions and scenarios, including outdoor, work and study, as well as friends and family gatherings, establishing the brand's image as "joy, relaxation and coziness" ("歡樂、放鬆、愜意"). Our Holiday Series products are produced with juices from high-quality sources which have further undergone cold aseptic filling process, enabling us to retain the authentic taste of the juice and offer consumers a deliciously sweet and fragrant drinking experience.

As of April 30, 2024, we had five SKUs under the Holiday Series: Grape Holiday (葡萄假日) in 440ml and 1.5L, produced with bobal grape juice, Orange Holiday (橙橙假日) in 440ml and 1.5L, produced with orange juice and Peach Holiday (桃桃假日) in 440ml, produced with peach juice. The pictures below set forth our Holiday Series products:

440ml 1.5L
Grape Holiday
(葡萄假日)

440ml
Peach Holiday
(桃桃假日)

440ml 1.5L
Orange Holiday
(橙橙假日)

Other Beverages

Mulene (魔力)

After our strategic collaboration with KIRIN brand in 2011, we started to sell Mulene ("魔力") products as part of our product portfolio, and Mulene became our own beverage product brand in 2014. Mulene is a sports beverage brand positioned as a reliable source of replenishment for sports enthusiasts, with a brand proposition of "Hydrate and Replenish Anytime" ("隨時補充水分和電解質"). Mulene is tailored for individuals who are passionate about sports and looking for refreshing drinks. As of April 30, 2024, we had three SKUs under the Mulene brand: Mulene Vitamin Lemon Flavored (魔力維他命檸檬味), Mulene Amino Acid Grapefruit Flavored (魔力氨基酸西柚味) and Mulene Electrolyte Coconut Water Flavored (electrolyte beverage) (魔力電解質椰子水味(電解質飲料)). The pictures below set forth our Mulene products:

500ml
Mulene Vitamin Lemon Flavored (魔力維他命檸檬味)

500ml
Mulene Amino Acid Grapefruit Flavored (魔力氨基酸西柚味)

500ml
Mulene Electrolyte Coconut Water Flavored (魔力電解質椰子水味)

FIRE (火咖)

In 2011, we started our strategic collaboration with KIRIN brand and started to sell FIRE ("火咖") products as part of our product portfolio. This collaboration introduced the coffee-making style "Direct Fire Roasting" ("直火烘焙") into our product portfolio, and the production process of which is characterized by allowing coffee beans to unveil their inherent aroma. As of April 30, 2024, we had five SKUs under FIRE, including Italian Strong Latte (意式香濃拿鐵), Italian Double Latte (意式倍醇拿鐵), Italian Latte Coffee (意式拿鐵咖啡), Iced Americano (美式冰咖啡) and Milk Foam Latte (奶泡拿鐵). The pictures below set forth our FIRE products:

180ml
Italian Strong Latte (意式香濃拿鐵)

280ml
Italian Double Latte (意式倍醇拿鐵)

440ml
Italian Latte Coffee (意式拿鐵咖啡)

440ml
Iced Americano (美式冰咖啡)

260ml
Milk Foam Latte (奶泡拿鐵)

Relationship with KIRIN

Pursuant to a strategic collaboration with KIRIN brand, we have sequentially introduced Gogo-no-Kocha milk tea, FIRE and Sekai-no-Kitchen products as part of our product portfolio. In 2021, 2022 and 2023 and the four months ended April 30, 2024, revenue generated from products under our collaboration with KIRIN brand amounted to RMB227.2 million, RMB187.4 million, RMB192.7 million and RMB53.2 million, accounting for approximately 2.0%, 1.5%, 1.4% and 1.3%, respectively, of our total revenue in the same periods. Our collaboration with KIRIN brand is expected to expire in 2025 and we do not plan to enter into collaboration with other brands as substitute. We have been dedicated to diversify our packaged drinking water offerings and enrich our beverage categories with significant market potential, including tea beverages, juice beverages, carbonated beverages and sports drinks, and are capable of introducing diverse beverage products under our own brands before 2025. Considering our continuous efforts to introduce beverage products to enrich product portfolio and the revenue contribution from our collaboration with KIRIN during the Track Record Period, our Directors believe that the expiration of our collaboration with KIRIN brand will not have material adverse impact on our business operations.

Coordination Among Our Products

To avoid cannibalization among our product offerings, we have implemented the following measures:

- *Product differentiation*: we created differentiated brands and product categories in terms of water type, product design and specification to cater to specific customer segments.

- *Pricing strategies*: we implemented differentiated pricing strategies that align with the positioning of each brand, creating clear distinctions among the products.

- *Targeted marketing and distribution*: we adopted tailored marketing strategies and different distribution geographic coverage for different product categories to reach specific customer segments for each product, ensuring the products to reach target audience.

- *Brand slogan*: we developed clear brand slogans and value for different product categories that resonate with the targeted audience to convey unique value propositions.

During the Track Record Period, the sales volumes of our products showed growing trend and we did not identify any material instances of cannibalization among our product offerings, underscoring the effectiveness of our approach in product differentiation across our product portfolio.

OUR SALES NETWORK

We have built an extensive sales network to reach a wide range of consumers, enhancing our brand reputation and solidifying our competitive advantages. After years of efforts, we have established a comprehensive distributor network, comprising of distributors sub-distributors, which allows us to effectively reach a broad base of consumers. We also maintain direct sales relationships with certain customers, such as national and regional supermarkets, chain convenience stores and e-commerce platforms. The following table sets forth a breakdown of our revenue by contribution from our customers for the periods indicated:

	Year ended December 31,						Four Months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)									
							(unaudited)			
Distributorship	10,047,300	88.6	11,195,213	88.7	11,923,447	88.2	3,547,233	90.0	3,672,700	88.5
Direct sales	1,292,581	11.4	1,427,563	11.3	1,591,281	11.8	392,364	10.0	477,131	11.5
Total	**11,339,881**	**100.0**	**12,622,776**	**100.0**	**13,514,728**	**100.0**	**3,939,597**	**100.0**	**4,149,831**	**100.0**

We have a nationwide distributor network in China which covers all of our sales channels, including traditional channel, modern channel, catering channel, specialty channel, e-commerce channel and other channels. Our direct sales cover the majority of the sales channels except for the traditional channel. For definitions of the sales channels, see "Industry Overview — Sales Channels." Our strong traditional channel distribution capabilities have enabled us to establish a deeply penetrated sales and distribution network. Leveraging our competitive advantages in the traditional channel, we have further expanded into other channels including modern channel, catering channel, specialty channel and e-commerce channel. During the Track Record Period, the majority of our revenue was generated from the traditional channel.

The following table sets forth a breakdown of our revenue by geography in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,						Four Months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Geography(1)										
Southern region	4,368,373	38.5	4,333,433	34.3	4,391,811	32.5	1,150,782	29.2	1,246,935	30.0
Eastern region	2,809,599	24.8	3,635,992	28.8	4,006,147	29.6	1,228,515	31.2	1,203,660	29.0
Southwestern region	1,463,676	12.9	1,719,123	13.6	1,897,664	14.0	604,889	15.4	620,934	15.0
Central region	1,655,698	14.6	1,854,867	14.7	1,864,426	13.8	535,200	13.6	527,993	12.7
Other regions	1,042,535	9.2	1,079,361	8.6	1,354,680	10.0	420,211	10.7	550,309	13.3
Total	**11,339,881**	**100.0**	**12,622,776**	**100.0**	**13,514,728**	**100.0**	**3,939,597**	**100.0**	**4,149,831**	**100.0**

Note:

(1) Southern region, Eastern region, Southwestern region and Central region are in Mainland China, whereas other regions includes Liaoning, Beijing and other regions in Mainland China, and Hong Kong and Macau.

We have a strong and dedicated front-line in-house sales team, consisting of over 8,700 sales personnel as of April 30, 2024, covering over two million retail points of sale in China accumulatively during the Track Record Period. In order to maintain close relationships and communication with the retail points of sale, we require our sales personnel to visit and maintain additional retail points of sale based on actual business needs. Our sales personnel have an average of over six years' experience, and our sales management personnel have on average over 18 years' experience. To further enhance the collaborative sales and marketing capabilities across the entire country, we join forces with all business units to carry out the "collective effort to cover the market" initiative. This strategic initiative is designed to provide our sales team with a comprehensive understanding of the market, thereby eliminating potential blind spots and improving market coverage. In the meantime, it also offers an opportunity for employees from other departments to gain a deeper insight into our sales operations, fostering a more cohesive and informed workforce.

Distributorship

As of April 30, 2024, we cooperated with over 1,000 distributors. Our engagement with distributors plays an important role in expanding our geographic footprint, driving sales of our products and increasing our market penetration for sustainable growth. Our distributors are typically trading enterprises with channel resources within a region, such as a province or certain cities. They are usually engaged in food and beverage wholesale and distribution activities. We implement a strict screening and evaluation mechanism and visit our distributors regularly to track their performance. The following table sets forth a breakdown of the number of our distributors in China by geographic location of the sales regions the distributors are responsible for as of the dates indicated:

	As of December 31,						As of April 30,	
	2021		2022		2023		2024	
	Number	%	Number	%	Number	%	Number	%
Geography[(1)]								
Southern region	195	18.0	187	17.6	195	18.3	203	16.9
Eastern region	119	11.0	125	11.8	136	12.7	171	14.3
Southwestern region	349	32.1	312	29.4	285	26.7	310	25.9
Central region	66	6.1	64	6.0	72	6.7	92	7.7
Other regions	357	32.9	372	35.1	380	35.6	422	35.2
Total	**1,086**	**100.0**	**1,060**	**100.0**	**1,068**	**100.0**	**1,198**	**100.0**

(1) Southern region, Eastern region, Southwestern region and Central region are in Mainland China, whereas other regions includes Liaoning, Beijing and other regions in Mainland China, and Hong Kong and Macau.

Our Arrangements with Distributors

We operate a distributorship system and engage distributors for the sales of our products. We allow our distributors to sell their products to sub-distributors based on business needs. See "— Our Sales Network — Distributorship — Sub-distributors." We typically enter into standard distribution agreements with our distributors, which are sales and purchase agreements in nature. The salient terms of our standard distribution agreements used during the Track Record Period are set out below:

- *Duration.* The duration of the distribution agreements is typically one year.
- *Distribution area.* We normally designate distribution area for our distributors.
- *Sales and performance target.* We determine the incentive amount based on our incentive schemes to encourage distributors to achieve or overachieve monthly and annual sales targets and promote the sales of our new products. We do not set minimum purchase requirements.
- *Pricing and logistics policies.* The purchase prices charged to our distributors vary with reference to, among others, production costs, logistics, brand positionings, channel profit levels and market competition. Our distributors can pick up the products by themselves or request us to arrange delivery of the products to locations agreed between distributors and us. We also provide recommended retail prices to our distributors.
- *Payment.* We generally require our distributors to make payment before the delivery of products, and may grant credit terms on a case-by-case basis, taking into consideration factors such as cooperation history and evaluation of credit standing.
- *Transfer of risk*. The risks transfer after our distributors or our carriers pick up the products.
- *Inventory*. Distributors are required to keep a reasonable inventory level of our products in accordance with our guidelines to avoid stock shortage.
- *Storage*. We require distributors to provide proper storage warehouses and sites to protect our products from heat, water, pests, toxic substances, odorous substances and other harmful substances, and ensure that our products are suitable for human consumption in compliance with the Food Safety Law and relevant regulations.
- *Return arrangements*. We typically do not allow distributors to return products to us unless there are product quality issues caused by us. We issue refunds or credits to our distributors for products returned due to such issues. According to the CIC Report, our product return arrangements are in line with the industry norm.
- *Termination.* We have the right to terminate contracts with distributors who breach the distribution agreement. We list several conditions that may result in breach of contract in the distribution agreements, such as where distributors fail to deliver products according to a specified time on three consecutive times or fail to reach the performance target in accordance with the agreement.

Management of Distributors

To better achieve our sales channel strategy of "delicate cultivation for triumphing at the end market," we have established a strong distributor management and cooperation mechanism, which includes bidding procedures, regional coverage determination, order and settlement management, business target formulation and assessment, marketing support, training and evaluations, and inventory management. Our distributor management and cooperation mechanism is further empowered by our DMS system, which is designed to help us efficiently manage the collaborative relationships with our distributors. See "— Information Technology."

We have established robust mutual trust and long-term cooperation with our distributors. We provide support to our distributors in brand building, product sales, sales channel development, market intelligence and other promotional support to help them enhance their performance. For instance, we encourage our sales team to visit distributors every week to assist in product display arrangement and sales order maintenance. Distributors are also invited to actively participate in our promotional and marketing events.

Our criteria for selecting potential distributors mainly include qualification and license, reputation, market coverage, industry experience, financial condition, warehousing capabilities, staffing, management capabilities and ability to penetrate retail points of sale. Our sales team regularly visits our distributors and reviews their performance to maintain efficient operation of our distributorship system. Our sales team also evaluates distributors based on a number of criteria, which mainly include their sales performance, inventory level, aged inventory management, balanced pickup execution, coordination of promotional activities and cooperation in distribution network development and expansion.

In addition, we have a series of management policies to manage our distributors:

- *Safety stock management*. We require our distributors to maintain a safety level of inventory for relevant products in order to supply to their customers, to ensure stable product supply and effectively respond to emergency situations, such as natural disasters. We provide our DMS system to our distributors to record inventory level and other relevant information, and maintain regular communication with our distributors.

- *Balanced pickup management*. To maintain stable product supply and reduce market speculation, we require distributors to balance their pickup volume each month according to a specified ratio for products they have purchased.

- *Price discount*. We may give our distributors certain price discounts if they proactively participate in our sales promotion events.

- *Pricing policy*. We incorporate a recommended pricing system into the distributor agreements and tripartite agreements with sub-distributors for management purposes. We have also implemented general monitoring measures, such as visiting retail points of sales, to monitor the price levels of our products in the market. See "— Low Channel Stuffing Risk." In addition, if our distributors or sub-distributors sell below the recommended price level and lead to cannibalism behavior such as cross-regional selling, we may impose fines on such distributors or sub-distributors according to our internal management measures.

We believe that our standard agreements as well as distributor management policies enable us to sufficiently incentivize the distributors to actively market and sell our products and provide us with sufficient control over the distribution network.

Movements of Distributors

The following table sets forth the total number of distributors and their movements for the periods indicated:

	Year ended December 31,			Four Months ended April 30,
	2021	2022	2023	2024
Number of distributors at the beginning of the period . . .	1,114	1,086	1,060	1,068
Number of newly added distributors for the period(1). . .	109	155	173	184
Number of terminated distributors for the period(2). . .	137	181	165	54
Number of distributors at the end of the period.	1,086	1,060	1,068	1,198

Notes:

(1) Newly added distributors refer to distributors who entered into a distribution agreement with us and/or created new accounts in our system during a particular period.

(2) Terminated distributors refer to distributors that no longer enter into a distribution agreement with us and/or closed their accounts in our system during a particular period.

During the Track Record Period, we actively pursued an optimal distributor management approach that aligns seamlessly with our business strategy. We primarily commence business relationships with new distributors due to routine replacement and market coverage expansions. We commenced business relationships with 109, 155, 173 and 184 distributors in 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively. We terminate business relationship with distributors primarily in relation to unsatisfactory sales performance, failure to follow our distributor management policies or based on requests from distributors due to their change of operation or other own reasons. We terminated business relationships with 137, 181, 165 and 54 distributors in 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively. The number of distributors at the end of each period from 2021 to 2023 remained relatively stable and increased in the four months ended April 30, 2024 because our number of newly added distributors for the four months ended April 30, 2024 was higher as compared to 2023, which was primarily due to our business expansion during 2024 and our practice to generally commence business relationship with new distributors in the first half of the year.

During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes or lawsuits with these terminated distributors. For distributors that have terminated their business relationship with us, if they still have remaining inventory, we will not accept their product return (except for quality issues) as stipulated in the distribution agreement; instead, we usually coordinate with other distributors to take over their remaining inventory, if any.

Independence Analysis

We formulate and implement policies to prevent existing employees from working for or owning equity in any of our distributors. In addition, our internal control policy ensures equal treatment of our distributors. To the best of our knowledge, as of the Latest Practicable Date, all of our distributors were Independent Third Parties; and during the Track Record Period, there was no employment, financing or family relationship between our distributors and us, save that a *de minimis* number of our distributors or their respective beneficial owners (as the case may be) are our former employees, and the revenue generated therefrom contributed to less than 0.5% of our total revenue during each period of the Track Record Period. Such distributors with our former employees as legal representatives became our distributors through open recruitment process based on their qualifications and capabilities following the same standards as others and the principal terms of their distribution agreements were in line with those of other distributors. We did not actively seek to establish business relationship with our former employees during the Track Record Period. We implement the same management policies across all of our distributors, and the pricing of our transactions with such distributors is based on the same set of factors applicable to our transactions with other distributors.

Sub-Distributors

In order to better penetrate local markets, we permit our distributors to engage sub-distributors to help them market and sell our packaged drinking water products and beverage products. Our collaboration with sub-distributors enables us to extend our market presence by deepening market penetration into lower tier cities and towns, capitalizing on their understanding of local markets, strategically decrease operational expenses and enhance product sales by expanding sales territories. We have selectively entered into tripartite agreements with the distributors and their respective sub-distributors. We conduct thorough qualification assessments for sub-distributors which we would consider to enter into tripartite agreements with, including examining their business licenses, warehouse facilities, vehicle fleet, financial stability and other pertinent criteria. We enter into tripartite agreements with those sub-distributors who meet the required qualifications with a comparatively larger scale of operations. Such strategy allows us to maintain robust oversight and control over the distribution network, ensuring a more centralized and streamlined management approach. In 2021, 2022 and 2023, and the four months ended April 30, 2024, we entered into tripartite agreements with approximately 3,200, 3,700, 3,900 and 4,000 sub-distributors, respectively. We plan to strengthen our communication with such sub-distributors to obtain market intelligence regarding the local markets. Our in-house sales team members may visit such sub-distributors and their retail points of sale from time to time, and provide support and guidance to them. The salient terms of our standard tripartite agreement used during the Track Record Period are set out below:

- *Duration.* The duration of the tripartite agreements is typically six months.

- *Product supply.* Sub-distributors procure our products from our distributors, rather than us, based on separate arrangements entered between sub-distributors and our distributors.

- *Sales and performance target.* According to our overall sales incentive policies, distributors determine the relevant incentive amount for sub-distributors by conducting evaluation and inspection on the sales and performance of sub-distributors. Distributors are also responsible to settle the sales incentives with sub-distributors.

- *Pricing policy.* The tripartite agreements generally specify: (i) prices at which sub-distributors order products from distributors; and (ii) recommended retail prices which are determined by taking into account various factors, including brand positioning, production costs, channel profit levels and market competition.

- *Payment.* Our sub-distributors typically make payments to the relevant distributors before the delivery of products.

- *Inventory*. Sub-distributors are required to keep a reasonable inventory level of our products in accordance with our guidelines to avoid stock shortage.

- *Operation support*. We provide operational support to our sub-distributors, including marketing and promotion.

- *Operation requirements*. Sub-distributors shall comply with our management policies. Our sub-distributors are required to deliver our products to end-customers within 48 hours after our sub-distributors receive the orders.

- *Distribution area restrictions*. We stipulate the specific distribution areas with our sub-distributors, and they are also required to adhere to our cross-regional management policies. Non-compliance by the sub-distributors will be deemed a breach of the agreement.

- *Termination.* We have the right to terminate the contract with sub-distributors who breach the tripartite agreement. We list several conditions that may result in breach of contract in the tripartite agreement, such as product safety issues and occasions where sub-distributors fail to meet our warehousing and logistics standards.

The table below sets forth the total number of our sub-distributors with tripartite agreement and their movement during the Track Record Period:

	Year ended December 31,			Four Months ended April 30,
	2021	2022	2023	2024
Number of sub-distributors at the beginning of the period	2,080	3,297	3,747	3,938
Number of new sub-distributors engaged during the period	1,766	1,155	869	402
Number of sub-distributors terminated during the period(1)	549	705	678	256
Number of sub-distributors at the end of the period	3,297	3,747	3,938	4,084

Note:

(1) To the best of our knowledge, there was no termination of sub-distributors on account of issues related to product quality or cannibalization, and the remaining inventories of the terminated sub-distributors were transferred to newly engaged sub-distributors. According to the CIC Report, our termination rates with sub-distributors during the Track Record Period are in line with the industry level of China's RTD soft beverage industry.

We do not monitor the sales activities of those sub-distributors who did not enter into tripartite agreement with us. Generally, our distributors oversee their sub-distributors, ensuring their operations align with our overall sales and distribution strategy. Meanwhile, we adopt general monitoring measures, such as visiting retail points of sales to review the inventory management and sales performance, which allow us to monitor the price levels of our products in the market and prevent cannibalism. We believe that our contractual terms and distributor management policies can encourage our distributors to actively oversee and manage their sub-distributors. In the event of any violation or misconduct of sub-distributors, our distributors will inform them and request corrective actions, and are entitled to terminate the business relationship with such sub-distributors if these issues are not promptly addressed.

Low 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 sub-distributors who we enter into tripartite agreements with and require them to report to us regularly on, and to maintain a reasonable level of, their inventory. See "— Inventory Management"; (ii) we generally require full payment before delivering products to distributors and do not set minimum purchase requirements. 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. Our sales team is responsible for monitoring the overall sales performance and operations of our distributors and sub-distributors who we enter into tripartite agreements with, and discussing with our distributors their sales strategy and expected market demands. They are required to review the inventory level of our distributors every ten days, and monthly for sub-distributors who we enter into tripartite agreements with. Our sales team typically visits retail points of sale once a week to review the sales performance and inventory levels thereof. We seek to optimize our sales strategy on an ongoing basis to adapt to changing market dynamics based on market intelligence collected by our sales team. Based on the relevant sales strategies, we adjust our distributor management policies accordingly.

Direct Sales

Our direct sales customers consist of, among others, KA clients, including national and regional supermarkets, chain convenience stores, restaurants, airlines, gas station operators, hotel operators, as well as e-commerce platforms. We believe that our direct sales helps us consolidate and improve our market shares and penetrate local markets more effectively.

Our direct sales are usually conducted under sales and purchase arrangements. We have a buyer-seller relationship with our direct sales customers and we recognize revenue when they accept our products upon delivery. We enter into consignment arrangements only with a small number of our direct sales customers. Such two commercial arrangements are largely similar, except for revenue recognition. Under consignment arrangements, we recognize revenue when end-consumers complete purchasing products from the direct sales customers.

As of April 30, 2024, we sold our products to over 150 KA clients and on 12 e-commerce platforms. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, revenue generated from our direct sales customers amounted to RMB1,292.6 million, RMB1,427.6 million, RMB1,591.3 million, RMB392.4 million and RMB477.1 million, respectively, accounting for approximately 11.4%, 11.3%, 11.8%, 10.0% and 11.5%, respectively, of our total revenue in the same periods. During the Track Record Period, we had consignment arrangements with two direct sales customers. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, the revenue generated from the direct sales customers under consignment arrangements accounted for 0.0%, 0.5%, 0.6%, 0.4% and 0.3% of our total revenue. As of April 30, 2024, the inventory of direct sales customers under consignment arrangements accounted for 0.3% of our total inventory.

During the Track Record Period, the salient terms of our direct sales agreements typically include:

- *Duration.* The duration of the direct sales agreements is generally over one year.

- *Minimum purchase requirements.* We generally do not set any minimum purchase requirements.

- *Pricing policy.* We sell our products to direct sales customers at price levels that have been mutually agreed by us and the direct sales customers.

- *Payment.* We generally deliver our products to our direct sales customers before they make payments to us, and also require certain of direct sales clients to make payments before the delivery of products. We generally grant a credit period to our direct sales customers of no longer than 90 days.

- *Logistics.* We are generally responsible for arranging delivery of our products to locations agreed between us and our direct sales customers.

- *Return or exchange arrangements.* We may accept return or exchange of the products from our direct sales customers according to the agreements for reasons such as product quality issues or damages occurred in the logistics process.

- *Termination.* Either party has the right to terminate the contract with the other party, if the other party breaches the agreement and fails to rectify such breach within a reasonable period of time.

During the Track Record Period, the salient terms of our direct sales agreements with e-commerce platforms (including those under consignment arrangement) typically include:

- *Duration*. The duration of the agreement is typically one year.

- *Minimum purchase requirement*. We generally do not set any minimum purchase requirements.

- *Payment*. E-commerce platforms generally settle payments with us on monthly basis. We generally grant a credit period to e-commerce platforms from five to seven days.

- *Price policy*. We generally sell our products to e-commerce platforms at price levels that have been mutually agreed by us and the e-commerce platforms, or at price levels adopted by direct sales customers considering our suggested retail price.

- *Logistics*. We are generally responsible for delivering our products to locations agreed between e-commerce platforms and us.

- *Transfer of risks*. The risks transfer to e-commerce platforms after they complete the inspection and confirm the receipt of our products. For consignment arrangements, the title to products and legal risks do not transfer to end-consumers until the products are sold, delivered to and confirm receipt of products by end-consumers.

- *Return arrangement*. We typically do not allow product return except for limited reasons, including product quality issues or products with low turnover rate.

- *Termination*. Either party generally has the right to terminate the contract with the other party if the other party breaches the sales and purchase agreement and fails to rectify such breach within a reasonable period of time.

Coordination Between Sales Channels

We normally examine from an overall development perspective to manage our operation and optimize our resource investments in different channels and platforms. Any sales carried out by distributors outside their designated geographic areas, or any sales across different sales channels without our prior authorization, will be deemed as cannibalization. To minimize cannibalization among the distributors and sales channels, we typically adopt the following measures:

- We normally designate distribution area for our distributors. The distribution agreements we signed with distributors and the tripartite agreements we signed with sub-distributors generally specify the types of products to be distributed and the designated geographic areas and generally prohibit the distributors and sub-distributors from actively selling the products outside the respective designated geographical regions;

- We employ a system of box code labels for products from the same batch to prevent cannibalization. The box code labels include identifiers for the production factory and the dates of production. This system allows us to distinguish products and enhances traceability, particularly in instances where cross-regional and cross-channel sales activities are found;

- We manage the pricing policy and provide suggested retail prices for products across different sales channels;

- We create differentiated product categories in terms of price, design and specification in consideration of different channels and the needs of different target consumers;

- We coordinate our different sales channels by providing, to a certain extent, products in different prices or specifications to fulfill diverse consumption scenarios. In addition, we offer promotional activities tailored to specific channels with the aim of boosting overall sales within those channels.

- We require our distributors, sub-distributors who we enter into tripartite agreements with and employees to report cannibalization they have identified; and

- We have a team responsible for supervising and monitoring violations by distributors or sub-distributors who we enter into tripartite agreements with, such as cannibalization.

During the Track Record Period, we did not identify any material instances of cross-regional or cross-channel sales, underscoring the effectiveness of our approach to minimize cannibalization among different sales channels and different geographical areas.

CUSTOMERS

During the Track Record Period, our customers are distributors, who purchase and distribute our products, and direct sales customers. Except for Customer E who was our direct sales customers, all of our five largest customers in each of 2021, 2022 and 2023 and the four months ended April 30, 2024 were our distributors. See "— Our Sales Network." Revenue generated from our five largest customers in each of 2021, 2022 and 2023 and the four months ended April 30, 2024 accounted for 20.7%, 18.2%, 17.6% and 15.5%, respectively, of our total revenues during those respective periods. Revenue generated from our largest customer in each of 2021, 2022 and 2023 and the four months ended April 30, 2024 accounted for 8.4%, 7.3%, 7.1% and 6.1%, respectively, of our total revenues during those respective periods.

The following table sets forth the details of our five largest customers in each period during the Track Record Period:

Year ended December 31, 2021

	Customer	Principal Business	Products/ Services Purchased by the Customer	Sales Amount	% of Total Revenue	Year of Commencement of Business Relationship With Us	Credit terms	Payment method(s)
				(RMB'000)	%			
1.	Company T	Production and sales of drinking water, beverages, PET bottles and PET preforms	Water and beverages	948,797	8.4	2013	N/A	Bank transfer
2.	Customer B	Sales of general merchandise and logistics service	Water and beverages	416,868	3.7	2014	N/A	Bank transfer
3.	Customer C	Wholesale of food, beverages and tobacco products	Water and beverages	405,049	3.6	2014	N/A	Bank transfer
4.	Customer D	Sales of pre-packaged food products	Water and beverages	316,363	2.8	2016	N/A	Bank transfer
5.	Customer E	Food business operations	Water and beverages	256,741	2.3	2018	15 days	Bank transfer
	Total			**2,343,818**	**20.7**			

Year ended December 31, 2022

	Customer	Principal Business	Products/ Services Purchased by the Customer	Sales Amount	% of Total Revenue	Year of Commencement of Business Relationship With Us	Credit terms	Payment method(s)
				(RMB'000)	%			
1.	Company T	Production and sales of drinking water, beverages, PET bottles and PET preforms	Water and beverages	922,660	7.3	2013	N/A	Bank transfer
2.	Customer C	Wholesale of food, beverages and tobacco products	Water and beverages	383,303	3.0	2014	N/A	Bank transfer
3.	Customer D	Sales of pre-packaged food products	Water and beverages	370,489	2.9	2016	N/A	Bank transfer
4.	Customer B	Sales of general merchandise and logistics service	Water and beverages	324,863	2.6	2014	N/A	Bank transfer
5.	Customer F	Wholesale and retail of pre-packaged food products	Water and beverages	294,800	2.3	2017	N/A	Bank transfer
	Total			**2,296,116**	**18.2**			

Year ended December 31, 2023

	Customer	Principal Business	Products/ Services Purchased by the Customer	Sales Amount	% of Total Revenue	Year of Commencement of Business Relationship With Us	Credit terms	Payment method(s)
				(RMB'000)	*%*			
1.	Company T	Production and sales of drinking water, beverages, PET bottles and PET preforms	Water and beverages	957,460	7.1	2013	N/A	Bank transfer
2.	Customer C	Wholesale of food, beverages and tobacco products	Water and beverages	373,907	2.8	2014	N/A	Bank transfer
3.	Customer B	Sales of general merchandise and logistics service	Water and beverages	363,031	2.7	2014	N/A	Bank transfer
4.	Customer D	Sales of pre-packaged food products	Water and beverages	358,418	2.7	2016	N/A	Bank transfer
5.	Customer F	Wholesale and retail of pre-packaged food products	Water and beverages	331,396	2.5	2017	N/A	Bank transfer
	Total			**2,384,212**	**17.6**			

Four Months ended April 30, 2024

	Customer	Principal Business	Products/ Services Purchased by the Customer	Sales Amount	% of Total Revenue	Year of Commencement of Business Relationship With Us	Credit terms	Payment method(s)
				(RMB'000)	*%*			
1.	Company T	Production and sales of drinking water, beverages, PET bottles and PET preforms	Water and beverages	253,699	6.1	2013	N/A	Bank transfer
2.	Customer B	Sales of general merchandise and logistics service	Water and beverages	126,558	3.0	2014	N/A	Bank transfer
3.	Customer C	Wholesale of food, beverages and tobacco products	Water and beverages	92,977	2.2	2014	N/A	Bank transfer
4.	Customer D	Sales of pre-packaged food products	Water and beverages	90,535	2.2	2016	N/A	Bank transfer
5.	Customer E	Food business operations	Water and beverages	78,587	1.9	2018	15 days	Bank transfer
	Total			**642,356**	**15.5**			

Notes:

1. Company T is a private company based in the PRC and its registered capital is RMB1.5 billion.

2. Customer B is a private company based in the PRC and its registered capital is RMB5 million.

3. Customer C is a private company based in the PRC and its registered capital is RMB5 million.

4. Customer D is a private company based in the PRC and its registered capital is RMB5 million.

5. Customer E is a private company based in the PRC and its registered capital is approximately RMB120 million.

6. Customer F is a private company based in the PRC and its registered capital is approximately RMB0.2 million.

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

Third-Party Payment Arrangements

Background and Implications Relating to Third-Party Payment Arrangements

During the Track Record Period, a majority of our customers (individually or collectively, the "**Relevant Customer(s)**") settled payments with us through accounts that do not belong to the contractual parties under the corresponding sales and purchase agreements (the "**Third-Party Payment Arrangements**"). We typically required the Relevant Customers and their designated third-party payors to provide us with written confirmation of delegation that the designated third-party payors are authorized by the Relevant Customers to settle payments with us (the "**Written Delegation**") annually before entering into Third Party Payment Arrangements. In 2021, 2022 and 2023 and the four months ended April 30, 2024, the number of the Relevant Customers was 860, 886, 864 and 674, respectively. The aggregate amount they settled under the Third-Party Payment Arrangements was RMB6,255 million, RMB6,612 million, RMB6,773 million and RMB1,368 million, respectively, which accounted for 48.2%, 47.9%, 46.4% and 31.7% of the total payments we received from all customers, respectively, in the same periods. No individual Relevant Customer had made material contribution to our revenue during the Track Record Period.

The Relevant Customers during the Track Record Period primarily consisted of customers in the form of sole proprietorships or small and medium-sized enterprises and vast majority of the Relevant Customers are our distributors. During the Track Record Period, payments made by distributors and the remaining Relevant Customers, which primarily consisted of KA clients, through Third-Party Payment Arrangements accounted for approximately 99.5% and 0.5% of the total payments settled under the Third-Party Payment Arrangements, respectively. The Relevant Customers settled their payments through bank transfer. To the best of our knowledge, the designated third-party payors primarily consisted of persons affiliated with the Relevant Customers, such as legal representatives, business operators, shareholders, spouses, other relatives, employees, or affiliated entities of the Relevant Customers, or, in few cases, financial institutions which made payments to us pursuant to the financing arrangements with the Relevant Customers. According to the CIC Report, it is common commercial practice for businesses in the RTD soft beverage industry in China to settle their payments through third-party payors with their suppliers or customers for convenience and flexibility. Based on the representations of the Relevant Customers and to the best knowledge of our Directors, the Relevant Customers mainly utilized Third-Party Payment Arrangements because:

(i) some Relevant Customers in the form of sole proprietorships would like to avoid the complexity of setting up the corporate accounts or the inconvenience of using such corporate accounts to allow for more operational flexibility;

(ii) it is more convenient for or in line with the internal financial management practice of some Relevant Customers to use the accounts of certain affiliated persons such as their legal representatives or actual controllers (and/or their family members), especially during the peak seasons; and

(iii) it is an established operational practice for certain KA clients to use their own form of sales and purchase agreements and settle payments with us in a way either as specified in the corresponding delegation clauses or in their separate statements through their designated associated entities, according to the CIC Report. Due to the large operational scale of such KA clients, it is not practical to include all their designated associated entities for external payments as signing parties to the sales and purchase agreements.

During the Track Record Period, we implemented internal control measures to monitor and manage the Third-Party Payment Arrangements. We required the Relevant Customers to provide us with the relevant information including, among other things, the identity of the involved designated third-party payors and their account information. We typically required the Relevant Customers, which primarily were our distributors, and the third-party payors to enter into our standard form of delegation letter annually before making payments under the Third-Party Payment Arrangements, which specified that: (i) the designated third-party payor is authorized by the Relevant Customer and thus is allowed to settle payments with us on behalf of the Relevant Customer; (ii) payment from the designated third-party payor shall be deemed as payments from the Relevant Customer; and (iii) the Relevant Customer and the designated third-party payor undertake that any disputes or legal liabilities associated with or arising from the Third-Party Payment Arrangements shall be borne by the Relevant Customer instead of our Group and shall not concern our Group and be resolved by the Relevant Customer and the designated third-party payor directly. During the Track Record Period, all Relevant Customers who are distributors provided us with Written Delegation before making payments under the Third-Party Payment Arrangements. For Written Delegations provided by the rest of the Relevant Customers, which primarily consisted of our KA clients, the payment delegation arrangements including the identities of designated payors (typically associated entities of such Relevant Customers) were specified either in the sales and purchase agreements or in separate statements. Such agreements or statements were also provided to us before entering into Third-Party Payment Arrangements. We also had know-your-customer procedures in place for onboarding our customers. Furthermore, in order to ensure the Third-Party Payment Arrangements are for *bona fide* transactions, our financial staff were only allowed to recognize payments from designated third-party payors of the Relevant Customers and our business staff were only allowed to ship our products to the Relevant Customers on the condition that the information of the designated third-party payors matches that in the corresponding Written Delegation. Furthermore, we also met with our customers periodically to understand the nature of their businesses, business models and ownerships. Based on the above, our Directors believe that the Third-Party Payment Arrangements during the Track Record Period, to the best of our knowledge, have been recorded completely and accurately in our accounting books and records in all material respects.

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 Customers 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 Customers' 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 Customers were in line with those customers not involved in the Third-Party Payment Arrangements. To the best of our knowledge, we were not the subject of any investigations, enquiries, penalties, or surcharges as a result of our involvement in the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. 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.

As advised by our PRC Legal Advisor, in light of the above, (i) our Third-Party Payment Arrangements during the Track Record Period and as of the Latest Practicable Date were not in breach or contravention of mandatory requirements of applicable laws or regulations in China; and (ii) as to Relevant Customers and their designated third-party payors who provided duly executed Written Delegation mentioned above, the risks were low for our Group to be found obligated to return funds to Relevant Customers or their designated third-party payors under the Third-Party Payment Arrangements.

Based on the foregoing, our Directors confirm that, to the best of their knowledge and based on the know-your-customer procedures and internal control measures implemented, (i) during the Track Record Period, the relevant payments were based on *bona fide* underlying transactions and valid contractual relationships, and (ii) there were no instances of commercial bribery, money laundering, tax evasion, or existing or potential disputes with our Group related to the Third-Party Payment Arrangements. Based on the above, and having considered that (i) our Group had not been subject to any penalties, sanctions, or investigations related to money laundering due to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date; and (ii) financial institutions that processed settlements under the Third-Party Payment Arrangements are required to conduct anti-money laundering checks on all their clients according to the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), significantly reducing the associated risks, our PRC Legal Advisor is of the view that the risk of the Third-Party Payment Arrangements being deemed as constituting the crime of money laundering under Article 191 of the Criminal Law of the PRC (《中華人民共和國刑法》) for the purpose of covering up or concealing the source and nature of proceeds or gains is low.

During the Track Record Period, to the best knowledge of our Directors and based on publicly available information, save for certain entities operating under CR Vanguard which made payments through their associated entities, all other Relevant Customers and the designated third-party payors who settled payments under the Third-Party Payment Arrangements were Independent Third Parties.

Enhanced Internal Control Measures of Third-Party Payment Arrangements

To safeguard our interest against risks associated with Third-Party Payment Arrangements, since early 2024, we have significantly enhanced and implemented various internal control measures in order to rectify Third-Party Payment Arrangements. Our efforts to rectify the Third-Party Payment Arrangements include, among other things:

(i) we initiated the implementation of Third-Party Payment Arrangements rectification measures and informed our employees regarding the enhanced internal control measures;

(ii) we amended our standard forms of sales and purchase agreements and required all parties who are allowed to settle payments with us to enter into the amended sales and purchase agreements as contractual parties, which specify, among other things, the detailed information and payment obligation of such parties; and

(iii) to prevent fraud or money laundering activities and ensure the accuracy and completeness of our accounting books and records, we further strengthened our know-your-customer procedures to gain a comprehensive understanding of our customers and performing verification of payment details against our records to confirm payments are made in accordance with the agreements. If any abnormalities are detected, we will promptly liaise with such customers for verification and correction. In addition, our sales team will hold regular meetings with customers to gain insights into their business operations, thereby reducing the risk of involvement in fraudulent or money laundering activities.

Under the amended sales and purchase agreements, we only allow payments (i) directly from the accounts of the customers or (ii) if not directly from the accounts of the customers, through the accounts of: (a) in the case of sole proprietorships, the actual controllers (or their spouses) of such sole proprietorships; or (b) in the case of corporate entities, their subsidiaries within the same corporate group or, their legal representatives and/or actual controllers pursuant to financing arrangements with commercial banks or authorized financial institutions for settlement with our Group. Such parties allowed to make payments to us are required to enter into the same sales and purchase agreements together with the respective customers and become contractual parties with us. Our amended sales and purchase agreements specify, among other things, the detailed information and payment obligation of the respective contractual parties.

As of the Latest Practicable Date, we had ceased all Third-Party Payment Arrangements, except for certain KA clients with whom the rectification of Third-Party Payment Arrangements can be difficult due to their large operational scale and strong bargaining power.

As advised by our PRC Legal Advisor, having duly executed the amended sales and purchase agreements and assumed the payment obligations thereunder, the payors who are not our customers have also become contractually obligated with respect to the payments they made under the amended sales and purchase agreements and the risk for our Group to be found obligated to return such payments is remote. Our Directors consider that the rectification of the Third-Party Payment Arrangements did not have, nor will have, any material adverse effect on the Group, taking into account its relationship with its customers, liquidity, business operation and financial performance, as (i) the number of Relevant Customers and the amount settled under the Third-Party Payment Arrangements as a percentage of the total payments received from all customers decreased in the four months ended April 30, 2024 compared to those in 2023, as we adopted rectification measures in early 2024, while our business scale and number of distributors continued to grow during and after the abovementioned rectification process; (ii) the majority of the Relevant Customers cooperated with our rectification process; (iii) the rectification of Third-Party Payment Arrangements did not affect the payment settlement arrangement from our Relevant Customers to us, under which we typically require our Relevant Customers to settle payments before we provide the products; and (iv) we continued to generate positive net cash from our operating activities before and after the rectification of Third-party Payment Arrangement in 2023 and the four months ended April 30, 2024. Our Directors also consider that the current Third-Party Payment Arrangements with certain KA clients did not and will not have any material adverse impact on the Group, given that KA clients accounted for an insignificant proportion of the total amount settled under the Third-Party Payment Arrangements during the Track Record Period.

We regularly check the effectiveness of our internal control measures in relation to the Third-Party Payment Arrangements and promptly address any abnormalities. Based on the review of the implementation of the abovementioned measures, our Directors are of the view that such measures are effective and adequate in identifying the sources of funds from the Relevant Customers, ensuring the accuracy and completeness of our accounting books and records and preventing risks associated with Third-Party Payment Arrangements, including money laundering risks, tax evasion risks or other risks relating to violation of applicable laws and regulations. Our Directors will oversee the effectiveness of these measures in the future. Having taken into account the views of our PRC Legal Advisor and our Directors as described above, the work and procedures performed by the internal control consultant of the Company, as well as the independent due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would cause them to cast doubt on the reasonableness of our Directors' views as stated above in respect of any material adverse impact on the Group as a result of (i) rectification of Third-Party Payment Arrangements and the effectiveness and adequacy of the above-mentioned internal control measures; and (ii) the current Third-Party Payment Arrangements with certain KA clients as described above in any material aspects.

MARKETING AND BRANDING

With "safe, healthy and wonderful life" as our brand spirit and "healthy, safe, professional" as our brand image, we are committed to providing our consumers of high-quality RTD beverage products. We adopt a multifaceted marketing strategy designed to connect with our audience and promote our brand in meaningful and impactful ways such as sports marketing, variety show marketing and in-transit marketing initiatives, enabling us to maintain a strong presence in the daily lives of our consumers. Our diverse marketing strategy allows us to effectively communicate our brand values, engage with our audience on multiple platforms and drive business growth.

We have a professional and experienced marketing team. Our marketing department at our headquarters is in charge of marketing strategy, brand operation and marketing channel development. We have also established sales and marketing teams in each of our sales regions to execute our marketing strategies.

Sports Marketing

We have formed our marketing strategy highlighted by sports marketing, given the overlaps and connections between our product consumption scenarios and sports events. We have been actively promoting sports for all and health for all through sponsoring TEAM CHINA, premier sports events, marathon events, other general public sports events and collaborating with national sports channels (such as CCTV-5). We have been the partner of TEAM CHINA since 2019, providing TEAM CHINA athletes with packaged drinking water, sports beverage and other beverage products. C'estbon packaged drinking water has also become the "Official Drinking Water of TEAM CHINA." With our excellent production technique, production management and product quality, our products have successfully passed rounds of review and screening, met the strict drinking requirements of professional athletes and helped TEAM CHINA athletes maintain the best competitive condition. We supported TEAM CHINA in a series of key sports events, such as the Tokyo 2020 Summer Olympics and the Beijing 2022 Winter Olympics, to promote our brands and products. We continue to provide professional and healthy packaged drinking water and beverage products for more than 70 national sports teams, from daily preparation and training to major world and national sports events.

We have also formed partnerships with various esteemed international and domestic professional sports events. We have sponsored Le Tour de France and the 7th World Military Games. We have also provided hydration support for a series of high-profile sporting leagues and events. These include the Chinese Football Association Super League (CSL), Women's Chinese Basketball Association, Chinese Men's 3x3 Basketball Super League, the Xiamen Station of the World Athletics Diamond League, and the Division IA of the Woman's Ice Hockey World Championships, among others. Notably, we became the title sponsor of the CSL, the premier professional football league in China, in February 2024. In 2023, the CSL hosted 240 matches, attracting a cumulative audience of approximately 380 million person-times across on-site spectatorship, television broadcasts and online streaming. The long cycle of the seasons and the broad coverage of the different leagues and divisions of the Chinese Football Association are also beneficial for our market awareness across China.

We have been providing packaged drinking water and beverage products for a range of marathon competitions. According to the CIC Report, China hosted a total of 622 marathon events (including half marathons) in 2023, with approximately 38 million participation and on-site spectatorship. We are a pioneer among packaged drinking water brands in China that cooperate with marathon events, and we have sponsored the highest number of Grade-A marathon events in China, according to the CIC Report. In 2023, Olympic champion Eliud Kipchoge became our marathon promotion ambassador. Since 2013, we have sponsored over 1,000 running events in over 45 cities. Through our close partnerships with marathon events and Mr. Kipchoge, we have established a robust connection between our brands and sporting events, thus helping our packaged drinking water and beverage products reach a broader consumer base.

We also actively collaborate with a range of general public sports events in support of the implementation of the "Healthy China 2030 Plan." For six consecutive sessions, we have held the prestigious position of a diamond-level partner of the "Road of Xuanzang" Ultra Gobi, offering support to participants as they navigate their way through the desert. In collaboration with universities nationwide, we co-organized the "Chasing Dream Together" themed campus running event, encouraging students to actively participate in a variety of activities, including a 5km campus run, tire challenge, rowing machine challenge, bowling challenge, and volleyball challenge. In 2023, we became a philanthropic partner of the Village BA in order to promote the development of rural basketball. With competitions covering our major sales regions, collaboration with Village BA allows us to comprehensively present our products and brand image.

Variety Show Marketing and In-Transit Marketing

We also aim to create new potential for our brands by attracting a broader range of consumers through our diversified marketing methods, such as variety shows. For example, we sponsored "Let's Fall in Love, Season 3" ("我們戀愛吧第三季") and became the exclusive title sponsors of variety shows including "Top Funny Comedian — Old Friends" ("歡樂喜劇人老友記") and the second season of "Sing or Spin" ("嗨唱轉起來"). We also established product collaboration with the second season of "Dance Smash" ("舞蹈風暴") and CCTV 2020 Mid-Autumn Festival Gala ("2020年央視中秋晚會"). In addition, we have cooperated with CCTV variety show "Hello Life" ("你好生活") for three consecutive years. A notable instance was when the "Hello Life" team went to the mountainous area of Guizhou to teach at a local school, we, together with the show, made a contribution by donating a library to the same school under our "Hundred Libraries Plan." We also carry out in-transit marketing, such as publicity and advertisements at airports and on buses, subways, high-speed rail, elevators and large outdoor billboards to comprehensively cover in-transit consumers. In addition, we also place advertisements in media outlets, including national and regional television networks. In 2023, we strengthened our in-transit marketing by increasing the publicity and advertisement frequencies on buses, at airports, in elevators and other places with heavy traffic or during rush hours, leading to a stronger exposure of our products.

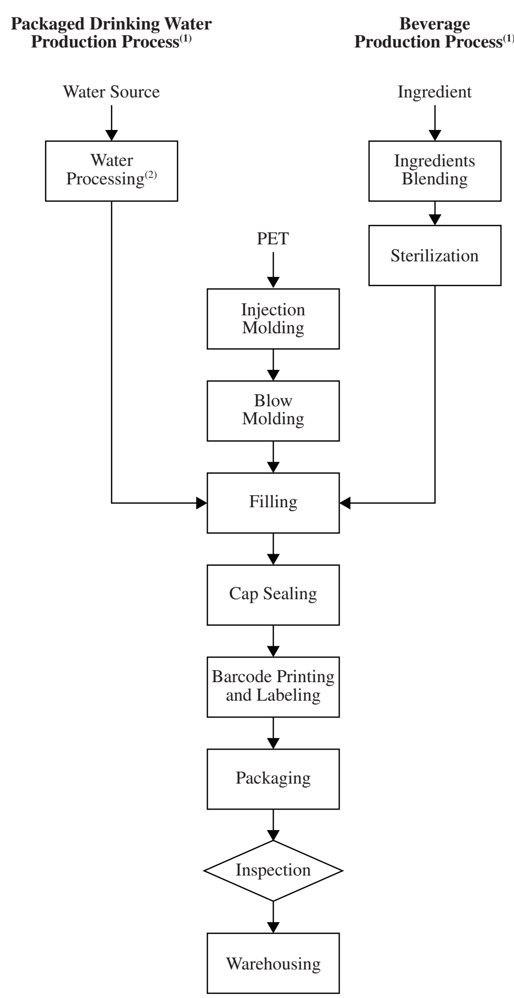
In the promotion of our beverage products, we focus on integrated marketing combining both online and offline marketing. For instance, for our Mi Shui Series products, in 2021, in order to promote our new product Orange Mi Shui, we launched a sales promotion event "one code for one bottle" during the peak sales seasons in the second and third quarters. The consumers can scan the codes on the caps of the Mi Shui Series bottles to redeem potential rewards. This activity allowed us to establish both online and offline connections with the consumers. As of the end of the event, 14.4% of the Mi Shui Series products were scanned by the consumers, which is much higher than the average level of similar events in the industry, according to the CIC Report. In terms of online marketing, in order to quickly enhance the brand awareness of our beverage brands Holiday Series and Mi Shui Series, we sponsored two romance-themed variety shows, the first and second season of "Twinkle Love" ("怦然心動20歲") and "Hello Summer" ("相遇的夏天"), and both achieved excellent rating results, with social media topics about the second season of "Twinkle Love" receiving over 7.3 billion views and "Hello Summer" amassing over 0.9 billion online video views since its debut. In addition, in order to promote the brand awareness of our beverage brand Zhi Ben Qing Run, we cooperated with the poetic dance drama "The Painting Journey" ("只此青綠") and launched a number of marketing activities. By implementing our efficient marketing strategies covering all sales channels, we have five brands of beverage products, including Zhi Ben Qing Run, Mi Shui Series, and Holiday Series, among others, which achieved a retail sales value exceeding RMB100 million in 2023, according to the CIC Report.

OUR PRODUCTION

As of April 30, 2024, we had 13 self-owned factories in operation and 31 Cooperative Manufacturing Partners in China, producing packaged drinking water and beverage products. Combining the production of our self-owned factories in operation and Cooperative Manufacturing Partners as a whole, our standard production capacity of packaged drinking water and beverage products combined was 18.8 million tons and 6.4 million tons in 2023 and the four months ended April 30, 2024, respectively, while our total actual production volume of packaged drinking water and beverage products combined was 13.5 million tons and 4.3 million tons in 2023 and the four months ended April 30, 2024, respectively. We have automated and highly efficient production capacity, in seamless alignment with our nationwide sales network. As of April 30, 2024, we had 61 self-owned production lines and 70 production lines owned by our Cooperative Manufacturing Partners, many of which were equipped with integrated high-speed production lines imported from Europe. We also introduced leading aseptic production lines to produce our beverage products.

Production Process

The following diagram sets forth the key steps of our production process for our main packaged drinking water products and beverage products:



Notes:

(1) We use different production lines to produce packaged drinking water products and beverage products.

(2) We adopt different procedures for purified, natural mineral and other drinking water production during the water processing stage. Purified drinking water goes through the deep-purification stage.

Water from water source is transported to the production facilities through pipelines. For packaged drinking water products, we start with water processing, while for beverage products, we begin by blending the ingredients and subsequently sterilizing the concoction. Following these initial steps, the majority of our products undergo a series of procedures, including injection molding, blow molding, filling, cap sealing, labeling and packaging.

Production Factories

Our production factories, including our self-owned factories and factories of our Cooperative Manufacturing Partners, are strategically located to cover the most densely populated and affluent provinces in China. The locations of our factories enable us to cover demand across the entire nation and adapt quickly to consumer needs. When deciding the locations of our factories, we strategically choose to build self-owned factories in relatively mature regional markets or areas with high-quality or abundant water resources, so we can concentrate resources to meet the arising market demands. As the market size of a region continues to grow, we also place more importance on factors such as product portfolio diversification needs, transportation supply radius and regional development strategies in our site selection process. In the meantime, the collaboration with our Cooperative Manufacturing Partners provides a dynamic complement to our production network, supporting and supplementing our self-owned factories while enhancing the flexibility of our manufacturing footprint. Especially in regions where we currently do not have self-owned factories as markets are less mature, engaging Cooperative Manufacturing Partner enables us to tap into a market in a cost-efficient manner while mitigating the fixed asset investment risk due to market uncertainty. We generally follow the "1+N" model to position our factories, which typically includes the positioning of several satellite factories (including the construction of our self-owned factories and the selection of factories from our Cooperative Manufacturing Partners) in the vicinity of our large factory in each region, thereby optimizing overall transportation and supply efficiency and achieving effective cost control. For instance, in East China, our Yixing Factory serves as the hub, supported by the Shanghai Factory, the Lu'an Factory and four additional Cooperative Manufacturing Partners in the region. This network creates a robust production cluster, ensuring stable production capacity and strong cost efficiency in this region.

The below map demonstrates the details of our self-owned factories and Cooperative Manufacturing Partners as of April 30, 2024.

In 2021, 2022 and 2023 and April 30, 2023 and 2024, our production capacity was 16.9 million tons, 17.6 million tons, 18.8 million tons, 5.9 million tons and 6.4 million tons, respectively, among which the standard production capacity of our self-owned factories in operation amounted to 5.4 million tons, 5.7 million tons, 6.7 million tons, 2.0 million tons and 3.2 million tons, respectively, while the available production capacity from our Cooperative Manufacturing Partners amounted to 11.5 million tons, 12.0 million tons, 12.0 million tons, 3.9 million tons and 3.1 million tons, respectively. See "Summary — Impact of COVID-19" for details on the impact of COVID-19 on our production activities.

The following table sets forth the breakdown of the actual production volume by producer and product category during the Track Record Period:

	Year ended December 31,			Four Months ended April 30,	
	2021	2022	2023	2023	2024
	(Tons in thousands)				
Packaged drinking water products					
Attributed to our self-owned factories in operation	3,721	3,894	4,263	1,140	1,947
Attributed to our Cooperative Manufacturing Partners	8,180	8,963	9,019	2,677	2,253
	11,901	12,858	13,282	3,817	4,200
Beverage products[(1)]					
Attributed to our self-owned factories in operation	122	168	216	78	88
Attributed to our Cooperative Manufacturing Partners	21	26	51	7	36
	143	194	267	85	124
Total	**12,044**	**13,052**	**13,549**	**3,902**	**4,324**

Note:

(1) We produce the products sold under KIRIN brand through our self-owned factories as well as Cooperative Manufacturing Partners.

Our Self-Owned Factories

The following table sets forth the details of the standard production capacity, production volume and utilization rate of our self-owned factories in operation by product category for the periods indicated:

	Year ended December 31,									Four Months ended April 30,					
	2021			2022			2023			2023			2024		
	Standard Production Capacity[(1)]	Actual Production Volume[(2)]	Utilization Rate[(3)]	Standard Production Capacity	Actual Production Volume	Utilization Rate	Standard Production Capacity	Actual Production Volume	Utilization Rate	Standard Production Capacity	Actual Production Volume	Utilization Rate	Standard Production Capacity	Actual Production Volume	Utilization Rate
			(%)			(%)			(%)			(%)			(%)
	(Tons in thousands, except percentage)														
Packaged drinking water products[(4)]	5,213.3	3,721.0	71.4	5,407.4	3,894.5	72.0	6,379.7	4,262.7	66.8	1,833.9	1,139.6	62.1	3,105.4	1,946.9	62.7
Beverage products[(5)]	230.1	122.4	53.2	279.3	168.2	60.2	369.2	216.2	58.6	116.0	77.8	67.1	104.3	87.7	84.1
Total	**5,443.4**	**3,843.4**	**70.6**	**5,686.7**	**4,062.7**	**71.4**	**6,749.0**	**4,478.9**	**66.4**	**1,949.9**	**1,217.4**	**62.4**	**3,209.7**	**2,034.5**	**63.4**

Notes:

(1) The standard production capacity of the year or period is calculated based on the following assumptions: (i) all production lines are functioning at their full capacity; (ii) our production facilities operate 23 hours per day for our products; and (iii) we operate 333 working days per year. According to the CIC Report, our capacity calculation method, including the assumptions used therein, is generally in line with the standard of the relevant industry in China.

(2) The actual production volume during the year or period is the total volume of the products manufactured during that year or period.

(3) The utilization rate during the year or period equals to the actual production volume divided by the standard production capacity during the same year or period.

(4) The standard production capacity for our packaged drinking water products increased from 2021 to 2023, primarily due to the introduction of new factories and production lines, and increased in the four months ended April 30, 2024 as compared to the four months ended April 30, 2023, primarily due to operation of new production lines in our Changsha Factory, Chengdu Factory, Yixing Factory and Heyuan Factory (previously known as Biyouxuan Factory) in the four months ended April 30, 2024. The actual production volume of our packaged drinking water products increased during the Track Record Period, primarily due to the sales increase of our packaged drinking water products.

(5) The standard production capacity for beverage products increased from 2021 to 2023, primarily due to the introduction of new factories and production lines. The standard production capacity for beverage products decreased slightly in the four months ended April 30, 2024 as compared to the four months ended April 30, 2023, primarily due to modification of some production lines from January to February 2024. The actual production volume of our beverage products increased during the Track Record Period, primarily due to the sales increase of our beverage products.

The following table sets forth the details of the standard production capacity, production volume and utilization rate of our self-owned factories in operation for the periods indicated:

Production Factory	Year ended December 31,									Four Months ended April 30,					
	2021			2022			2023			2023			2024		
	Standard Production Capacity	Actual Production Volume	Utilization Rate	Standard Production Capacity	Actual Production Volume	Utilization Rate	Standard Production Capacity	Actual Production Volume	Utilization Rate	Standard Production Capacity	Actual Production Volume	Utilization Rate	Standard Production Capacity	Actual Production Volume	Utilization Rate
			(%)			(%)			(%)			(%)			(%)
	(Tons in thousands, except percentage)														
Zhaoqing Factory[1]															
– Packaged drinking water	399.2	372.4	93.3	399.2	373.0	93.4	336.6[2]	325.3	96.6	107.2	69.5	64.8	107.2	94.6[2]	88.2[2]
– Beverage	114.8	58.2	50.7	164.0	93.7	57.2	253.9[3]	144.1	56.7	79.8	48.1	60.3	68.1[3]	56.0[3]	82.2[3]
Shanghai Factory[1]															
– Packaged drinking water	157.8	93.5	59.2	157.8	73.4	46.5[4]	157.8	93.7	59.4	50.3	30.4	60.4	50.3	31.9	63.4
– Beverage	115.3	64.2	55.7	115.3	74.5	64.6	115.3	72.1	62.5	36.2	29.6	81.8	36.2	31.6	87.3
Jialin Mountain Factory	78.9	47.5	60.2	78.9	42.7	54.1	78.9	16.6[5]	21.0[5]	25.1	7.0	27.9	22.1[5]	4.8[5]	21.7[5]
Yonglong Factory	161.2	88.1	54.6	161.2	82.7	51.3	161.2	77.4	48.0	53.7	23.7	44.1	53.7	21.8	40.6
Shenzhen Factory	552.4	424.4	76.8	590.1	366.5	62.1[4]	581.4	388.5	66.8	197.5	86.8	43.9	184.7[4]	120.8	65.4
Jiangmen Factory	882.5	556.6	63.1	882.5	579.3	65.6	888.2	519.7[6]	58.5[6]	282.9	121.0	42.8	282.9	138.0	48.8
Changsha Factory	819.1	632.3	77.2	819.1	724.6	88.5	819.1	655.5[6]	80.0[6]	260.8	213.5	81.9	373.1[6]	231.4[6]	62.0
Lu'an Factory	625.2	379.5	60.7	781.6	494.7	63.3	1,021.6[7]	640.8[7]	62.7	325.3	192.3	59.1	321.3	214.2	66.7
Nanning Factory	563.1	429.9	76.3	563.1	429.3	76.2	645.6[8]	436.0	67.5	184.4	112.8	61.2	298.7[8]	161.3	54.0
Chengdu Factory	973.7	696.6	71.5	973.7	728.2	74.8	973.7	809.2	83.1	314.1	256.9	81.8	393.3[9]	329.5	83.8
Yixing Factory[10]	–	–	–	–	–	–	519.1	252.3	48.6	32.6	25.8	79.1	478.1	384.4	80.4
Heyuan Factory[10]	–	–	–	–	–	–	196.4	47.6	24.2	–	–	–	220.4	35.3	16.0
Wuhan Factory[11]	–	–	–	–	–	–	–	–	–	–	–	–	319.6	178.9	56.0
Total	**5,443.4**	**3,843.4**	**70.6**	**5,686.7**	**4,062.7**	**71.4**	**6,749.0**	**4,478.9**	**66.4**	**1,949.9**	**1,217.4**	**62.4**	**3,209.7**	**2,034.5**	**63.4**

Notes:

(1) Zhaoqing Factory and Shanghai Factory produce both packaged drinking water products and beverage products while the remaining factories only produce packaged drinking water products.

(2) The standard production capacity of the packaged drinking water production lines of Zhaoqing Factory in 2023 decreased, primarily due to adjustments in the products manufactured for certain production lines and the resulting differences in line production speeds. The utilization rate and the actual production volume of the packaged drinking water production lines of Zhaoqing Factory increased in the four months ended April 30, 2024 as compared to the four months ended April 30, 2023, primarily due to the sales increase of our packaged drinking water products.

(3) The standard production capacity of the beverage production lines of Zhaoqing Factory in 2023 increased, primarily due to the operation of a new production line since July 2022, and decreased in the four months ended April 30, 2024 as compared to the four months ended April 30, 2023, primarily due to a production halt from end of January to mid-February 2024 for equipment upgrades. The utilization rate and the actual production volume of the beverage production lines of Zhaoqing Factory increased in the four months ended April 30, 2024 as compared to the four months ended April 30, 2023, primarily due to the sales increase of our beverage products and the decrease in standard production capacity of the beverage production lines.

(4) The utilization rate and the actual production volume of the packaged drinking water production lines of Shanghai Factory and Shenzhen Factory in 2022 decreased, primarily because we adjusted our production volume based on sales and inventory levels. The standard production capacity of Shenzhen Factory decreased slightly in the four months ended April 30, 2024 as compared to the four months ended April 30, 2023, primarily due to equipment modification.

(5) The utilization rate and the actual production volume of Jialin Mountain Factory in 2023 decreased, primarily due to a production halt on one of the production lines from March to August 2023, which underwent equipment upgrades to transition from purified drinking water production to mineral water production. The standard production capacity of Jialin Mountain Factory decreased slightly in the four months ended April 30, 2024 as compared to the four months ended April 30, 2023, primarily due to modification of production line resulting from transitioning from purified drinking water production to mineral water production. The utilization rate and the actual production volume of Jialin Mountain Factory decreased in the four months ended April 30, 2024 as compared to the four months ended April 30, 2023, because we adjusted our production volume based on sales and inventory levels.

(6) The utilization rate and the actual production volume of our Jiangmen Factory and Changsha Factory each experienced a decrease in 2023, primarily due to equipment maintenance and upgrades in the same period. The standard production capacity and actual production volume of Changsha Factory increased in the four months ended April 30, 2024 as compared to the four months ended April 30, 2023, primarily due to operation of new production lines in 2024.

(7) The standard production capacity and actual production volume of Lu'an Factory in 2023 increased, primarily due to the operation of a new production line since July 2022.

(8) The standard production capacity of Nanning Factory experienced an increase in 2023 and the four months ended April 30, 2024, primarily due to the operation of new production lines in 2023 and the four months ended April 30, 2024.

(9) The standard production capacity of Chengdu Factory experienced an increase in the four months ended April 30, 2024 as compared to the four months ended April 30, 2023 primarily due to the operation of new production lines in the four months ended April 30, 2024.

(10) Some production lines of Yixing Factory and Heyuan Factory were put into operation during 2023. The standard production capacity of Yixing Factory and Heyuan Factory increased in the four months ended April 30, 2024 as compared to the four months ended April 30, 2023 primarily due to the operation of new production lines in the four months ended April 30, 2024.

(11) Wuhan Factory, China Resources C'estbon Beverage (Wuhan) Co., Ltd., was previously one of our Cooperative Manufacturing Partners and subsequently acquired by us in January 2024.

Our Cooperative Manufacturing Partners

We collaborate with our Cooperative Manufacturing Partners primarily to expand into new regional markets quickly and cost-effectively with less costs and shorter set-up time. When selecting Cooperative Manufacturing Partners, we carefully consider their quality, production capacity, financial condition, reputation and supply cost. We identify potential Cooperative Manufacturing Partners in the open market and engage them through bidding processes or commercial negotiation at arm's length.

We have generally established exclusive cooperation with our Cooperative Manufacturing Partners for our packaged drinking water production, which facilitates the improvement of our production efficiency. Under the exclusive cooperation, we are generally not required to invest in the construction of production lines or factories for our Cooperative Manufacturing Partners, and our Cooperative Manufacturing Partners can only produce our packaged drinking water products according to our specified technical and quality control standards. For our Cooperative Manufacturing Partners, we require them to have unified management standards for their factories, including factory structure, responsibility allocation, operational standards, supervision and assessment standards. Our Cooperative Manufacturing Partners are also required to have professional production capabilities to support their factories at all levels. To select Cooperative Manufacturing Partners with capability to meet our standards in product production, we conduct on-site visits to assess various aspects including quality of water supply, production equipment and technology, factory location and layout, logistic capacity, and surrounding environment. Furthermore, we also assess the financial condition of our Cooperative Manufacturing Partners, and require them to have enough working capital, and demonstrate stable liquidity, profitability and growth. We carefully manage and monitor the performance of our Cooperative Manufacturing Partners and require them to comply with our internal guidelines and policies. We conduct evaluations for our Cooperative Manufacturing Partners on annual basis. The evaluation process includes assessments on Cooperative Manufacturing Partners' business profiles, factory layout, production capacity, quality certificates and financial statements. We also periodically review the quality of products from our Cooperative Manufacturing Partners by testing collected samples, monitoring consumer feedback, and checking for any product quality or safety incidents. In the event of any failure by our Cooperative Manufacturing Partners to meet our internal guidelines and policies, we may cease to work with them. We maintain relatively long-term relationships with our Cooperative Manufacturing Partners. As of April 30, 2024, we cooperated with 26 Cooperative Manufacturing Partners for our packaged drinking water production, all of which are third-party manufacturing companies with substantial experience in the beverage industry, with an average length of relationship amounting to approximately nine years. Moreover, 12 Cooperative Manufacturing Partners had maintained cooperation relationship with us for over ten years. For more information on the quality control measures over our Cooperative Manufacturing Partners, see "Quality Control — Production Process Quality Control" and "Quality Control — Finished Products, Logistics and Warehouse Quality Control."

The table below sets forth the total number of our Cooperative Manufacturing Partners for our packaged drinking water production and their movement during the Track Record Period:

	Year ended December 31,			Four Months ended April 30,
	2021	2022	2023	2024
Number of Cooperative Manufacturing Partners at the beginning of the year/period . .	27	27	28	28
Number of new Cooperative Manufacturing Partners engaged during the year/period	0	1	1	2[(2)]
Number of Cooperative Manufacturing Partners terminated during the year/period[(1)].	0	0	1	4
Number of Cooperative Manufacturing Partners at the end of the year/period	27	28	28	26

Notes:

(1) The termination of our collaboration with a Cooperative Manufacturing Partner in 2023 was primarily because Cooperative Manufacturing Partner was unable to renew the factory lease contract upon its expiration. The termination of our collaboration with four Cooperative Manufacturing Partners in the four months ended April 30, 2024, was primarily attributed to the increasing production capacity of our self-owned factories and our acquisition of one Cooperative Manufacturing Partner.

(2) We cooperated with two new Cooperative Manufacturing Partners during the four months ended April 30, 2024 to strategically meet our production needs in regions where we have not established presence for our self-owned factory.

The salient terms of the standard agreements with our representative Cooperative Manufacturing Partners for packaged drinking water products are set forth as below:

- *Duration*. The duration of our standard agreements with Cooperative Manufacturing Partners is generally two to three years.

- *Principal rights and obligations of parties involved*. We specify the product type, unit price, quantity, delivery timeline and other detailed items in each production plan we send to our Cooperative Manufacturing Partners. Our Cooperative Manufacturing Partners are obligated to produce the specified type and quantities of qualified products for storage according to the plans, and arrange for delivery and shipment based on our needs. Our Cooperative Manufacturing Partners may choose the water supply systems to procure water from with written notice to us.

- *Processing fees*. The processing fees are typically determined through negotiations. Typically no minimum purchase is stipulated.

- *Payment and delivery*. We are responsible for timely payment of the processing fees to our Cooperative Manufacturing Partners, who are responsible for delivering qualified products at our domicile.

- *Exclusivity*. We have an exclusivity clause where our Cooperative Manufacturing Partners for packaged drinking water products are prohibited from producing or storing products that are not part of our product portfolio, without obtaining our prior written approval.

- *Further subcontracting*. Further subcontracting is not allowed without our authorization.

- *Qualified products*. We only accept qualified products at delivery, and unqualified products are handled by our Cooperative Manufacturing Partners for destruction.

- *Termination*. We have the right to notify our Cooperative Manufacturing Partners and terminate the contracts in instances such as their late delivery, non-conforming delivery, unqualified products, complaints or investigations and disclosure of confidential information.

For our beverage production, we collaborate with our Cooperative Manufacturing Partners as a supplement to our own production capacity. As of April 30, 2024, we cooperated with five Cooperative Manufacturing Partners for beverage production. We value the knowledge and skills of our Cooperative Manufacturing Partners and believe that their technical proficiency can contribute to the quality and consistency of our products. We maintain a non-exclusive relationship with our Cooperative Manufacturing Partners for beverage production, employing stringent measures to safeguard our intellectual property and trade secrets such as (i) signing independent confidentiality agreements with Cooperative Manufacturing Partners that clearly outline the confidential nature of the information shared, (ii) stipulating clearly our exclusive ownership of intellectual property and trade secrets in the agreements with Cooperative Manufacturing Partners, (iii) limiting Cooperative Manufacturing Partners' use of our intellectual property and trade secrets for production purpose only in the agreements with Cooperative Manufacturing Partners, and (iv) stating clearly in the agreement regarding Cooperative Manufacturing Partners' liabilities to compensate for any legal and commercial losses incurred in the event of their misuse of our intellectual property or trade secrets beyond the permitted contractual scope. Our cooperation agreements explicitly define each party's responsibilities in protecting these assets. Furthermore, we mandate our Cooperative Manufacturing Partners to implement monitoring facilities and adopt daily management at crucial factory positions. Our on-site quality control staff conduct regular inspections to ensure rigorous oversight of production activities and adherence to our production standards.

Our Production Expansion Plan

We plan to increase the proportion of our self-built production capacity and optimize the partnership models with our Cooperative Manufacturing Partners. As of the Latest Practicable Date, our standard annual production capacity of our self-owned factories in operation amounted to 12.4 million tons. By transitioning to producing more products in our self-owned factories, we expect to further improve our operational efficiency and optimize our cost structure. By building our own factories, we aim to implement and enhance consistent standards for factory management. With scaled production in our factories, we expect to gain a better control over the production process, and coordinate production and operational plans nationwide, thereby improving operational efficiency. Additionally, increasing our self-production rate will help improve our cost control and thereby increasing our profit margins. As sales scale expands and production capacity stabilizes, we anticipate that the economies of scale will lead to lowered unit manufacturing costs. Increased centralized procurement will also lead to reduced procurement costs, thereby lowering the overall operating costs. We also aim to enhance our national production capacity layout by constructing large-scale factories. Furthermore, we plan to introduce injection molding to our factories so as to cover the entire production value chain. As part of our production expansion, we acquired Wuhan Huaxinda Beverage Technology Co., Ltd. (武漢華新達飲品技術有限公司) (currently known as China Resources C'estbon Beverage (Wuhan) Co., Ltd. (華潤怡寶飲料(武漢)有限公司)), one of our former Cooperative Manufacturing Partners, in January 2024. This strategic acquisition increased the packaged drinking water production capacity of our self-owned factories in operation by one million tons and facilitated optimization of our cost structure. See note 32 to the Accountants' Report in Appendix I to this prospectus.

The following table sets forth certain details of the expansion plans of our factories as of April 30, 2024, where all production lines are estimated to commence production by 2025. Besides the following projects, we plan to continually expand our self-owned production capacity for 2026 and 2027.

Factories	Product Category	(Estimated) Increased Standard Annual Production Capacity	(Estimated) Date of Commencement of Production for All Production Lines	Estimated Total Investment
		(tons in thousands)		*(RMB in millions)*
New Factory Construction				
Yixing Factory (宜興工廠)(1)	Packaged drinking water	1,950	Third quarter, 2024	1,612.5
	Beverage	250		
Wanlv Lake Factory (萬綠湖工廠)	Packaged drinking water	1,970	Fourth quarter, 2024	1,070.0
Wuyi Mountain Factory (武夷山工廠)	Packaged drinking water	730	Fourth quarter, 2024	374.5
Zhejiang Factory (浙江工廠)	Packaged drinking water	1,060	2025	601.7
Factory Expansion				
Chengdu Factory (成都工廠)(2)	Packaged drinking water	900	Third quarter, 2024	628.5
	Beverage	100		

Notes:

(1) Some production lines of our Yixing Factory were put into operation during 2023 and the four months ended April 30, 2024. In June 2024, all production lines of Yixing Factory were put into operation.

(2) Some production lines of our Chengdu Factory were put into operation in April 2024. In September 2024, all production lines of Chengdu Factory were put into operation.

Our Production Equipment

We purchase most of the production lines from internationally renowned companies, and constantly introduce advanced production lines to expand our production capacity, while enhancing our production techniques. The typical useful life of our production equipment ranges from three to ten years, and the remaining useful life of the equipment is 8.1 years as of April 30, 2024. Leveraging our high-quality production equipment, we are able to continuously improve our production capacity. See "— R&D — Production R&D." We regularly inspect and maintain the production equipment. We have also established a comprehensive equipment management system to ensure the maintenance of production line equipment. To ensure production safety and efficiency, we also install automatic detection devices in key production equipment to reduce the workload of our production personnel.

SUPPLY CHAIN MANAGEMENT

Water Source Management

We believe that having safe water sources is the backbone of our business operations. Our products are produced using water meeting national drinking water standards. Water used for the production of our products is all sourced from water sources that meets human drinking water standards. Adhering to our "quality water does not differentiate water types" principle, we source water from third-party water supply systems and direct water source. To ensure the highest quality of water sources, irrespective of transportation methods, we have implemented a rigorous quality management system, monitoring and maintaining the quality of our water sources. See "— Quality Control — Water Quality Control."

During the Track Record Period, we primarily procured water from third-party water supply systems, which shall meet national drinking water health standards, for our purified drinking water products, sparkling water products and beverage products. We also took natural mineral water directly from Jialin Mountain in Guangdong Province, as part of our strategic deployment to access reputable quality water sources in China. We ensure to obtain the requisite water-taking permits and mining permits when taking water directly, and we do not need to obtain such permits when procuring water from the third-party water supply systems. The table below sets forth the water purchase volume from the third-party water supply systems and water taking volume from our direct water source during the Track Record Period.

	Year ended December 31,						Four Months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(tons in thousands)									
Third-party water supply systems[(1)]	7,447.1	98.6	7,676.0	98.7	8,139.2	98.4	2,256.5	98.4	3,604.5	98.9
Direct water source[(2)]	103.3	1.4	103.7	1.3	134.7	1.6	37.4	1.6	38.7	1.1
Total	**7,550.4**	**100.0**	**7,779.7**	**100.0**	**8,273.9**	**100.0**	**2,293.9**	**100.0**	**3,643.2**	**100.0**

Notes:

(1) Including surface water procured by Heyuan Factory in 2023 from a third-party water supply system, whose water source is Wanlv Lake.

(2) Direct water source during the Track Record Period refers to Jialin Mountain in Guangdong Province, where we sourced natural mineral water.

Third-party Water Supply Systems

Third-party water supply systems refer to third-party water supply entities authorized by local governments, who assume public utility roles in the regions they operate by supplying water to local residents and businesses via pipelines. They must have the requisite qualifications and meet the prescribed set of national and local regulations. We carefully select third-party water supply systems mainly with reference to the GB 5749 national standards for drinking water quality, and monitor the water qualities on a regular basis. As of the Latest Practicable Date, we and our Cooperative Manufacturing Partners collaborated with 43 third-party water supply systems and did not rely on any single third-party water supply system. During the Track Record Period, we did not terminate any business relationship with our third-party water supply systems. We and our Cooperative Manufacturing Partners usually collaborate with third-party water supply systems near our respective factories, which ensures our access to quality and stable water sources while enhances our logistical and transport efficiency. We procure water directly from the third-party water supply systems and do not have direct access to their water sources. The water sources of third-party water supply systems include local surface water and groundwater, such as reservoirs, rivers and lakes. After extracting water from these sources, third-party water supply systems will carry out preliminary treatment and processing, including coagulation, sedimentation, filtration, and disinfection to remove suspended solids, colloids and dissolved substances from the water and improve water quality.

Third-party water supply systems are subject to stringent national and local regulations, including the Law of the PRC on the Prevention and Treatment of Infectious Diseases (《中華人民共和國傳染病防治法》), the Urban Water Supply Regulations (《城市供水條例》), the Measures for the Administration on the Franchise of Municipal Public Utilities (《市政公用事業特許經營管理辦法》), the Measures for the Administration of Water Abstraction Permits (《取水許可管理辦法》) and other relevant laws and regulations. Third-party water supply systems are regulated by the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會), the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) and the Ministry of Water Resources of the PRC (中華人民共和國水利部) on the national level, and the local Health Bureau (衛生健康局), the Housing and Urban-Rural Development Bureau (住房和城鄉建設局), the Water Resources Bureau (水利局) and the Water Authority (水務局) in each region, among other relevant government bureaus. Only third-party water supply systems that meet all qualifications as required by the relevant government bureaus are authorized to build water plants and able to obtain the qualification to supply water to local residents and businesses. Water provided by these third-party water supply systems must meet the GB 5749 national standards for drinking water quality. The GB 5749 national standards specify the requirements for quality of drinking water and drinking water source, sanitary requirements for water supply institutions and for products related to health and safety of drinking water, as well as the methods for water quality examination. The standard processes of the third-party water supply systems include coagulation, sedimentation, filtration and disinfection. These processes initially treat the water before it is piped into our factories or Cooperative Manufacturing Partners. Specifically, the GB 5749 national standards require that (i) the drinking water shall be free of disease-causing microorganisms; (ii) the chemical and disinfectant content and overall radioactivity of the drinking water should not exceed safety standards; and (iii) the sensory characteristics of the drinking water, such as taste, odor, and color, should be of good quality.

We and our Cooperative Manufacturing Partners ensure that the water procured from the third-party water supply systems meets the GB 5749 national standards for drinking water quality. Our collaborative third-party water supply systems extract and initially treat the water before piping it to our factories or our Cooperative Manufacturing Partners. Upon arrival of the water, we and our Cooperative Manufacturing Partners continue to conduct rigorous testing, further purification and treatment processes. According to established operational protocols, we and our Cooperative Manufacturing Partners perform around ten types of quality testing on the incoming water, which includes but is not limited to testing the conductivity, pH levels, turbidity, residual chlorine and various bacterial counts. If any quality issue is discovered, we and our Cooperative Manufacturing Partners will communicate with the third-party water supply systems to identify the cause, and ensure that the water meets safety standards before recommencing production. Additionally, we and our Cooperative Manufacturing Partners send samples of water procured from third-party water supply systems to national or international accredited third-party laboratories for testing every six months to ensure the water procured complies with the key criteria of the GB 5749 national standards for drinking water quality and perform another annual review to ascertain the procured water meeting all of the GB 5749 national standards. We and our Cooperative Manufacturing Partners adhere to strict production processes for water treatment, including disinfection, flocculation, various filtration steps, sterilization and reverse osmosis, to ensure the consistent high quality of our packaged drinking water products. During the Track Record Period, we did not identify any product quality issues related to water quality. See "— Quality Control — Water Quality Control."

We reached water supply arrangements with our collaborating third-party water supply systems that meet national drinking water health standards. Salient terms of the water supply arrangements typically include:

- *Duration.* The agreement usually does not have a specific expiration date.

- *Water procurement volume.* We order from third-party water supply systems based on our actual production volume and sales demand. We typically do not agree on a minimum procurement volume with third-party water supply systems.

- *Payment.* The unit purchase price shall be determined on the basis of the water charges (including the urban sewage treatment fee collected on behalf of regulatory authorities as well as any other relevant fees imposed or collected by regulatory authorities) and adjustment (if any) as promulgated by the relevant local regulatory authorities. Water supply expense is then calculated by multiplying the volume of water supplied and the unit purchase price. We typically settle with third-party water supply systems on a monthly basis. In the event we fail to make payments in time, we will be charged a late payment fee from the date of delay.

- *Credit period.* The credit period granted by third-party water supply systems is typically not longer than one month.

- *Delivery.* Third-party water supply systems are generally responsible for piping the water taken from water sources to our production factories.

- *Roles and responsibilities.* Third-party water supply systems bear the responsibility to ensure that the quality of the supplied water meets the agreed quality requirement under the water supply arrangements and the regular maintenance of the delivery pipeline. If third-party water supply systems fail to supply water as agreed, they shall pay a direct penalty per day during the breach period.

- *Termination.* If monthly water charges remain unpaid for a period exceeding one to two months, third-party water supply systems reserve the right to terminate the water supply in accordance with the procedures specified by the applicable national regulations.

Our Strategic Water Sources

We have proactively made strategic deployment to access reputable quality water sources in China, including Jialin Mountain in Guangdong Province, Wanlv Lake in Guangdong Province, Wuyi Mountain in Fujian Province and Danjiangkou in Hubei Province. Our criteria for selecting such water sources include water quality, water volume, surrounding environment, compatibility with our existing product development plans and overall costs. We make strategic deployment to access our strategic water sources by building factories near the water sources and we obtain access either by taking water directly or collaborating with the local third-party water supply systems. In 2010, we obtained the access to our first natural mineral water source in Jialin Mountain, Guangdong Province for the production of our natural mineral water products "L'eau," natural mineral water products "Bonjour Forêt" and barreled water products under our Jialinshan brand. Under the national standards of GB 8537, water from the potential natural mineral water source must meet one or more indicators for drinking natural mineral water, such as certain chemical elements, metasilicic acid, free carbon dioxide or total dissolved solids. In addition, we have adopted a series of water resource protection measures related to our natural mineral water production, which include monitoring water and soil losses, restoring and rebuilding damaged land and vegetation, establishing mining management funds for environmental protection uses and cooperation with local government authorities. We also obtained the access to our first natural drinking water source in Wanlv Lake, a lake area in Guangdong Province. We obtained water-taking permits and mining permits for our Jialin Mountain Factory and Yonglong Factory in Jialin Mountain. See "— Water-Taking and Mining Permits."

The following table sets forth the water reserve size of our strategic water sources according to the CIC Report:

Water Source	Location	Water Reserve Size
Jialin Mountain	Guangdong Province	N/A[1]
Wanlv Lake	Guangdong Province	Approximately 13.9 billion tons
Wuyi Mountain	Fujian Province	Approximately 52.3 million tons
Danjiangkou	Hubei Province	Approximately 29.1 billion tons

Note:

(1) The Jialin Mountain Factory and the Yonglong Factory take water from the underground water source in Jialin Mountain, for which the water reserve size is currently unavailable. Based on their water-taking permits, the maximum approved annual taking volume is 56.0 thousand tons and 117.0 thousand tons, respectively.

The following table sets forth the details of our water production plants in the corresponding water sources:

Factory	Location	Primary Product Category	Water Type	Maximum Approved Annual Taking Volume[(2)]
				(tons in thousands)
Jialin Mountain Factory	Jialin Mountain, Guangdong Province	Natural mineral water	Groundwater	56.0
Yonglong Factory	Jialin Mountain, Guangdong Province	Natural mineral water	Groundwater	117.0
Heyuan Factory	Wanlv Lake, Guangdong Province	Natural drinking water, purified drinking water	Surface water	N/A[(1)]

Notes:

(1) Heyuan Factory entered into contract with one of the third-party water supply systems in 2023. According to the stipulations of the contract between both parties, the contract duration is two years, with a daily water supply of no less than 6,000 m^3. We settle the water supply fees, which are calculated based on the unit purchase price and the actual supply volume, on a monthly basis.

(2) Specified in the water-taking permits.

In 2021, 2022 and 2023, and the four months ended April 30, 2024, the fees in relation to the discovery and maintenance of the direct access and use of Jialin Mountain water source amounted to RMB0.6 million, RMB0.8 million, RMB0.9 million and RMB0.3 million, respectively. The following table sets forth the details of maximum and actual water taking volume from our direct water-taking source, namely Jialin Mountain water source, during the Track Record Period.

	Year ended December 31,						Four Months ended April 30,			
	2021		2022		2023		2023		2024	
	Maximum Approved Annual Taking Volume	Actual Taking Volume	Maximum Approved Annual Taking Volume	Actual Taking Volume	Maximum Approved Annual Taking Volume	Actual Taking Volume	Maximum Approved Annual Taking Volume	Actual Taking Volume	Maximum Approved Annual Taking Volume	Actual Taking Volume
	(tons in thousands)									
Jialin Mountain Factory	56.0	29.2	56.0	20.8	56.0	32.4	56.0	9.2	56.0	10.3
Yonglong Factory	120.0	74.1	120.0	82.9	117.0[(1)]	102.2	117.0	28.2	117.0	28.4
Total	**176.0**	**103.3**	**176.0**	**103.7**	**173.0**	**134.6**	**173.0**	**37.4**	**173.0**	**38.7**

Note:

(1) The maximum approved annual taking volume of the Yonglong Factory decreased in 2023, primarily due to the local governmental authority's adjustment of mineral water usage in accordance with the city's overall planning. The updated water-taking permit, issued in July 2023, states the maximum approved annual taking volume of 117.0 thousand tons for the Yonglong Factory.

Water-Taking and Mining Permits

As of the Latest Practicable Date, we have obtained the requisite water-taking permits and mining permits for our Jialin Mountain Factory and Yonglong Factory under our Jialin Mountain natural mineral water source, which include two mining permits and two water-taking permits. As advised by our PRC Legal Advisor, we are required to pay mineral source tax (applicable to natural mineral water only) in accordance with relevant laws and regulations for our mining and water-taking activities. We pay resource tax on an annual basis according to the requirements of local governments. Salient terms of our water-taking and mining permits typically include:

- *Grantee of the permit.* Grantee of the water-taking permit or mining permit, typically the specific factory entity is specified in each permit.

- *Term, expiry and renewal.* Each water-taking permit is typically valid for five years, while the validity periods of our two mining permits are ten years and seventeen years, respectively, and the grantee is obliged to renew such permit at the time of or prior to expiry, subject to local government approval.

- *Maximum water-taking volume.* A maximum amount of water-taking volume is indicated in each water-taking permit, typically by volume per year.

The following table sets out the water-taking permits and mining permits held by us as of the Latest Practicable Date. Our PRC Legal Advisor is of the view that, subject to our fulfillment of relevant requirements of the PRC laws, there is no material legal impediment for us to renew our water-taking and mining permits:

Holder	License/Permit	Issuing Date	Expiry Date
Zhuhai Yonglong Jialinshan Mineral Water Co., Ltd. (1) . .	Mining License (C4400002010098110074988)	March 30, 2021	March 20, 2031
	Water-taking Permit (D440402G2021-0009)	May 17, 2020	May 20, 2026
Zhuhai Yonglong Beverage Co., Ltd.(1)	Water-taking Permit (D440402G2023-0005)	July 28, 2023	July 27, 2028
	Mining License (C4400002009098110036999)	September 14, 2010	September 30, 2027

Note:

(1) During the Track Record Period, resource tax and mineral rights occupation fee were applied to Yonglong Factory and Jialin Mountain Factory. The resource tax standard for the two factories during the Track Record Period was RMB3/m^3. Additionally, during the Track Record Period, the mineral rights occupation fee was paid annually based on the area of the mining district, with a standard of RMB1,000 per square kilometer per year.

Water Source Contamination Risk Management

Our Directors are of the view that the risk of our water source contamination is low, primarily because (i) Jialin Mountain is located in mountain forests with rare human activities and no factories located upstream of the water source; and (ii) the water from Wanlv Lake is surface water from deep lake, which has relatively large water reserves and strong self-purification capacity. During the Track Record Period, there had not been material contamination of our water sources.

We have formulated comprehensive contingency plans in case of any water source contamination incidents for our strategic water sources, no matter we source water directly by ourselves or through third-party water supply systems. In the latter case, the third-party water supply systems are responsible for water contamination risk management. The key procedures include: (i) production will be suspended immediately upon detection of any water contamination; (ii) our quality control department will issue a control notice and collaborate with warehousing to identify and isolate the affected products; (iii) affected products will undergo further rigorous quality tests; (iv) our production department will immediately contact the water source patrol officer to inquire about the cause and, if necessary, inspect the water source; our environment, health and safety department will contact the government emergency department in case of external natural disasters; and (v) our quality control department will oversee the evaluation of these results to determine the necessary corrective measures.

Identifying New Water Sources

In the process of selecting a new water source, we comprehensively consider a number of key factors to ensure the success and sustainability of our operation. The water source must have a sufficient supply to meet our operational requirements. Water quality at the water source is also essential for us to maintain the high quality of our products. Taking natural mineral water as an example, once a potential water source suitable for development is identified, we will require the water source to provide us with an official testing report. We may also send water samples from the potential water source to international or national accredited third-party laboratories for testing, ensuring that the water quality of the potential natural mineral water source meeting one or more indicators for drinking natural mineral water. In addition, the surrounding environment of the water source should support sustainable development and the location and accessibility should be optimized to streamline costs and enhance operational efficiency. When conducting a specific assessment, we undertake a holistic evaluation, taking into account regulatory compliance, feasibility and suitability of factory construction nearby, sensory attributes of the water, risk management, cost management and our overall marketing and distribution strategy. This assessment is further supported by data including water quality data reports and water reserve verification reports provided by independent authoritative institutions. The procedure for water source identification involves preliminary data compilation and scrutiny, followed by thorough on-site evaluations, and finally leading to a comprehensive inspection report for decision making.

Raw Materials and Packaging Materials

The principal raw materials and packaging materials we use in the production of our products include PET, cardboard, bottle caps, labels, milk powder and sugar. Among them, PET is used in manufacturing bottles and is our major raw materials and packaging materials. In 2021, 2022 and 2023 and the four months ended April 30, 2024, purchases of PET (VAT exclusive) amounted to RMB1,665.2 million, RMB2,165.6 million, RMB1,992.7 million and RMB526.3 million, respectively, accounting for approximately 21.8%, 25.2%, 23.6% and 22.0% of our total purchases during the same periods, respectively. In 2021, 2022 and 2023 and the four months ended April 30, 2024, our average procurement price (VAT exclusive) per ton for bottle-grade PET was RMB5,556.8, RMB6,822.5, RMB6,420.1 and RMB6,196.7, respectively. According to the CIC Report, during the same periods, the average ex-factory price (VAT inclusive) per ton for bottle-grade PET in China was RMB6,795.3, RMB8,168.3, RMB7,105.2 and RMB7,069.8, respectively, and the average ex-factory price (VAT exclusive) per ton for bottle-grade PET in China was RMB6,013.6, RMB7,228.6, RMB6,287.8 and RMB6,256.5, respectively. See "Industry Overview — Raw Materials."

We normally adopt centralized raw materials and packaging materials procurement on an annual basis or on demand to fully utilize our economies of scale, strengthen our bargaining power and obtain more competitive procurement prices from potential suppliers. The majority of our raw materials and packaging materials are readily available in China, and we source our raw materials and packaging materials from suppliers located in the regions adjacent to our factories. For key raw materials and packaging materials, we collaborate with multiple suppliers to reduce the concentration risks associated therewith. During the Track Record Period, we did not experience any significant shortage of raw materials and packaging materials supplies, and the raw materials and packaging materials provided by our suppliers did not have any significant quality issues.

Potential pricing fluctuations in our raw materials and packaging materials can arise due to factors including global and domestic economic conditions, governmental regulations, supply-demand dynamics and geopolitical conditions. While our bargaining power for certain materials might be restricted to a certain extent due to these factors beyond our control, our ability to procure and supply remains steadfast. We employ tailored procurement strategies for different materials and continuously adjust our approach to ensure consistent and timely supply. For instance, when procuring PET, sugar and milk powder, based on market research and analysis, we adopt a comprehensive strategy in which we secure material prices by purchasing in advance at a suitable ratio when prices are low and opt for opportunistic procurement during price increases. In response to PET price fluctuation, we actively monitor market changes and closely follow PET price trends. By analyzing and projecting the potential trajectory of PET price, we are able to adjust our procurement strategies promptly. We also maintain cooperation with various qualified PET materials suppliers, other than CR Chemical, to manage price fluctuations more effectively. For key packaging materials such as cardboard, bottle caps and labels, we adopt a procurement pricing adjustment mechanism based on annual procurement amount to mitigate the impact of significant price fluctuations on us or our suppliers. This proactive approach ensures our resilience against pricing risks and supply shortages. In addition, we have upgraded our proprietary bulk material management system utilizing AI technologies. This comprehensive system forms a full-cycle, closed-loop management of raw materials including demand forecasting for material procurement, bidding issuance, raw materials distribution, inventory management and account reconciliation. Through data modelling, AI algorithms, and seamless integration of the system with business, financial and legal IT systems, the raw materials management system enables us to achieve optimal delivery route design, lowest procurement cost bidding, real-time inventory tracking, demand gap warning and automated generation of accounts payable and contracts. See "— Information Technology."

Nevertheless, we may not be able to effectively secure favorable prices to protect us against the risk of price fluctuations or pass on increased costs to our customers. See "Risk Factors — Risks Related to Our Business and Industry — The price volatility, declining quality or other risks related to the supply of our raw materials and packaging materials may materially and adversely affect our business and profitability."

SUPPLIERS

We have maintained stable and long-term relationships with our major suppliers. We procure raw materials and packaging materials from qualified suppliers selected by our quality control and procurement departments through strict evaluation processes. We consider a number of factors during our evaluation, including, but not limited, each supplier's background, reputation, industry experience and financial condition, and most importantly the quality and price of their supplies. We regularly participate in research symposiums hosted by relevant industry associations, conduct market research and conduct product sampling and site visits to better prepare for development of our new product offerings. We conduct annual on-site inspections of our major qualified suppliers and evaluate our qualified suppliers on an annual basis. For more information on the quality control of our supply chain, see "— Quality Control." We primarily procure water from third-party water supply systems that meet national drinking water health standards for our purified drinking water products and beverage products.

Our major suppliers are suppliers of raw materials and packaging materials, providers of logistics services, marketing services and warehousing services and our Cooperative Manufacturing Partners. CR Chemical, our largest supplier in each period during the Track Record Period, will become our connected person (as defined under Chapter 14A of the Listing Rules) upon Listing. See "Connected Transactions." The purchase amounts from our largest supplier in each of 2021, 2022 and 2023 and the four months ended April 30, 2024 accounted for 7.0%, 9.7%, 11.0% and 11.8%, respectively, of our total purchase amount during those respective periods. The aggregate purchase amounts from our five largest suppliers in each of 2021, 2022 and 2023 and the four months ended April 30, 2024 accounted for 31.0%, 33.5%, 33.2% and 28.5%, respectively, of our total purchase amount during those respective periods.

Salient terms of the supply agreements with our suppliers for key raw materials typically include:

- *Duration.* The duration of the agreement is typically one year.

- *Pricing policy.* The price of raw materials is typically determined through a tender process and the agreed-upon price is set forth in a written clause.

- *Delivery.* The suppliers shall deliver the raw materials to our designated location as specified in the supply agreement and are responsible for any associated logistics costs (except for PET materials, where we generally bear the logistics costs as per the agreement).

- *Payment.* We generally settle payments with our suppliers within 30 to 60 days following the receipt of both the invoice and the goods. For PET materials, we are typically obligated to pay our suppliers within 15 to 30 days following the receipt of both the invoice and the goods.

- *Quality.* Raw materials provided by suppliers should meet mutually agreed-upon standards and our internal policies.

- *Inspection and acceptance.* When the raw materials arrive at our designated location, we have the right to conduct periodic inspections based on mutually agreed-upon standards and our internal policies. Suppliers are responsible for any product quality issues that do not meet requirements.

- *Termination.* We generally have the right to terminate the agreement with the suppliers if they breach the supply agreement and fail to rectify such breach within a reasonable period.

The following table sets forth the details of our five largest suppliers in each period during the Track Record Period:

Year ended December 31, 2021

	Supplier	Principal Business	Products/ Services Provided by the Supplier	Purchase Amount	% of Total Purchase Amount	Year of Commencement of Business Relationship With Us	Credit terms	Payment method(s)
				(RMB'000)	%			
1.	CR Chemical	Wholesale business of mineral products, building materials and chemical products	PET	536,522	7.0	2013	30 days	Bank transfer

	Supplier	Principal Business	Products/ Services Provided by the Supplier	Purchase Amount	% of Total Purchase Amount	Year of Commencement of Business Relationship With Us	Credit terms	Payment method(s)
				(RMB'000)	*%*			
2.	Company T	Production and sales of drinking water, beverages, PET bottles and PET preforms	Manufacturing service	509,853	6.7	2016	30-60 days	Bank transfer
3.	Supplier B	Manufacturer of plastic products	PET	471,663	6.2	2013	15 days	Bank transfer
4.	Supplier C	Manufacturing of plastic parts and other plastic products	Manufacturing service	452,810	5.9	2013	30-60 days	Bank transfer
5.	Supplier D	Manufacturer of chemical materials	PET	397,301	5.2	2019	15 days	Bank transfer
	Total			**2,368,149**	**31.0**			

Year ended December 31, 2022

	Supplier	Principal Business	Products/ Services Provided by the Supplier	Purchase Amount	% of Total Purchase Amount	Year of Commencement of Business Relationship With Us	Credit terms	Payment method(s)
				(RMB'000)	*%*			
1.	CR Chemical	Wholesale business of mineral products, building materials and chemical products	PET	833,354	9.7	2013	30 days	Bank transfer
2.	Supplier B	Manufacturer of plastic products	PET	723,038	8.4	2013	15 days	Bank transfer
3.	Company T	Production and sales of drinking water, beverages, PET bottles and PET preforms	Manufacturing service	497,725	5.8	2016	30-60 days	Bank transfer
4.	Supplier C	Manufacturing of plastic parts and other plastic products	Manufacturing service	483,583	5.6	2013	30-60 days	Bank transfer
5.	Supplier E	Production of food and beverage packaging	PET and manufacturing service	342,794	4.0	2012	30-60 days	Bank transfer
	Total			**2,880,494**	**33.5**			

Year ended December 31, 2023

	Supplier	Principal Business	Products/ Services Provided by the Supplier	Purchase Amount	% of Total Purchase Amount	Year of Commencement of Business Relationship With Us	Credit terms	Payment method(s)
				(RMB'000)	%			
1.	CR Chemical	Wholesale business of mineral products, building materials and chemical products	PET	929,029	11.0	2013	30 days	Bank transfer
2.	Supplier B	Manufacturer of plastic products	PET	596,579	7.1	2013	15 days	Bank transfer
3.	Supplier C	Manufacturer of plastic parts and other plastic products	Manufacturing service	471,743	5.6	2013	30-60 days	Bank transfer
4.	Company T	Production and sales of drinking water, beverages, PET bottles and PET preforms	Manufacturing service	440,279	5.2	2016	30-60 days	Bank transfer
5.	Supplier E	Production of food and beverage packaging	PET and manufacturing service	367,022	4.3	2012	30-60 days	Bank transfer
	Total			**2,804,652**	**33.2**			

Four months ended April 30, 2024

	Supplier	Principal Business	Products/ Services Provided by the Supplier	Purchase Amount	% of Total Purchase Amount	Year of Commencement of Business Relationship With Us	Credit terms	Payment method(s)
				(RMB'000)	%			
1.	CR Chemical	Wholesale business of mineral products, building materials and chemical products	PET	282,300	11.8	2013	30 days	Bank transfer
2.	Supplier C	Manufacturer of plastic parts and other plastic products	Manufacturing service	137,725	5.7	2013	30-60 days	Bank transfer
3.	Supplier D	Manufacturer of chemical materials	PET	110,031	4.6	2019	15 days	Bank transfer
4.	Supplier B	Manufacturer of plastic products	PET	76,433	3.2	2013	15 days	Bank transfer
5.	Supplier F	Manufacturer of rubber and plastic products	Packaging materials	75,686	3.2	2014	30 days	Bank transfer
	Total			**682,175**	**28.5**			

Notes:

1. Supplier B is a Shenzhen listed company based in the PRC and it had revenue of approximately RMB17.5 billion and 867 employees in 2023.

2. Supplier C is a private company based in the PRC and its registered capital is approximately RMB60 million.

3. Supplier D is a private company based in the PRC and its registered capital is approximately RMB4.6 billion.

4. Supplier E is a Taiwan listed company based in the PRC and it had revenue of approximately New Taiwan Dollar 26.4 billion and 4,780 employees in 2023.

5. Supplier F is a Shenzhen listed company based in the PRC and it had revenue of approximately RMB773.5 million and 725 employees in 2023.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers, except for CR Chemical, details of which are disclosed in "Connected Transactions."

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

Company T, one of our top five suppliers in each year of 2021, 2022 and 2023, was also our largest customer in each period during the Track Record Period. Company T, together with its controlled entities, is a group providing distribution, packaged drinking water production and logistics services, and relevant group members of Company T served as our distributor, our Cooperative Manufacturing Partner and our third-party logistics service provider during the Track Record Period. During the Track Record Period, a company under common control with Customer B, one of our top five customers in each period during the Track Record Period also provided logistics services to us. According to the CIC Report, it is not uncommon in the industry for one subsidiary of a group to receive goods or services from an entity, while other subsidiaries of such group provide services to that same entity. Negotiations of the terms of our sales to and purchases from these overlapping customers and suppliers were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from the overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm's-length basis. The revenue from Company T in 2021, 2022 and 2023 and the four months ended April 30, 2024 was RMB948.8 million, RMB922.7 million, RMB957.5 million and RMB253.7 million, respectively, accounting for approximately 8.4%, 7.3%, 7.1% and 6.1% of our total revenue, respectively, for the same periods. The purchase amount attributable to Company T in 2021, 2022 and 2023 and the four months ended April 30, 2024 was RMB509.9 million, RMB497.7 million, RMB440.3 million and RMB56.3 million, respectively, accounting for approximately 6.7%, 5.8%, 5.2% and 2.3% of our total purchase amount, respectively, for the same periods. The revenue from Customer B in 2021, 2022 and 2023 and the four months ended April 30, 2024 was RMB416.9 million, RMB324.9 million, RMB363.0 million and RMB126.6 million, respectively, accounting for approximately 3.7%, 2.6%, 2.7% and 3.0% of our total revenue, respectively, for the same periods. The purchase amount attributable to the aforementioned company under common control with

Customer B in 2021, 2022 and 2023 and the four months ended April 30, 2024 was RMB47.7 million, RMB31.6 million, RMB8.3 million and RMB0.5 million, respectively, accounting for approximately 0.6%, 0.4%, 0.1% and 0.0% of our total purchase amount, respectively, for the same periods.

QUALITY CONTROL

We place great emphasis on the quality of our products, which we believe is vital to our sustainable business growth. We perform various quality inspection and testing procedures, including visual inspection, physical and chemical inspection, microbiological testing and weight checks at different stages throughout our operations, to ensure that our products meet the relevant quality standards and comply with applicable laws and regulations.

We implemented our proprietary "China Resources C'estbon Full Value Chain Food Safety and Quality Management System" ("華潤怡寶全價值鏈食品安全與質量管理體系"), a SPM system, and have constantly and meticulously refined the system over the years of its operation to cover every aspect of our supply chain, production process and finished product management. In 2007, we comprehensively revised the factory ISO9001 system documents in line with our original SPM quality management concept. In 2013, we introduced the FSSC22000/ISO22000 food safety management system standard and enhanced the management requirements related to food safety. In 2011, we officially implemented the SPM system in full. In 2014, aligned with our business expansion needs, we added a series of management requirements related to new factory construction, and organized a comprehensive quality control plan with detailed construction procedures in each stage of construction as quality control checkpoints. Through the implementation of such new factory construction requirements, we were able to achieve rapid replication of standard factory layout in all factories nationwide, effectively meeting our rapid development needs. In 2018, the SPM system was upgraded to version 2.0 as a whole, ensuring that factories nationwide continue to provide high-quality and safe products.

As of April 30, 2024, we had a dedicated quality control team of 266 quality control personnel, with 183 personnel at our own factories and 83 personnel at our headquarters. Among the 83 personnel at our headquarters, approximately 80% had over ten years' management experience in the food and beverage industry. Our Cooperative Manufacturing Partners also have 399 quality control personnel. Through unified standards, processes and control, our quality control ensures the quality consistency and safety of products manufactured in our self-owned factories and the factories of our Cooperative Manufacturing Partners. In addition, we also provide various training and internal certification programs to aid the development of our personnel and vigorously recruit external experts to bolster our talent pool and drive supply chain transformation. In addition, our quality control system is further empowered by our IT. For example, our quality management system ("QMS system") helps with the implementation of our quality control mechanism from our headquarters to factories. See "— Information Technology." Furthermore, we have formed long-term and in-depth cooperative relationships with top-tier production equipment, raw materials and logistics suppliers in the industry with an aim to enhance our production and supply chain efficiency, quality management and cost control capabilities.

Water Quality Control

We and our Cooperative Manufacturing Partners have adopted stringent quality management measures for all water sources and the quality of all types of water must meet the corresponding national standards and regulations, including the GB 5749 national standards for drinking water quality. Upon arrival of the water from the third-party water supply systems, according to established operational protocols, we and our Cooperative Manufacturing Partners perform around ten types of quality testing on the incoming water, encompassing tests for conductivity, pH levels, turbidity, residual chlorine and various bacterial counts and the frequency of which range from multiple times daily to weekly, depending on the requirements of each parameter. If any non-compliance with prescribed quality standards is discovered, we and our Cooperative Manufacturing Partners will communicate with the third-party water supply systems to identify the cause, and ensure that the water meets safety standards before recommencing production. Additionally, every six months, we and our Cooperative Manufacturing Partners send samples of the water procured from third-party water supply systems to third-party laboratories for testing, such as those laboratories accredited by the China National Accreditation Service for Conformity Assessment (CNAS) or the International Laboratory Accreditation Cooperation (iLAC), to ensure the water procured complies with the key criteria of the GB 5749 national standards for drinking water quality. We and our Cooperative Manufacturing Partners also conduct annual review to ascertain that the water procured complies with all criteria of the GB 5749 national standards for drinking water quality.

Prior to commencement of production, we conduct at least three water quality inspections on the source to ensure that the water meets the necessary standards. Furthermore, after commencement of production, we perform regular microbial inspections and comprehensive water source quality inspections on natural drinking water sources. For different inspection items, we have established various minimum inspection frequencies. For example, sensory qualities, pH levels and conductivity are inspected twice a day (in the morning and evening), iron, manganese and bromides are inspected daily, and total bacterial count is inspected weekly. Should any events occur that may compromise the water quality, including maintenance on water transmission infrastructure or geological disasters, production will be halted. We will only resume production after the water quality has been tested and confirmed to be able to meet our standards.

In the case of natural mineral water, we established dedicated well houses and protective barriers, which we regularly maintain to protect our water sources. We annually collect samples during both the flood and dry seasons, which are then sent to national or international accredited third-party laboratories for testing. During the Track Record Period and up to the Latest Practicable Data, we did not experience any material non-compliance of the water we procured from third-party water supply companies or sourced ourselves based on the results of the third-party laboratory tests we commissioned, which were conducted based on GB 5749 national standards for drinking water quality or the tests performed by ourselves. For all water sources, our factories are required to monitor the water source quality in line with the stipulated quality control plans. See "— Supply Chain Management — Water Source Management."

Product Development Quality Control

Our product development quality control begins at the initial stage of product development. Our quality control department works closely with our R&D team to evaluate the effectiveness, stability and safety of each formula and production technique, and whether raw materials and packaging materials of proposed packaged drinking water or beverage products are in compliance with the relevant laws and regulations and industry standards. See "— R&D — Product R&D."

Supply Chain Quality Control

We believe that raw materials and packaging materials are crucial to our product quality. Our supply chain quality control system ensures the quality of materials through three aspects covered by our SPM system: (i) new supplier development; (ii) regular monitoring and supervision; and (iii) periodic supplier performance evaluation. We have a stringent selection process to choose our suppliers, which primarily includes demand forecasting, qualification assessment, on-site production and product quality assessment. We also constantly strengthen the dynamic management of suppliers, ensuring timely supplier selection and replacement based on performance considerations. For existing suppliers, we conduct monthly assessments on the quality of their products, delivery timeliness and the efficiency and effectiveness of their supplementary services. Based on the assessment results in each month, we generate detailed annual grading assessment reports and make adjustments to our supply chain accordingly by terminating business relationships with those who repeatedly underperform in monthly assessments.

We regularly monitor and evaluate the performance of our suppliers through annual audits, product sampling and anomaly resolution based on our internal guidelines on quality control of raw materials and packaging materials. In accordance with our internal guidelines, we conduct acceptance checks on our raw materials and packaging materials for their appearance, specifications and functionality and conduct tests on randomly selected samples. If the samples fail to pass our tests, we will return the entire batch of raw material or packaging material to the supplier. If a supplier repeatedly fails our acceptance tests, we will take appropriate action in accordance with our internal procedures such as terminating supply relationships or excluding the supplier entirely from our potential supplier list, depending on the severity of the non-compliance.

In addition, we have established an anti-corruption mechanism in our supply chain management process, requiring suppliers to sign a "Sunshine Declaration" ("陽光宣言"), setting out impermissible corrupt and anti-competitive behaviors, and requiring integrity commitment letters from personnel involved in procurement activities to ensure mutual compliance with anti-bribery, anti-extortion and anti-disclosure of trade secrets.

Production Process Quality Control

We have established a comprehensive production process quality control system covering various stages of production by our self-owned factories and factories of our Cooperative Manufacturing Partners facilitated by our SPM system, including water treatment, injection molding, blow molding, filling, cap sealing, labeling, packaging, finished water storage and product release. Specific control requirements are stipulated for each production phase and are supported by corresponding testing standards for raw materials, packaging materials and process indicators. We also employ various testing methods such as sensory analysis, physicochemical evaluation and microbial detection to ensure that the quality indicators during the production process and the quality indicators of the final products are compliant with our quality control standards.

Each factory shall follow these specified standards for new production line construction, raw materials and packaging materials acceptance, production, product storage and outbound management. Our central Quality, Environment Health and Safety (QEHS) department maintains a dedicated production quality supervision module, which involves quality audits, inspections and spot checks at the factory level. This module drives effective implementation of our SPM standards and conducts targeted diagnostics of quality risks associated with our production processes. Major aspects for supervision include document execution, process conformity, prevention and control of foreign objects, odors, microbiological risks, on-site 5S and GMP execution, improvement project implementation, product sampling, process stability assessment and management of quality exceptions. These comprehensive measures facilitate continuous improvement of quality control within our factories.

To ensure the effective implementation of our quality control system, we assign our quality control staff to perform regular inspections and quality monitoring throughout the entire production process, to ensure our production conform to national and industry production standards as well as our internal production guidelines. In compliance with product safety requirements, strict hygiene standards must be followed by all of our staff during the production process, while our equipment and machinery used in the production process must adhere to its specific sterilization procedures and criteria depending on the respective functions.

Finished Products, Logistics and Warehouse Quality Control

Our market quality control applies to both products manufactured in our self-owned factories and the factories of our Cooperative Manufacturing Partners. Empowered by our SPM system, our market quality control covers the lifecycle of our finished products from storage to delivery to the final sales to ensure that our products are stored, delivered and sold in good condition. Our products must pass quality inspections before shipping. At the same time, when products are shipped, we require our logistics service providers to strictly adhere to relevant transportation quality requirements to ensure our products are transported under appropriate conditions.

We implement rigid market quality control mechanisms and specify quality control requirements for warehousing and logistics, and have incorporated such requirements into the contractual terms of our standard distribution agreement and tripartite agreements with the selected sub-distributors to ensure effective implementation across our nationwide sales network.

We oversee market quality through initiatives such as conducting specialized training for sales personnel, distributing quality awareness materials to our distributors and issuing quality risk warning materials to promote our quality management requirements and enhance employee quality awareness. We also conduct regular market quality inspections and organize self-assessments in our nationwide sales network, to supervise the implementation of, and drive improvements in, our quality management requirements. To ensure the consistency and continual improvement of our product quality, we have adopted a comprehensive monitoring system across the product lifecycle, identifying potential quality risks. This system includes conducting random sample checks of market-sold products, which are then tested at our headquarters' testing centers and national or international accredited third-party laboratories, such as those accredited by CANS or iLAC. The results of these sample tests are linked with the performance evaluations of the corresponding production factories, thereby incentivizing our production personnel to prioritize product quality monitoring.

Product Return and Recalls

Distributors generally cannot return our products after receipt. Under the distribution agreements, we issue refunds or credits for products due to quality issues caused by us, in which case we will be responsible for the costs incurred from product exchange or return. During the Track Record Period, our product returns were primarily due to damaged packaging or delivery failure and voluntary product recall was primarily due to potential quality issues. The value of products returned or voluntarily recalled by us accounted for less than 0.05% of our total revenue of respective periods during the Track Record Period.

With our online and offline presences, we have set up mechanisms to handle complaints and inquiries, including our hotlines and other feedback channels. In addressing the consumers' complaints, our dedicated team of customer service personnel communicate and liaise with the consumers in a timely manner and commence the quality investigation procedures if necessary. Upon receipt of customer complaints, our customer service team would promptly refer the matter to the regional quality control team, who would then inform the production factory responsible for the specific products and instruct them to undertake thorough inspections and analyses to determine the underlying causes of the quality issues. Following the identification of the causes, we will implement appropriate corrective and preventive measures to address any issues. Our customer service team keeps records of all inquiries, feedback and complaints and the results of the investigation or resolution measures. During the Track Record Period, to prevent recurrence of similar product return or recall incidents, we increased the frequency of food safety risk assessments at factories and on-site inspections of distributors' product storage conditions.

We have also formulated product recall procedures to ensure compliance with food safety requirements under relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, (i) we did not experience any material incidents in the course of our sales operation, nor were there any material claims for personal or property damages or compensation arising from our sold products; (ii) we were not subject to any material administrative or other penalties from the Chinese government authorities in connection with product quality or food safety; (iii) we were not ordered to undertake any mandatory product recalls as required by any government authorities, which could have an adverse effect on our business, financial condition and results of operations; (iv) we did not experience any product liability claims or incidents related to product liability exposure, which was, individually or on an aggregate basis, material to our Group during the Track Record Period; (v) we did not receive any material complaints from consumers in connection with product quality; and (vi) we did not encounter any material food safety issues resulting in material administrative penalties, substantial product returns or mandatory recalls. See "Risk factors — Risks related to our business and industry — Product defects, product contamination or other product quality and food safety issues related to our products, or concerns about the safety, quality or health effects of our products could damage our reputation, and may materially and adversely affect our business and results of operations."

PRICING

We price our products based on various factors, such as product positioning, production costs, market competition and reasonable profit level of distributors and direct sales customers in our sales network. We provide our distributors and direct sales customers with suggested retail prices of our products. Our distributors and direct sales customers shall not take any actions that may materially disrupt the retail prices of our products. See "— Our Sales Network."

SEASONALITY

The consumption of packaged drinking water and beverages is subject to seasonal variations. We typically experience sales peaks in the second and third quarters of each year, primarily due to the warmer weather. Meanwhile, we typically have low seasons with generally lower revenue and lower utilization rates for our production capacity in the first and fourth quarters, which negatively affects our profitability during the same periods. See "Financial Information — Major Factors Affecting Our Results of Operations — Specific Factors — Weather and Seasonality."

LOGISTICS

Our logistics arrangements are mainly supported by: (i) self-pickup arrangements by distributors; and (ii) third-party logistics service providers.

We select logistics service providers through a centralized procurement and bidding process based on the corporate strength, operational capabilities, system construction capabilities, collaboration track record, price and scale of operation of the logistics service providers. Our arrangements with third-party logistics service providers allow us to provide fast and efficient delivery services of our products, reduce our capital investment and reduce the risk of incurring liability for traffic accidents, delivery delays or loss. Once our logistics service providers confirm receipt of the products to be delivered, the risks relating to the transportation and delivery of our products are transferred to the logistics service providers.

INVENTORY MANAGEMENT

Our inventories primarily consist of: (i) raw materials and consumables, primarily including PET, packaging materials and ingredients; and (ii) finished goods, primarily including packaged drinking water products and beverage products. Our inventory levels are designated on the premise of our sales and production plans. Additionally, after four decades of operations, we believe we have formed solid relationships with upstream raw materials and packaging materials suppliers in the relevant markets. We will stock up on certain raw materials and packaging materials based on business needs in anticipation of any significant increase in the price of such raw materials and packaging materials. During the Track Record Period, we did not experience any material shortage or obsoleteness of inventory. See "— Supply Chain Management — Raw Materials and Packaging Materials." Furthermore, we plan to further expand our product offerings and therefore diversify the raw materials and packaging materials categories to reduce the risk of price fluctuations in certain raw materials and packaging materials.

We focus on optimizing our inventory management, and we have crafted and implemented a strict inventory management mechanism across our production factories. All inventories are stored using pallets in the warehouses of our production factories or leased warehouses. Adhering to our zoning management requirements, stored materials are categorized, allocated to designated areas, and audited periodically, ensuring alignment between accounts and physical inventory. Our warehouse personnel divide storage areas with zone numbers and identifiers. Inventories with different categories, specifications and values are stored separately according to technical storage requirements, eliminating any potential commingling in between. Our inventory placement is standardized in accordance with the principle of neat alignment and easy visual recognition. Our inventory management mechanism takes the inventory statistics from our distributor network into consideration. Our inventory management mechanism also considers the inventory levels of raw materials and consumables, covering procurement, material supply, material receipt and returns, inventory checks and scrapping.

With a strict and effective inventory management mechanism in place, our inventory turnover days amounted to 19.1 days, 24.8 days, 23.6 days and 20.5 days in 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively. See "Financial Information — Description of Certain Components of Our Consolidated Statements of Financial Position — Inventories."

INFORMATION TECHNOLOGY

Our technological advancements continuously enable the growth of our operation. We utilize a number of IT systems in various stages of our business operations, including raw materials and packaging materials supply, production, operation and logistics. Leveraging our proprietary IT, we effectively standardize our operations and manage our procurement, sales and distribution, quality control, inventory management and logistics, financial reporting and human resources functions, thereby enhancing our management and operational efficiency. For instance, in terms of our raw materials and packaging materials management, we have fully incorporated our proprietary AI algorithms in our bulk material management system to assist the management of procurement, contracts, approval and distribution, providing scientific, efficient and precise AI-empowered assistance to our raw materials and packaging materials management process and facilitating better control of raw materials and packaging materials costs. The procurement modeling algorithm of our bulk material management system was also granted a national invention patent in 2023. As of April 30, 2024, we had nine self-developed IT systems. The following table sets forth certain of our major IT systems, the majority of which are self-developed:

IT System	Year Launched	Function Description
The enterprise resource planning system (ERP)	2013	Such system integrates resources for procurement, production, sales and finance, and handles data for procurement, inventory, production, planning, orders, logistics and finance.
The business intelligence system (BI)	2013	Such system produces analytical reports on nationwide supply chain and sales data, ensuring timely and standard delivery of operational insights.

IT System	Year Launched	Function Description
The end customer relationship management support system (CRM-SUP) . . .	2014	Such system helps effectively plan store visit routes, manage display initiatives, process orders, execute promotions, oversee performance and collect data on competing products at the end market.
The quality management system (QMS)	2017	Such system manages data and records related to product and material inspections, empowering digital quality control processes and facilitating two-level quality management from our headquarters to factories.
The distribution management system (DMS)	2017	Such system integrates the management of online orders and distribution channels, and supports sales channels in ordering, inventory and order allocation management.
The bulk material management system . .	2018	Such system effectively manages the process from procurement to contract, approval and allocation of raw materials and packaging materials, and makes full use of AI algorithms to provide decision-making support for the management process.
The product tracking system (PTS).	2019	Such system enables end-to-end product information collection and supply chain traceability, enhancing operational efficiency and supporting product recalls and anti-counterfeiting efforts.
The supplier relationship management system (SRM)	2022	Such system enables efficient collaboration and management of the operations of our suppliers.

Our IT systems are maintained by our IT team. As of April 30, 2024, we had a dedicated IT team consisting of 32 personnel. Our business operations hinge on our IT capabilities and the reliability of our IT infrastructure. To ensure the continual and stable operation of the vital IT systems and facilities, our IT team performs system checks, data backups, system maintenance, and maintains spare systems and parts of emergency hardware components. See "Risk Factors — Any defect of our IT systems or any failure to comply with relevant data privacy and information security laws can damage our reputation and subject us to legal proceedings and regulatory scrutiny." During the Track Record Period and up to the Latest Practicable Date, we did not experience any material failure or breakdown of our IT systems which resulted in a material adverse impact on our overall business operations.

R&D

We prioritize R&D, consistently introducing diverse products while also upgrading and optimizing our existing offerings, which we believe is critical to maintaining our competitive advantage in China's RTD soft beverage market. Our relentless effort in R&D helps us address the demands and requirements of our consumers. During the Track Record Period, our R&D focused on continuously upgrading and improving our existing packaged drinking water and beverage products, launching new products and exploring new product categories.

R&D Team

We had an R&D team of 77 personnel as of April 30, 2024, 22 of whom held master's degrees, 32 had engineer titles and most of our R&D team had multiple years of experience in the food and beverage industry. In 2023, we expanded our capabilities further by establishing sensory labs, tea research labs and coffee research labs. We have also adopted advanced R&D equipment that spans the spectrum of beverage applicational and fundamental research.

In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our research and development costs amounted to RMB49.0 million, RMB49.2 million, RMB61.5 million, RMB10.0 million and RMB13.1 million, respectively. Our R&D expenditures are recognized as expenses in the period such expenses were incurred.

Product R&D

We believe that product R&D is crucial to our success and sustainable growth. Our commitment to innovation is exemplified through our continuous efforts in developing new products to enhance and diversify our product offerings. We adopt an advanced and integrated R&D management process to combine the force of multiple departments to respond promptly to the changing market. Each product R&D project follows certain key steps as set out below:

- *Concept Design.* The sales and marketing team proposes product concepts and conducts market research to collect relevant market information, such as market demand, target consumers and competing products. We also collect feedback from consumers on the proposed product concepts. We evaluate the project's feasibility based on the market research reports and determine whether the project can proceed.

- *Product Design and Development.* Product design and development mainly includes functional ingredient and flavor research and design, raw materials and packaging materials R&D, visual design and packaging research and Cooperative Manufacturing Partners identification and negotiations.

- *Industrial Realization.* The proposed product is tested based on multiple factors, such as the stability of the content and formula, the transportation and storage test for packaging and bottle design, third-party production examination and processing compliance.

- *Product Launch.* Raw materials, packaging materials and formulas are registered into our ERP system, while the quality control team establishes relevant quality control plans for the launched product. The environment and safety team verifies technical standards, after which we start small-scale production involving product trial and feedback collection from consumers, followed by the final product launch.

Production R&D

To maintain our position at the forefront of the industry and enhance both the quality and safety of our products, we constantly improve our production techniques and upgrade our equipment to improve productivity, optimize operational efficiency and modularize the production process. For example, we invented a rapid testing technology for pseudomonas aeruginosa testing, a key quality control microorganism for packaged drinking water products, which effectively optimizes our delivery process. The technology has been granted a national invention patent (ZL201910582662.7) and transformed into the group standard of the China Beverage Industry Association (TCBIA 011-2024). Our R&D team is responsible for the enhancement and development of our production techniques, and we also collaborate with third-party institutions to conduct research on industry-advanced production technologies.

We also continuously optimize our packaging techniques to reduce transportation cost and improve transportation efficiency. In 2022, our proprietary tray designed for the efficient transportation of large-sized bottled water was granted a utility model patent. The tray is designed with multiple bottom grooves on the upper surface and multiple tapered grooves on the lower surface. These grooves provide space for the neck of the bottles, increasing the contact area of the large-sized or barreled water bottles. The design reduces the risks of deformation of the barrel or bottle neck under pressure during transportation and stacking, thereby reducing the chances of breakage.

COMPETITION

According to the CIC Report, the RTD soft beverage market in China, in terms of retail sales value, is expected to expand to RMB1,203.2 billion by 2028. The RTD soft beverage market is relatively concentrated in China, with the five largest players contributing a 42.6% market share in terms of retail sales value in 2023, which is expected to continue to rise. The leading players are expected to maintain and increase their market shares, capitalizing on well-established brand recognition, sales channel presence, comprehensive product portfolio and R&D capabilities. According to the CIC Report, we ranked fifth in terms of retail sales value in the RTD soft beverage market in China in 2023, with a market share of 4.7%.

According to the CIC Report, the size of the packaged drinking water market in China by retail sales value was RMB215.0 billion in 2023, growing at a CAGR of 7.1% from 2018 to 2023, and is expected to reach RMB314.3 billion by 2028, growing at a CAGR of 7.9% from 2023 to 2028. This market accounted for 23.6% of the RTD soft beverage market in China by retail sales value in 2023, which is expected to increase to 26.1% by 2028. The concentration of the packaged drinking water market in China is continuously increasing, with the total market share of the five largest players in terms of retail sales value increasing from 56.2% to 58.6% from 2021 to 2023. We ranked second in the packaged drinking water market in China in 2023, and ranked first in the purified drinking water market in China in terms of retail sales value. According to the CIC Report, our market share in the packaged drinking water market and the purified drinking water market, in terms of retail sales value, was 18.4% and 32.7%, respectively in 2023.

For other segments of the RTD soft beverage market in China, in 2023, we ranked first in China's chrysanthemum tea beverage market in terms of retail sales value, with a market share of 38.5%.

See "Industry Overview."

INTELLECTUAL PROPERTY

Our intellectual property rights are key to our success and competitiveness, primarily consisting of trademarks, copyrights, patents and the domain names we use. As of April 30, 2024, we had 1,044 registered trademarks, 78 patents, 65 registered copyrights and six domain names in China. See "Appendix IV — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights" for more details of the material intellectual property rights.

We undertake a proactive approach to managing our intellectual property. Our legal department performs regular monitoring of our intellectual property rights. We act when we are aware of a potential infringement of our intellectual property rights. For instance, we perform routine checks on the public trademark registration platform to ensure our trademarks are not infringed by others.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of (i) any infringement by us of any intellectual property rights owned by third parties, or (ii) any infringement by any third parties of any intellectual property rights owned by us, that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes, litigation or legal proceedings for any material violation of intellectual property rights of any person. See "Risk Factors — Risks related to our Business and Industry — We may not be able to adequately protect our intellectual property rights, and may be subject to infringement of intellectual property rights, or misappropriation claims, by third parties."

When dealing with the infringement of the Company's intellectual property rights, we monitor whether there are incidents concerning counterfeit products and other infringements against our products through internal and external channels, including: (i) our sales personnel across the country; (ii) our staff from the legal department when they conduct market research; (iii) our commissioned intellectual property experts or legal consultants when they actively conduct investigations; and (iv) complaints and reports by consumers through our customer service hotline. We have implemented a comprehensive management system in place to address counterfeit products. Our front-line sales personnel, who maintain close communication with operators at each retail point of sale, would actively conduct inspections to identify any suspected counterfeit products or infringements and report to the designated regional rights protection personnel, who would then report to our legal department. After discovering incidences of infringements, we will collect supporting information, make an assessment on whether an infringement has actually taken place, and analyze the feasibility of defending our rights and the approaches we may take. Based on different product infringements and specific circumstances, with the support of intellectual property experts or legal consultants, we defend our rights through targeted approaches, including, but not limited to, filing administrative complaints, litigation and reporting to the police department. If any of our distributors engage in such activities, we will strictly follow our established procedures to handle the situation, including contract termination.

EMPLOYEES

As of December 31, 2021, 2022 and 2023 and April 30, 2024, we had 11,725, 10,884, 10,970 and 11,284 full-time employees, respectively, the majority of whom are based in Mainland China. The following table sets forth the number of our employees by function during the Track Record Period:

	As of April 30, 2024	
Function	**Number of employees**	**Percentage of total employees**
		%
Sales and Marketing	8,786	77.9
Administration	338	3.0
R&D	77	0.7
Production	2,083	18.5
Total	**11,284**	**100.0**

During the Track Record Period, we recruited our employees through on-campus recruitment, job fairs, recruitment agencies and internal and external referrals. Committed to providing fair and equal opportunities in all our employment practices, we have adopted policies and procedures to ensure a fair selection and hiring process. As part of our retention strategy, we offer our employees competitive salaries, comprehensive insurance packages and merit-based incentive schemes which are generally based on performance of the individual employees and the overall performance of our business.

We provide new hire training to new joiners on our corporate culture, business and industry, improving their understanding of our Company and their abilities to perform their duties. We also regularly provide tailor-made in-house training sessions to our employees that seek to improve their technical skills or arrange for our employees to attend training sessions provided by third parties. In addition, we provide management skills training opportunities to certain employees to help them transition into a management role.

As required by PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including pension, medical insurance, maternity insurance, work-related injury insurance, unemployment insurance and housing provident fund. The requirement and implementation of employee benefit plans may vary among local governments in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. During the Track Record Period, we paid the social insurance or housing provident funds through third-party human resources agencies for certain of our employees, primarily because they prefer their social insurance and housing provident funds to be paid at their respective places of residence for the convenience of utilizing such benefits locally. The calculation method of contributions of certain of our employees may differ from local requirements. However, we have proactively carried out relevant rectifications and as advised by our PRC Legal Advisor, (i) we were in compliance with applicable laws and regulations related to social insurance and housing provident funds in all material aspects as of the Latest Practicable Date, and (ii) the risk of us being subject to material administrative penalties by relevant labor resources and social welfare government authorities and housing funding government authorities for the above-mentioned issues related to social insurance and housing provident funds during the Track Record Period is remote.

As of April 30, 2024, we established labor unions in China to protect the legitimate rights and interests of our employees. We believe that we generally maintain a good working relationship with our employees, and we did not experience any significant labor disputes.

OCCUPATIONAL HEALTH AND SAFETY

We are subject to the PRC laws and regulations in respect of employee health and safety. We attach great importance to the occupational health and safety ("**OHS**") management of our employees. We have established an Quality, Environment Health and Safety ("**QEHS**") Committee, formulated and published a series of internal management policies and guidelines, such as the "C'estbon QEHS Management System Manual," "Occupational Health Management," "Hearing Protection" and "Management Regulations on Personal Protective Equipment," and also linked the QEHS performance with employee performance assessments, continuously promoting the construction of our production safety management system. We regularly evaluate our equipment and production facilities to ensure their safety for our operations. We also conduct periodic and annual OHS publicity and education training for employees to strengthen their awareness and knowledge on safety procedures and accident prevention from time to time. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material accidents involving personal injury or property damage, and we were not subject to any material claims, lawsuits, penalties or disciplinary actions as a result of any material accidents.

INSURANCE

We maintain insurance policies to cover potential product liabilities and potential safety issues relating to our production. In addition, we have purchased several property-related insurance policies covering our buildings, facilities, machinery, vehicles, equipment, inventories and other assets. We review our insurance policies from time to time for adequacy in the breadth of coverage. We believe our existing insurance coverage is adequate for our existing operations and is in line with industry practices in China. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. Please refer to the section headed "Risk Factors — Risks Related to Our Business and Industry — Our insurance coverage may be insufficient to cover our potential liabilities or losses" for further details. During the Track Record Period and up to the Latest Practicable Date, we had not made, neither had we been the subject of, any insurance claims which are of a material nature to us.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Vision and ESG Strategy

ESG responsibilities are recognized as a long-term core strategy and are critical to our ability to create sustainable value for our stakeholders. With the mission of "shape the future of refreshment to bring a safe, healthy and wonderful life," we are committed to promoting sustainable corporate goals by integrating the concept of sustainable development into our decisions and daily operations.

ESG Governance

We are aware of the impact that ESG-related risks can have on our business. Therefore, in order to better manage ESG-related issues, we establish a Board-centered ESG structure to be responsible for overseeing our CSR and sustainability practices, covering the following dimensions: (i) appropriate risk governance for ESG matters, including climate-related risks and materiality analysis; (ii) identification of key stakeholders and the communication channels to engage them; (iii) an ESG strategy development process; and (iv) identification of key performance indicators, related measurements and mitigations. The Corporate Culture and Social Responsibility Steering Committee is responsible for assisting the Board of Directors in overseeing ESG matters and coordinating the commencement of ESG work, and annually reporting to the Board of Directors on the progress of ESG-related matters in a summarized basis. Members of the Committee have professional backgrounds, industry and management experience related to sustainability. We are committed to complying with all the code provisions under the Corporate Governance Code upon listing and we believe our policies on ESG-related matters were established in accordance with the standards set out in Appendix C2 to the Listing Rules.

The key responsibilities and divisions of our existing ESG structure are as follows:

- *Governance.* The Board of Directors assumes oversight responsibility, receives reports from the Corporate Culture and Social Responsibility Steering Committee, reviews the ESG materiality and prioritization as well as key performance indicators, supervises and evaluates the progress of the Company's ESG efforts and provides recommendations to ensure that the Company has established and maintains effective risk management on ESG matters.

- *Co-ordination.* The Corporate Culture and Social Responsibility Steering Committee is responsible for formulating ESG strategies, coordinating and overseeing the implementation of ESG-related work; setting forward-looking goals, regularly reviewing the achievement of goals and reporting to the Board of Directors; and coordinating the preparation of ESG reports, reviewing the ESG reports annually and reporting to the Board of Directors.

- *Executives.* Executives comprise functional departments, business centers, sales regions, factories, etc., and are responsible for the promotion and implementation of ESG work.

We believe that understanding the views and perspectives of our internal and external stakeholders will help to advance our ESG management. Therefore, we have established a standing mechanism for stakeholder communication and engagement, and actively communicate with stakeholders through various channels to understand and better manage material issues of concern to them, thereby continuously strengthening our ability to achieve sustainable development.

We recognize that our business will be affected by environmental and social-related risks, and therefore we conduct materiality analysis to identify relevant risks and their potential impacts, and to gain a more comprehensive understanding of various ESG issues. Through the judgment of our management, as well as concerning materiality mapping provided by reputable external organizations and the advice of third-party ESG consultants, we have identified material ESG issues that are highly relevant to our business. To implement effective risk management, we continually assess and monitor the impact of our business activities on natural resources and promote initiatives such as water resource and emission management to minimize adverse impacts on the environment. We also actively identify and manage climate-related risks and opportunities, as described in the section "Climate Change and Response". We have not been subject to any material fines or penalties for non-compliance with laws and regulations during the Track Record Period and up to the Latest Practicable Date, nor have we been subject to any material administrative penalties for violation of laws and regulations. We will continue to strengthen our environmental risk management in order to avoid violations in the future.

Environmental and Social Issues

Environment

We have complied with the Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Water Law of the People's Republic of China (《中華人民共和國水法》), and the Atmospheric Pollution Prevention and the Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》) and have formulated internal systems such as the "Emergency Response Plan" (《緊急響應處理方案》), the "Wastewater Discharge Management Regulations" (《污水排放管理規定》) and the "C'estbon Greenhouse Gas Management System" (《怡寶溫室氣體管理制度》) and so on. We have not been subject to any material fines or penalties for non-compliance with the environmental laws of the People's Republic of China during the Track Record Period and up to the Latest Practicable Date, nor have we been subject to any material administrative penalties for violation of the environmental laws of the People's Republic of China.

We have launched dual-carbon management, conducted a carbon footprint assessment for our Company and the selected ten self-owned factories that have commenced production, and completed greenhouse gas data verification and certification by third-party certification bodies. At the same time, we have prepared our carbon neutralization forecast report and roadmap. In May 2022, we initiated product carbon footprint verification to lay a good foundation for the Company to effectively reduce GHG emissions and create a green and low-carbon product supply. Based on the results of our product carbon footprint verification, the whole life cycle GHG emissions for 350ml, 400ml, and 555ml purified drinking water products are 65.5 GCO_2-e/bottle, 67.6 GCO_2-e/bottle, and 84.3 GCO_2-e/bottle, respectively.

In addition, in line with the national "3060 targets," which is to achieve carbon peak by 2030 and carbon neutral by 2060, we have set up the strategic goal of "2030 carbon peak and 2055 carbon neutral," and formulated carbon neutral pathways and implementation measures in the short, medium and long term to promote the enterprise's green and low-carbon transformation. In the short term, we will strive to reduce the use of fossil energy and enhance energy efficiency to reduce carbon emissions. In the medium term, we will step up efforts to promote renewable energy and electrify our equipment. In the long term, we will adopt green packaging materials and optimize transportation methods to achieve carbon neutrality.

We are aware of the various environmental impacts that may occur during the operating process, and we set carbon neutralization targets and other environmental targets based on the nature of our business and carbon verification results, combined with the forecast results of different scenarios at 2°C (temperature rise is kept within 2°C) and 1.5°C (temperature rise is kept within 1.5°C). We have set two carbon neutralization targets: (i) conservative emission reduction plan: achieve a carbon peak by 2030, and achieve carbon neutralization by 2055; and (ii) active emission reduction plan: achieve a carbon peak by 2030, and achieve carbon neutralization by 2050. We plan to adopt the CO_2 intensity per unit of production and comprehensive energy consumption per unit of production as KPIs for factories performance review. In addition, we will continue to improve the setting of quantitative environmental targets in the future. The below table sets forth details of our resource consumption[1], waste discharge and pollutant emissions during the Track Record Period.

Indicator	Unit	2021	2022	2023	Four months ended April 30, 2024
Total GHG emissions	Tonnes of carbon dioxide equivalent	69,378.0	71,645.9	86,162.0	43,393.2
GHG emissions per unit of production	Tonnes of carbon dioxide equivalent/tonnes	0.02	0.02	0.02	0.02
Scope I (Direct emissions)	Tonnes of carbon dioxide equivalent	2,150.1	2,084.9	2,167.1	944.1
Scope II (Indirect emissions)[2]	Tonnes of carbon dioxide equivalent	67,227.9	69,561.0	83,994.9	42,449.1
Total energy consumption	MWh	130,845.2	134,706.0	162,939.6	81,013.7
Purchased electricity	MWh	110,407.9	114,357.2	133,822.7	69,135.1
Fresh water consumption	Million tonnes	7.5	7.5	8.0	3.5
Renewable energy consumption	MWh	0	0	4,420.2	2,247.1
Total wastewater emissions	Million tonnes	1.3	1.3	1.1	0.5
Total amount of general solid waste generated	Tonnes	275.1	417.3	1,420.7	902.9
Total amount of hazardous waste generated	Tonnes	1.7	3.9	7.6	1.9

Water Consumption Management

We adhere to the whole life cycle management of water footprint, manage water consumption for production and realize the efficient utilization of water by optimizing the production process and reforming the water treatment system. We constructed a diversion channel in Zhuhai to divert the flow of accumulated water around the wells and prevent the

1 Resource consumption refers to the fossil fuels, purchased electricity, fresh water, etc. consumed in our production and operation process. The relevant data are mainly derived from the production of self-owned factories and administrative systems, and do not include the resource consumption of our Cooperative Manufacturing Partners.

2 The electricity emission factor 0.5703 tCO_2/MWh for Scope II Indirect GHG emissions in 2023 is adopted from "Notice on the management of GHG emission reporting by enterprises in the electricity generation industry from 2023 to 2025" issued by Ministry of Ecology and Environment on 7 February 2023.

accumulated water from seeping into the groundwater. After the completion of the aqueduct, we have conducted several microbiological tests on the wells, all of which meet the requirements of the ecological environment. Through the construction of clean sewage collection ponds in the factory, we have realized the recycling of wastewater through the collection and treatment of production wastewater, so that the water quality reaches the standard of reclaimed water reuse, and then it is used for irrigation of green areas and road cleaning. The amount of repeated water consumption we used in 2021, 2022, 2023, and for the four months ended April 30, 2024 was 1.0 million tons, 1.2 million tons, 1.3 million tons, and 0.6 million tons, respectively. Furthermore, in order to promote water conservation and prevent unnecessary waste, we enhance employees' awareness of water conservation by carrying out water-saving publicity activities, putting up water-saving slogans and water-saving reminders in the workplace.

Green Packaging

We continue to practice green packaging on the premise of ensuring product safety and consumer experience, actively promote new materials, new designs, new technologies, new equipment and new processes and implement the application of material-saving and energy-saving transformation technologies. We minimize the impact of packaging materials and minimize disposable packaging waste through material procurement, reduced use and design changes. Plastic and paper are the main packaging materials for our products at present. Considering that plastic is difficult to decompose naturally, starting from 2023, we promote reducing the use of PVC materials, including adopting PETG labels for selected beverage product labels and OPP labels for drinking water products, which are safer, environmentally friendly and easy to recycle. We also promote the use of recyclable packaging materials and have now achieved 100% recyclability of the plastics used in the bottle bodies and bottle caps for our packaged drinking water products and beverage products. Meanwhile, we optimize the packaging design of bottles to minimize the total amount of plastic packaging materials. We have already completed packaging optimization for 350ml, 400ml, 555ml, 1.18L, 1.55L and 2.08L water products. Through the bottle top lightening project, we were able to reduce the use of raw materials by an average of 0.38 grams per bottle. Since 2021, we have integrated the bottle cap and bottle body coding into a unified bottle coding, which reduces the number of coding machines and effectively reduces the consumption of energy and raw materials such as electricity and ink. Moreover, we actively promote packaging recycling, such as supporting distributors to exchange recycled cardboard boxes for drinking water products through our "Unpack Your Box" program. In 2023, we recycled approximately 100 million cardboard boxes and plastic packaging nationwide.

We maintain a high level of attention to the issue of microplastic contamination and human health risk issues related to plastic nanoparticles, and actively respond to domestic and international research related to microplastic contamination. In 2024, we participated in the research project on microplastic detection methods in packaging water, which was initiated by the China Beverage Industry Association (CBIA) and other enterprises and institutions in the industry. To ensure the smooth progress of the research, we have purchased the necessary detection equipment for the project to detect the content of plastic materials in the products, including polyethylene, acrylonitrile butadiene styrene (ABS), polyethylene terephthalate (PET), polyvinyl chloride (PVC), etc. The test results showed that all products had passed the relevant detection process and were free from microplastic contamination, posing no health risks to the human system. At present, the health risks associated with plastic nanoparticles going into the human system are still under research. We will closely follow relevant scientific and industry research findings and developments in order to make timely adjustments to our product design and manufacturing processes.

Energy Management

We are committed to promoting energy conservation, emission reduction and the use of clean energy by purchasing and using clean energy and the optimization of process layout and the planning of new energy projects, such as photovoltaic power to replace the use of fossil fuels, and reducing the intensity of energy use through the modification of production processes and equipment. As of April 30, 2024, we had initiated ten new photovoltaic power generation projects, connected three projects to the grid, and purchased at least 1.65 million kilowatt-hours of green power in 2022 and 4.42 million kilowatt-hours of green power in 2023. Through the transformation of energy-saving equipment, we have reduced the intensity of energy use. In the aspect of logistics, we set up a logistics information management platform and optimized the logistics transportation route reasonably through data visualization management. In addition, we actively promote green logistics, railway transport, electrification of waterborne transportation, zero carbon and double-deck belt plate transport, reducing transportation volume and reduce fuel consumption.

Emission Management

Based on the pollutant discharge registration permit issued by the government, we formulate systems such as Environmental Monitoring and Measurement Management Regulations (《環境監測與測量管理規定》) and Wastewater Discharge Management Regulations (《污水排放管理規定》), and regularly monitor emissions to ensure that the discharge of all pollutants complies with the law. We test production wastewater every day, and commission external professional third-party organizations to test it every year, and implement wastewater disposal in accordance with the highest requirements of the Comprehensive Wastewater Discharge Standard (《污水綜合排放標準》) to ensure wastewater discharge compliance. We are also very concerned about the impact of noise pollution on human health, and noise reduction measures have been taken in some factory production workshops to reduce noise from 86 dB to 76.8 dB.

Biodiversity Conservation

We abide by the Noise Pollution Prevention and Control of Environmental Noise Pollution Law of the People's Republic of China (《中華人民共和國噪聲污染防治法》) and formulate the C'estbon Ecological Protection and Management Guides (《華潤怡寶生態保護管理指南》), which aims to reduce interference and pollution of the ecological environment as much as possible in production and construction activities, fully considering and evaluating the potential impact on the environment and biodiversity when selecting the factory sites, being mindful of pollution prevention and control in the production process and maintaining the ecological balance of the perimeter. During the production and construction period, we have actively adopted diverse comprehensive control measures to prevent and reduce the adverse impact on the environment and ecosystems at all stages of the project life cycle.

Climate Change and Response

We are aware of the adverse impact of global climate change on economic and social development. The major risks posed by climate change to our business include physical risks and transformation risks, among which, physical risks mainly arise from the risks of physical impacts that may be caused by extreme weather, such as heavy rainfall or natural disasters such as floods and drought, which may disrupt or interrupt logistics and transport as well as production and maintenance, and floods and other factors affecting the water resources which may also adversely affect the cost of production of our products. In this regard, we have formulated policies and contingency measures, such as the Emergency Response Plan (《緊急響應處理方案》), to minimize the risk and impact of business interruption by controlling physical climate risks. In addition, the global low-carbon transformation policy and market preference may also cause additional policy compliance costs and technology transformation investment costs for us. In this regard, we have also adopted the strategy of setting carbon reduction targets and implementing carbon reduction measures to cope with the transformation risk.

Environment Protection Publicity

We attach importance to publicizing to the public the new concept of recycling and sustainable development and launching public education on plastic bottle recycling. We launched the "Waste Material Re-born Program" ("寶貝重塑計劃") through creating a "sustainable garden" plant and carrying out plastic bottle recycling, interactive co-creation activities in the community, to display plastic bottles made of a sense of design and fashion. The project allows the public to understand the recycling of plastic bottles, and promotes the participation of the whole society in the recycling of plastic bottles. We have been awarded the 2023 "Spirit of Embroidery" Industry Model for our "Waste Material Re-born Program," and included in South Reviews' "100 Innovative Cases for a Better Society" casebook. In 2023, in response to activities such as National Low Carbon Day and World Environment Day, we simultaneously launched a "Low carbon" publicity week, covering more than 10,000 employees and enhancing their green and low carbon awareness.

Society

Employee Rights and Well-Being

- *Compliance employment.* We firmly believe that talent is an important resource for our development. We comply with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中

華人民共和國勞動合同法》), the Provisions on Prohibition of Child Labor (《禁止使用童工規定》), the Law of the People's Republic of China on Protection of Minors (《中華人民共和國未成年人保護法》), Law of the People's Republic of China on the Protection of Rights and Interests of Women (《中華人民共和國婦女權益保護法》) and other laws and regulations in all material aspects, and have formulated internal policies such as the Regulations on the Management of Employee Induction and Departure (《員工入職離職管理辦法》) and the Regulations on Employment Contracts and Employee Employment (《勞動合同及用工管理辦法》) to standardize employment practices and procedures including the recruitment and hiring, onboarding and offboarding, to specify the contents of labor contracts and regulations on employment management, and to clarify the rights of employees regarding their working hours, rest and leave, in order to ensure the implementation of the equal employment mechanism.

- *Talent retention and development.* We are committed to investing in training and career development programs and have established a tiered and categorized training system covering management, sales and marketing, skills, technology and other talents. We have also continued to optimize our position ranking system, and have revised and improved a series of training and promotion policies, including the Regulations on Employee Training (《員工培訓管理辦法》) and Employee Promotion, Transfer and Removal Regulations (《員工晉升、調動、免職管理規定》), to provide organizational guarantees for employees' career development. During the Track Record Period, we invested more than RMB20 million in the field of employee training, with a cumulative total of over 210,000 training attendances. In addition, in order to strengthen our occupational health and safety management, we customized our production safety education activities with the job characteristics and employee levels as well as implementing specialized production safety training. As of April 30, 2024, our safety production training coverage rate was 100%, with a more than 490,000 training hours cumulated.

- *Diversity, equality and inclusion.* We adhere to the "people-oriented" development strategy, emphasizing the personal development and welfare of our employees, and promoting diversity and equal opportunities, and committing to not affecting the hiring of employees based on their ethnicity, gender, age, background, religious beliefs and other personal differences. We strive to protect the health and legal rights of female employees in terms of compensation and benefits, and provide a comfortable working environment and fair development opportunities. For example, we have clarified the legal rights and interests of female employees regarding rest and vacation in our internal policies. At the same time, we insist on the protection of equal employment opportunities for migrant workers and people with disabilities, promoting the inclusion of retired servicemen in employment, and supporting all employees to achieve personal career development. Our workforce comprises people of over 20 ethnic groups, spread across the country and from diverse industry backgrounds. As of April 30, 2024, the Company has a total of 11,284 employees, and all of them are full-time employees, among which 36% of our total workforce consisted of female employees.

Indicator	Unit	As of April 30, 2024
Total number of employees	Person	11,284
Percentage of employees by gender		
Percentage of male employees	%	64.0
Percentage of female employees	%	36.0
Percentage of employees by age		
Percentage of employees aged below 30	%	18.8
Percentage of employees aged between 31 to 50	%	78.7
Percentage of employees aged above 50	%	2.5

- *Employee compensation and well-being.* We implement and oversee the employee care system. We not only provide our employees with a fair and competitive compensation and benefits system, but also provide a wide range of financial and resource support to safeguard their physical and mental health. In terms of employee compensation and benefits, we comply with the requirements of laws and regulations on salary and welfare, and have formulated the Management of Remuneration and Benefits (《薪酬福利管理辦法》), which set out the Company's compensation philosophy, principles of income distribution, as well as the composition, calculation, and disbursement of employees' compensation and benefits. In terms of employee care, we enrich the leisure life of employees through diversified cultural and sports activities, and we also set up an "Employee Mutual Aid Fund" to provide timely relief to families of employees suffering from major illnesses and accidents. As of April 30, 2024, the project had supported over 200 employees and their families and granted funds of more than RMB6 million.

- *Occupational health and safety.* We continue to strengthen our occupational health and safety management system by launching risk supervision programs, including QEHS inspections, special inspections and system audits, and by linking the performance of production safety management to the performance assessment of our employees. We focused on traffic safety and launched defensive driving training and supervisory inspections for all employees in the region. In addition, we promoted occupational health check-ups and testing of occupational health factors to continuously enhance the safety and security of our employees at work. During the Track Record Period and up to the Latest Practicable Date, the number of general and above accidents, the number of occupational disease accidents and the number of work-related deaths of the Company were all zero.

Community Engagement

We are committed to fulfilling our social responsibility and contributing to the wider community. Over the years, we have been committed to charitable causes and actively participated in charitable activities and have taken the following measures to fulfill our social responsibilities.

- *"Hundred Libraries Plan"*: The project aims to donate libraries to primary and secondary schools in regions lacking educational resources and is a long-term, sustainable rural revitalization type of voluntary service project. Launched in 2007, the "Hundred Libraries Plan" has been carried out for 18 consecutive years as of April 30, 2024, reaching out to 20 provinces, five autonomous regions and three municipalities directly under the Central Government, donating and completing a total of 240 libraries for public welfare, collecting more than a million books and benefiting more than a million children, which has been widely recognized and praised by society. In 2022, the "Hundred Libraries Plan" won the "Silver Award of the 6th China Youth Volunteer Service Project Competition." In 2023, the "Hundred Libraries Plan" was honored with the "Annual Public Welfare Endeavor Award" at the Southern Weekly 2023 Dream Builders Public Welfare Congress and in the same year, the "Rural Revitalization Music Classroom Project" was honored with the 2023 Beautiful Public Welfare Conference — Annual Beautiful Voice in recognition of our efforts.

- *Active participation in disaster relief*: Relying on the "Disaster Relief Public Quick Response Mechanism," we actively participate in public welfare undertakings, especially in disaster relief, and we have a comprehensive disaster relief and emergency plan, including donations to the areas affected by earthquakes, floods and other disasters. For example, in 2022, we donated more than 58,000 boxes of purified water, beverages and supplies to earthquake and flood stricken areas such as Ya'an and Aba in Sichuan Province, Qingyuan and Shaoguan in Guangdong Province, and other cities with guaranteed supply needs across the country. As of April 30, 2024, the Company has participated in the relief of earthquakes, floods and other disasters in the country more than 220 times, donating more than 430,000 boxes of packaged drinking water and beverages, and is committed to delivering safe drinking water to people in need when disasters occur and we continuously support charitable causes in partnership with all sectors of society to effectively fulfill our social responsibilities.

- *Continuing to provide public service*: Established in early 2022, the "C'estbon+X" project aims to actively promote the building of a common platform for public service, the development of resources and the sharing of results. We rely on our volunteer teams to carry out a variety of voluntary service activities such as low-carbon environmental protection. In addition, we provide free drinking water to outdoor workers and high school students through public service activities and community interaction.

Sustainable Supply Chain

Supplier management is the foundation and guarantee of our effective operation. We require Cooperative Manufacturing Partners to strictly comply with laws and regulations related to the environment and safe production, and we have formulated internal management policies to regulate the processes of supplier admission, evaluation and elimination. In order to strengthen the environmental and social risk management of suppliers, we have guided suppliers to pay attention to core issues such as resource protection, production safety and green procurement through initiatives and code of conduct agreements, which are included in the regular assessment of suppliers, and have launched a series of trainings including social responsibility publicity and education, and experience-sharing sessions with outstanding suppliers. In addition, we require suppliers to sign the Sunshine Declaration of China Resources Beverages (《華潤飲料陽光宣言》), establish an anti-corruption mechanism in the supply chain, rigorously inspect and evaluate suppliers, and set up a monitoring and complaint channel for soliciting and accepting bribes, so as to continue to strengthen the management of clean procurement.

PROPERTIES

Our corporate headquarters is located at Shenzhen, Guangdong Province, China. As of the Latest Practicable Date, all of our production plants were located in China.

As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of the Latest Practicable Date, we use 20 parcels of land with an aggregate area of approximately 1,764,191.72 sq.m, and an aggregate gross floor area of approximately 957,965.805 sq.m. of buildings in China, which were primarily for production and warehousing purposes. As of the Latest Practicable Date, 3 sites of buildings we owned, with an aggregate gross floor area of approximately 99,897.69 sq.m., were under construction.

As of the Latest Practicable Date, we had not obtained the land use right certificate for a parcel of land with an aggregate area of approximately 8,703.03 sq.m. in our Yonglong Factory (the "**Yonglong Lands**"), accounting for 0.49% of the land owned by us. As a result, we had not obtained the building ownership certificates and the planning and construction certificates for the buildings built thereon, with an aggregate gross floor area of approximately 5,437.80 sq.m (the "**Yonglong Buildings**"). Such title defects were historical issues because we acquired the Yonglong Factory (including the Yonglong Lands and Yonglong Buildings) from a third-party company in 2010, at which time the entire factory was built on a temporary construction land. After the original authorization for the temporary construction land expired in June 2015, we were notified by the relevant government authorities to return the Yonglong Lands and restore them to their original condition, and we had been in continuing communication with the relevant government authorities to resolve the defects. As advised by our PRC Legal Advisor, we may face the risks of: (i) being requested to rectify such incidents, demolish the buildings and facilities on the Yonglong Lands and restore them to their original condition; and (ii) paying penalties for the violation of relevant laws and regulations.

We have communicated with relevant competent governmental authorities, confirming that: (i) there is no legal obstacle for us to obtain the land use right of the Yonglong Lands, and (ii) provided that we maintain the current status of the Yonglong Buildings before finalizing and implementing the plan for obtaining land use rights with the relevant government authorities, the risk of us being required to demolish the Yonglong Buildings and restore them to the original condition is remote. As of the Latest Practicable Date, we had not been subject to any penalties by the relevant competent government authorities because of the abovementioned defects of the Yonglong Lands and Yonglong Buildings. Based on the above, our PRC Legal Advisor is of the view that the risk of us being subject to any material administrative penalties by relevant governmental authorities is low, if we maintain the status quo of the Yonglong Lands and the Yonglong Buildings before finalizing and implementing the plan for obtaining land use rights in accordance with the requirements of the relevant government authorities.

Our Directors believe that the defects of Yonglong Lands and Yonglong Buildings would not materially and adversely affect our business, results of operations and financial condition, based on the following: (i) as a result of our strategic production capacity expansion in recent years, the Yonglong Factory supplied for internal production only and contributed an insignificant amount of production volume during the Track Record Period. In 2021, 2022 and 2023, and the four months ended April 30, 2023 and 2024, the actual production volume of our Yonglong Factory was 88.1 thousand tons, 82.7 thousand tons, 77.4 thousand tons, 23.7 thousand tons and 21.8 thousand tons, respectively, accounting for 2.3%, 2.0%, 1.7%, 1.9% and 1.1% of total actual production volume of our self-owned factories during the same periods; (ii) if we are ordered to suspend our production at the Yonglong Lands, through adjusting the production schedules of our other factories as well as collaborating with our Cooperative Manufacturing Partners, our general production activities will not be materially disrupted; and (iii) given our diversified product offerings as well as the efforts to develop new products, the temporary suspension of the production of any single SKU in Yonglong Factory will not materially and adversely affect our business operations.

To prevent any recurrence of similar incidents in future, we have established and implemented both preventive and remedial measures to ensure our compliance with regulations in relation to obtaining requisite certificates or completion of relevant procedures for our use of real properties in the future: (i) we plan to provide regular training on applicable legal and regulatory requirements in relation to the use of real properties to our senior management; (ii) prior to the commencement of the operation or the acquisition of a new factory, a designated person shall ensure all requisite approvals and permits have been obtained; and (iii) throughout the stages of construction and production, we and our factories will sustain proactive engagement with local regulatory bodies to ensure that our operations, encompassing production, construction, and associated facilities, adhere to regulatory compliance at all times.

Leased Properties

As of the Latest Practicable Date, we leased 80 buildings in China with an aggregate gross floor area of approximately 20,011.409 sq.m., which were primarily used for office purposes. According to applicable PRC administrative regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within 30 days after the execution of the lease agreement. As of the Latest Practicable Date, we had not filed our lease agreements for 72 properties we leased with the local housing administration authorities as required under PRC laws and regulations. We were unable to file these lease agreements as our landlords have not obtained or have yet to provide the necessary documentation for lease registration. As advised by our PRC Legal Advisor, the absence of registration will not affect the validity of the lease agreements, but we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered lease agreements if we and the landlords fail to register such lease agreements as required by the relevant competent authorities.

As of the Latest Practicable Date, there were defects in some of our owned or leased properties. As of the same date, the ownership certificates or other similar proof of four of our leased properties (representing approximately 2.24% of our leased properties in gross floor area) had not been provided to us by the relevant lessors. Such leased properties are used as offices. Therefore, such lessors may not be entitled to lease the relevant properties to us. As advised by our PRC Legal Advisor, we may be required to relocate if the local authorities deem any such lease is void under which circumstances, we will be entitled to demand the applicable lessor to return prepaid rent and indemnify us for damages caused by the title defect. As of the Latest Practicable Date, 55 leased properties, of which 54 are used for offices and one are used for warehouses, were not in line with their prescribed usage. In the event that relocation becomes necessary, we believe we can promptly find suitable alternative properties for relocation under comparable terms, without incurring significant additional costs, considering the nature and respective size of use of these leased properties. Our Directors believe that the defects in our leased properties above will not, individually or in the aggregate, materially affect our business and results of operations considering such lease properties accounting for a small portion of our overall lease properties in terms of gross floor area and their usage are unrelated to our production activities. See "Risk Factors — Failure to comply with PRC property-related laws and regulations regarding certain of our owned and leased properties may adversely affect our business."

LICENSES, APPROVALS AND PERMITS

We are required to maintain various licenses, approvals and permits to operate our business. Our material licenses and permits include food production permits and food operation licenses (or record filings). In addition, we obtained all the required water taking and mining permits during the Track Record Period. In 2021, 2022 and 2023, and the four months ended April 30, 2024, the water resources fees amounted to RMB0.2 million, RMB0.4 million, RMB0.4 million and RMB0.1 million, respectively. We have designated department responsible for overseeing the compliance with the relevant laws and regulations on licenses, permits and approvals in order to ensure that we have all such licenses, permits and approvals as are necessary to operate our business. In particular, we have adopted and will continue to adopt the following internal control measures: (i) assign dedicated employees to proactively oversee and monitor the status of our permits and approvals, as well as verify the scope of granted licenses; (ii) develop clear guidelines outlining the steps and requirements for obtaining permits and approvals and provide training sessions to employees involved; and (iii) conduct periodic internal audits to ensure that all permits and approvals are not expired and that the processes for obtaining them are being followed correctly. See "Regulatory Overview."

The following table sets out a list of material licenses, permits and approvals held by us as of the Latest Practicable Date:

No.	Holder	License/Permit	Issuing Date	Expiry Date
1 . . .	C'estbon China	Shenzhen Certificate of Record-Filing for Entities Exclusively Engaged in the Sale of Pre-Packaged Food (YB14403050827245)	February 29, 2024	/
2 . . .	C'estbon China Gansu Branch Office	Exclusive Record-Filing Information Collection Form for Pre-Packaged Food Sales Operators (YB16201020020612)	June 24, 2022	/
3 . . .	C'estbon China Hebei Branch Office	Hebei Certificate of Record-Filing for Exclusive Operators of Pre-Packaged Food Sales (YB2130108000421)	February 28, 2022	/
4 . . .	C'estbon China Jiangxi Branch Office	Exclusive Record-Filing Information Collection Form for Pre-Packaged Food Sales Operators (YB13601139996245)	April 26, 2024	/
5 . . .	C'estbon China Hunan Branch Office	Food Operation License (JY14301240241084)	April 15, 2024	April 14, 2029

No.	Holder	License/Permit	Issuing Date	Expiry Date
6 . . .	C'estbon China Liaoning Branch Office	Food Operation License (JY12101030000350)	March 30, 2021	March 29, 2026
7 . . .	C'estbon China Shandong Branch Office	Enterprises Certified with Record-Filing for Exclusive Sales of Pre-Packaged Food	May 30, 2023	/
8 . . .	C'estbon China Southwest Branch Office	Exclusive Record-Filing Information Collection Form for Pre-Packaged Food Sales Operators (YB15101040019771)	February 3, 2023	/
9 . . .	C'estbon China Eastern China Branch Office	Exclusive Record-Filing Information Collection Form for Pre-Packaged Food Sales Operators (YB13101060036586)	July 12, 2024	July 11, 2029
10 . .	C'estbon China Southern China Branch Office	Shenzhen Certificate of Record-Filing for Entities Exclusively Engaged in the Sale of Pre-Packaged Food (YB14403051086044)	September 10, 2024	/
11 . .	C'estbon China Beijing Branch Office	Exclusive Record-Filing Information Form for Pre-Packaged Food Sales Operators (YB11105340406297)	August 24, 2023	/
12 . .	China Resources Food & Beverage (Shenzhen) Co., Ltd.	Food Production License (SC10644030500301)	May 8, 2020	May 7, 2025
13 . .	China Resources Food & Beverage (Shenzhen) Co., Ltd. Jiangmen Branch Factory	Food Production License (SC10644070400381)	June 1, 2021	May 31, 2026
14 . .	China Resources C'estbon Beverage (Nanning) Co., Ltd.	Food Production License (SC10645011100095)	October 8, 2023	January 19, 2026
15 . .	Shanghai C'estbon Food Co., Ltd.	Food Production License (SC10631011401276)	January 16, 2023	May 18, 2027

No.	Holder	License/Permit	Issuing Date	Expiry Date
16 . .	C'estbon Changsha	Food Production License (SC10643012400183)	February 7, 2024	May 26, 2026
17 . .	C'estbon Chengdu	Food Production License (SC10651013200211)	September 14, 2024	February 9, 2027
18 . .	China Resources C'estbon Beverage (Zhaoqing) Co., Ltd.	Food Production License (SC10644129802273)	March 11, 2024	April 19, 2027
19 . .	China Resources C'estbon Beverage (Lu'an) Co., Ltd.	Food Production License (SC10634151205018)	July 15, 2022	July 14, 2027
20 . .	China Resources C'estbon Beverage (Heyuan) Co., Ltd. (previously known as Heyuan Biyouxuan Drinking Water Co., Ltd.)	Food Production License (SC10644160300109)	August 1, 2024	July 9, 2028
21 . .	China Resources C'estbon Beverage (Yixing) Co., Ltd.	Food Production License (SC10632028203253)	September 3, 2024	February 19, 2028
22 . .	China Resources C'estbon Beverage (Wuhan) Co., Ltd. (previously known as Wuhan Huaxinda Technology Co., Ltd.)	Food Production License (SC10642011210118)	July 30, 2024	September 18, 2028

No.	Holder	License/Permit	Issuing Date	Expiry Date
23 . .	Zhuhai Yonglong Jialinshan Mineral Water Co., Ltd.	Mining License (C4400002010098110074988)	March 30, 2021	March 20, 2031
		Water-taking Permit (D440402G2021-0009)	May 17, 2020	May 20, 2026
		Food Production License (SC10644040200305)	January 17, 2022	September 8, 2026
24 . .	Zhuhai Yonglong Beverage Co., Ltd	Water-taking Permit (D440402G2023-0005)	July 28, 2023	July 27, 2028
		Mining License (C4400002009098110036999)	September 14, 2010	September 30, 2027
		Food Production License (SC10644040200356)	November 15, 2021	November 14, 2026
25 . .	China Resources C'estbon (Heyuan) Wanlvhu Beverage Co., Ltd.	Food Production License (SC10644160214266)	September 6, 2024	April 29, 2029

We are required to obtain a series of approvals and permits for our self-owned factories. Under the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), prior to operations, we are permitted to test the production lines for a specific period before completing the Inspection and Acceptance of the Completed Environmental Protection Facilities, and these test results are a prerequisite for acceptance. However, we did not obtain all necessary permits for these new production lines in a timely manner mainly due to the processing time required by the responsible government authority. As of the Latest Practicable Date, we had acquired the Fire Safety Inspection Approval and the pollutant discharge permit for the new production lines in our Changsha Factory. We were still in the process of applying for the permit for Water Discharge into the Drainage Network and the Inspection and Acceptance of the Completed Environmental Protection Facilities, both of which are expected to be obtained in 2024. Based on the interviews with relevant competent government authorities, Ningxiang Economic and Technological Development Zone Management Committee development and construction bureau (寧鄉經濟技術開發區管理委員會開發建設局), Ningxiang City housing and urban-rural development Bureau (寧鄉市住房和城鄉建設局), Ningxiang Economic and Technological Development Zone industrial development Bureau (寧鄉經濟技術開發區產業發展局) and Comprehensive Administrative Law Enforcement Brigade for Ecological Environment Protection in Ningxiang City (寧鄉市生態環境保護綜合行政執法大隊), our PRC Legal Advisor is of the view that (i) the relevant government authorities are competent to provide authoritative response regarding the application of relevant approval and permit, as well as inspection and acceptance of environmental protection for our Changsha Factory based on the public information on the official websites of relevant government authorities and relevant government authorities' responses during the interview; (ii) subject to the relevant facilities meeting the requirements of the competent departments, there is no material legal impediment for us to obtain such approvals, permits or complete such inspections based on relevant competent government authorities' responses during the interviews; (iii) we are allowed to continue our production activities at the factory; and (iv) before obtaining such approvals, permits or completing such inspections, the risk of us being subject to any material administrative penalties by relevant government authorities for lack of such approvals, permits or inspections is low.

In addition, for our Yixing Factory, due to the adjustment of planning of the ecological administrative control area, the application for the approval of environmental impact assessment for the construction of certain of its production lines has yet to be made, pending such governmental adjustment. After an interview with relevant competent governmental authority, Zhoutie Town People's Government in Yixing City (宜興市周鐵鎮人民政府), our PRC Legal Advisor is of the view that (i) the relevant government authority is competent to provide authoritative response regarding the application of approval of environmental impact assessment for our Yixing Factory based on the public information on the official websites of relevant government authorities and relevant government authority's responses during the interview; (ii) subject to compliance with local environmental protection policies and the requirements of the competent departments, there is no material legal impediment for us to obtain such approval based on relevant competent government authority's responses during the interviews; (iii) we are allowed to continue our production activities and operations at this factory; and (iv) the risk of us being subject to material administrative penalties by relevant governmental authorities in relation to the aforesaid incidents is low.

As of May 15, 2024, all our self-owned factories obtained pollutant discharge permits or registrations required for their production pursuant to the currently effective relevant laws. If the Measures for Pollutant Discharge Permitting Administration taking effect in July 2024 requires us to make adjustments to the aforementioned permits or registrations, we will make the appropriate adjustments as required in a timely manner.

We implemented new production lines for both packaged drinking water and beverage at our Chengdu Factory for the second phase of the Chengdu Factory expansion project. The production lines for packaged drinking water had been put into operations in April 2024, while the production lines for beverages were put into operations in September 2024. As of the Latest Practicable Date, we had obtained the Fire Safety Inspection Approval and the Inspection and Acceptance of the Completed Housing Construction for the expansion project as a whole, and were in the process of applying for Inspection and Acceptance of the Completed Environmental Protection Facilities. Under the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects, we are permitted to test the production lines for a specific period before completing the Inspection and Acceptance of the Completed Environmental Protection Facilities, and these test results are a prerequisite for acceptance. However, we did not obtain all necessary permits in a timely manner mainly due to (i) the time gap between finishing the production lines for packaged drinking water and those for beverages; and (ii) the processing time required by the responsible government authority. After an interview with relevant competent governmental authority, Tianfu Intelligent Manufacturing Industry Park

Management Committee (天府智能製造產業園管委會), our PRC Legal Advisor is of the view that (i) the relevant government authority is competent to provide authoritative response regarding the application of relevant approval and permit for our Chengdu Factory based on the public information on the official websites of relevant government authorities and relevant government authority' responses during the interview; (ii) subject to the relevant facilities meeting the requirements of the competent departments, there is no material legal impediment for us to obtain such approvals, permits or complete such inspections based on relevant competent government authorities' responses during the interviews; (iii) we maintain regular production activities at this factory and have not been asked to suspend production activities; and (iv) the risk of us being subject to material administrative penalties by relevant governmental authorities in relation to the aforesaid incidents is low.

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, except as otherwise disclosed in this Prospectus, we had obtained all material licenses and permits required for our business operations in the PRC, and such licenses and permits had remained in full effect. The successful renewal of our existing licenses and permits will be subject to our fulfillment of relevant requirements. Our PRC Legal Advisors have advised us that, subject to our fulfillment of relevant requirements of the PRC laws, there is no material legal impediment to renewing such licenses and permits.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may become involved in legal proceedings in the ordinary course of our business. See "Risk Factors — We may be subject to litigation and other legal proceedings, and may not always be successful in defending ourselves against such claims or proceedings." 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 or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance. 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.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations. We have established risk management systems with relevant policies and procedures that we believe are appropriate for our business operations. Our policies and procedures relate to managing our procurement and production, as well as monitoring our sales performance and product quality.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted, or will continue to adopt, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of the committee members, see "Directors and Senior Management";

- adopt various policies to ensure compliance with the Listing Rules, including, but not limited to, aspects related to risk management and connected transactions;

- provide training periodically to our senior management and employees on professional behavior requirements and ethics standards to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against non-compliance in our employee discipline measures and supervision guidelines;

- organize training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;

- enhance our reporting and records system for production facilities, including centralizing their quality control and safety management systems and conducting regular inspections of the facilities;

- establish a set of emergency procedures in the event of major quality-related issues; and

- provide enhanced training programs on quality assurance and product safety procedures.

To ensure the above compliance culture is embedded into everyday workflow and set the expectations for individual behavior across the organization, we will regularly review our risk management policies and internal management procedures, adopt strict accountability internally and conduct compliance training.

Data Privacy Policy

We process the personal information of our customers in our daily business operations, but only to the extent necessary for the sale and delivery of our products and provision of our services. We maintain supply relationships with e-commerce platforms, under which circumstance both us and the e-commerce platforms are collaterally responsible for the operation of online stores and sales of products, while the e-commerce platforms are responsible for the delivery of products, and we do not have access to their customers' private information. We also sell our products through self-owned online stores on certain e-commerce platforms, under which circumstances we have access to customers' network identity information, addresses and encrypted contact information through the store operation system on the corresponding e-commerce platform. Such information is used for account registration and product delivery purposes. Based on the privacy protection rules of the corresponding e-commerce platforms, we can only obtain limited information about customers through the store operation system and have read-only access. In addition, for our self-owned online stores, if consumers wish to register as members of our store and enjoy special membership benefits, they are required to acknowledge and confirm the provisions of our relevant privacy policy upon registration, under which circumstance we can capture the basic information of members and member points for member management and marketing outreach purposes.

We will show the privacy policy to our customers before processing their personal information. The privacy policy states that we will follow the principles of legality, legitimacy and necessity in collecting and processing the necessary personal information of our customers and ensure that we have a legitimate reason for processing the personal information of our customers when we collect and process it. We will only store customers' personal information for as long as is necessary for the purposes stated in the privacy policy (unless there is a mandatory storage requirement under applicable regulations) and will anonymize or delete customers' personal information at the end of the storage period.

We highly value the protection of the privacy and personal information of our customers, and also treat and process customers' personal information with high prudence. We have institutional and technical safeguards, in place to ensure the security of information so that our processing of customers' personal information complies with the requirements of the applicable data protection regulations and what we tell our customers in our privacy policy. We comply with the international information security management system standard (ISO27001) and the national standard (GB/T22080-2016), and accordingly deploy behavior control, firewalls and anti-virus software. In addition, with database audits, high-strength firewalls and security reinforcement provided by established security vendors, we regularly organize tests and perform security scans on our systems. We have also formulated the C'estbon Information Security Management Strategy Manual, which requires our employees to abide by information security regulations, in order to ensure the safety of the relevant information involved in the business operations. Our PRC Legal Advisor is of the view that our above-mentioned processing of data fall under the regulation of the relevant cybersecurity, data privacy, and personal data protection laws and regulations of the PRC. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss or any material unauthorized use of customers' personal information. As advised by our PRC Legal Advisor, we had applied and complied with the applicable laws and regulations with respect to cybersecurity, data privacy, and personal data protection during the Track Record Period and up to the Latest Practicable Date in all material aspects. Given that legislation and law enforcement in the PRC on data privacy and security are still evolving, we will closely monitor further regulatory developments and take appropriate measures in a timely manner.

AWARDS AND RECOGNITIONS

As of the Latest Practicable Date, we hold prominent positions as the Vice Chairman of the China Beverage Industry Association (中國飲料工業協會), the Natural Mineral Water Sub-Association of the China Beverage Industry Association (中國飲料工業協會天然礦泉水分會) and the Guangdong Province Bottled Drinking Water Industry Association (廣東省瓶裝飲用水行業協會). In addition, we are members of over 30 professional industry associations (including their sub-associations), including the technical working committee (中國飲料工業協會技術工作委員會) and the mineral water professional committee of the China Beverage Industry Association. During the Track Record Period, we also received awards and recognition in respect of our products, technology and innovation, significant ones of which are set forth below:

Award/Recognition	Award Year	Awarding Institution/ Authority
Letter of Appreciation from the Chinese Sports Delegation of the Tokyo Summer Olympics ("東京夏季奧運會中國體育代表團感謝信")	2021	The Chinese sports delegation of the Tokyo Summer Olympics ("東京夏季奧運會中國體育代表團")
Letter of Appreciation from the Chinese Sports Delegation of the Beijing Winter Olympics ("北京冬季奧運會中國體育代表團感謝信")	2022	The Chinese sports delegation of the XXIV Winter Olympics (第二十四屆冬奧會中國體育代表團)
Supplier for the 14th National Games of China ("中華人民共和國第十四屆運動會供應商")	2021	The Organizing Committee of the 14th National Games of China ("第十四屆全國運動會組織委員會")
Letter of Appreciation from the Hong Kong Sports Delegation of the 14th National Games of China ("第十四屆全運會香港體育代表團感謝信")	2021	The Hong Kong Sports Delegation of the 14th National Games of China ("第十四屆全運會香港體育代表團")
30 Years Evergreen Companies in China's Beverage Industry ("中國飲料行業30年常青藤企業")	2023	China Beverage Industry Association ("中國飲料工業協會")

Award/Recognition	Award Year	Awarding Institution/ Authority
Silver Award of the 6th China Youth Volunteer Service Project Competition (“第六屆中國青年志願服務項目大賽銀獎”)	2022	The Communist Youth League of China (“共青團中央”) and the Office of the Central Guidance Commission of Building Spiritual Civilization (“中央文明辦”), etc.
Five-star Rating for C’estbon’s Sustainable Development Report (“怡寶可持續發展報告五星級評級”)	2021, 2022	China Corporate Social Responsibility Report Rating Expert Committee (“中國企業社會責任報告評級專家委員會”)
2022 Outstanding Enterprise in Practicing Social Responsibility in China’s Beverage Industry (“2022中國飲料行業實踐社會責任優秀企業”)	2022	China Beverage Industry Association (“中國飲料工業協會”)
Nanfang Daily Nanfang Tribute — Annual Artisan Enterprise (“南方日報南方致敬—年度匠心企業”)	2022, 2023	Nanfang Daily (“南方日報”)
2023 Beautiful Public Welfare Conference — Annual Beautiful Voice (“2023年美好公益大會—年度美好發聲”)	2023	New Weekly (“新週刊”)
Southern Weekly 2023 Dream Builders Public Welfare Congress — Annual Public Welfare Endeavor Award (“南方週末2023築夢者公益大會—年度公益進取獎”)	2023	Southern Weekly (“南方週末”)
“Shenkha Unified Heart • Good Deeds Lead to Success” Program’s Outstanding Contribution Award for the Year 2023 (“「深喀同心•善行致遠」”計劃2023年度突出貢獻獎”)	2023	Shenzhen Aid Xinjiang “Shenkha Unified Heart • Good Deeds Lead to Success” Public Welfare Program Organizing Committee (“深圳援疆“深喀同心•善行致遠”公益計劃組委會”)
Consumers’ choice for the decade – Leap Growth Award (“消費者十年之選—飛躍增長獎”)	2022	Kantar Worldpanel (“凱度消費者指數”)

OVERVIEW

We have, in our ordinary and usual course of business, entered into a number of transactions with certain entities that will become our connected persons (as defined under Chapter 14A of the Listing Rules) upon Listing. Such transactions will continue after the Listing and will therefore constitute our continuing connected transactions under the Listing Rules.

CONNECTED PERSONS

We have entered into a number of transactions with CR Holdings and its associates that will become our connected persons (as defined under Chapter 14A of the Listing Rules) upon Listing, including:

Connected Persons	Connected Relationship
CR Holdings	CR Holdings is one of our Controlling Shareholders, holding approximately 51% of our equity interests upon completion of the Global Offering (assuming the Over-allotment Option is not exercised)
CR Chemical	CR Chemical is indirectly held as to approximately 81.3% by China Resources Company Limited, which indirectly owns 100% equity interests in CR Holdings
CR Power	CR Power is indirectly held as to approximately 62.9% by China Resources Company Limited, which indirectly owns 100% equity interests in CR Holdings
CR Digital Holdings Co., Ltd. (華潤數科控股有限公司) ("**CR Digital Holdings**")	CR Digital Holdings is wholly owned by China Resources Company Limited, which indirectly owns 100% equity interests in CR Holdings
Shenzhen Runzhi Urban Construction Management Co., Ltd. (深圳市潤置城市建設管理有限公司) ("**Shenzhen Runzhi**")	Shenzhen Runzhi is wholly owned by China Resources Land Limited (a company listed on the Stock Exchange (stock code: 1109), which is indirectly owned by CR Holdings
China Resources Bank of Zhuhai Co., Ltd. (珠海華潤銀行股份有限公司) ("**CR Bank**")	CR Bank is indirectly held as to approximately 49.8% by China Resources Company Limited, which indirectly owns 100% equity interests in CR Holdings

SUMMARY OF OUR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Nature of transactions		Counterparty	Proposed Annual Caps For the years ending December 31, (RMB million) 2024	2025	2026	Applicable Listing Rules	Waiver Sought
Non-exempt continuing connected transactions (subject to reporting, annual review and announcement requirements)							
1. Provision of packaged drinking water and beverage products and procurement of related promotion service	Provision of packaged drinking water and beverage products	CR Holdings and its associates	66	71	77	14A.34, 14A.35, 14A.53, 14A.76, 14A.105	Announcement requirement
	Procurement of related promotion service		17	18	20		
2. Procurement of IT and business travel services	Procurement of IT services	CR Digital Holdings and its associates	50	55	60	14A.34, 14A.35, 14A.53, 14A.76, 14A.105	Announcement requirement
	Procurement of business travel services		49	57	67		
3. Cooperation on integrated energy projects		CR Power and its subsidiaries	44	N/A	N/A	14A.34, 14A.35, 14A.53, 14A.76, 14A.105	Announcement requirement
Non-exempt continuing connected transactions (subject to reporting, annual review, announcement, circular and independent Shareholders' approval requirements)							
4. Procurement of PET materials		CR Chemical and its associates	1,228	1,501	1,883	14A.34, 14A.35, 14A.36, 14A.53, 14A.76, 14A.105	Announcement and independent Shareholders' approval requirements
5. Procurement of construction management services		Shenzhen Runzhi and its associates	420	1,700	1,090	14A.34, 14A.35, 14A.36, 14A.53, 14A.76, 14A.105	Announcement and independent Shareholders' approval requirements
6. Procurement of deposit and other related services	The maximum daily balance of deposit	CR Bank	2,500	2,500	2,500	14A.34, 14A.35, 14A.36, 14A.53, 14A.76, 14A.105	Announcement, independent Shareholders' approval requirements

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS

In our ordinary and usual course of business, we have entered into the following transactions for which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, these transactions will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. Provision of packaged drinking water and beverage products and procurement of related promotion service

Parties

CR Holdings (for itself and on behalf of its associates); and

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a framework agreement with CR Holdings on August 15, 2024 (the "**Provision of Packaged Drinking Water and Beverage Products and Procurement of Related Promotion Service Framework Agreement**"), pursuant to which our Group may from time to time supply to CR Holdings and/or its associates packaged drinking water and beverage products, and certain associates of CR Holdings may provide promotion service for sales of our packaged drinking water and beverage products in their retail outlets, which is similar to our sales arrangements with other customers.

The initial term of the Provision of Packaged Drinking Water and Beverage Products and Procurement of Related Promotion Service Framework Agreement shall commence on the Listing Date until December 31, 2026, subject to renewal by mutual consent and compliance with all applicable laws and regulations.

We will separately enter into specific agreements with CR Holdings and/or its associates which will set out the specific terms and conditions, including types of products, quantity and quality required, fees and payment methods of the products provided by us and/or promotion services provided by CR Holdings and/or its associates.

Pricing terms

The prices for our packaged drinking water and beverage products supplied to CR Holdings and/or its associates shall be generally in line with the prices as we offer to other Independent Third Parties under the same sales channels in the ordinary and usual course of business.

The prices for the related promotion service shall be determined on an arm's length basis by the parties with reference to the then prevailing market price of similar nature and terms, as well as the price of promotion service available from Independent Third Parties under similar pricing arrangement. The terms are to be no less favourable to our Group than those available to Independent Third Parties under the same conditions for transactions between our Group or CR Holdings and/or its associates.

Reasons for the transactions

We are a leading packaged drinking water and beverage company in the PRC with a wide range of product categories. CR Holdings and/or its associates procured our products in the ordinary course of business primarily for further sales in their premises, such as supermarkets and cinemas. For example, China Resources Vanguard (Hong Kong) Company Limited (華潤萬家(香港)有限公司) ("**CR Vanguard**"), a subsidiary of CR Holdings, is primarily engaged in the operation of supermarket chains. CR Vanguard and its subsidiaries procured our packaged drinking water and beverage products for further sales in their supermarkets.

In addition, CR Holdings' associates, in particular CR Vanguard and its subsidiaries, periodically hold marketing and promotion events for packaged drinking water and beverage products sold in their retail outlets in their ordinary course of business. We typically cooperate with their offline retail outlets for promotion of our packaged drinking water and beverage products.

Historical amounts

Set out below are the historical transaction amounts for the above mentioned provision of packaged drinking water and beverage products and procurement of related promotion services during the Track Record Period:

	For the year ended December 31,			For the four months ended April 30,
	2021	2022	2023	2024
	(RMB million)			
Provision of packaged drinking water and beverage products[1]	86	82	62	20
Procurement of related promotion service[2]	22	27	16	4

Notes:

(1) The decrease in transaction amounts for provision of packaged drinking water and beverage products from 2021 to 2023 was primarily caused by decreasing procurement from CR Holdings and/or its subsidiaries, especially CR Vanguard primarily due to (i) the impact of the COVID-19 in 2021 and 2022; and (ii) CR Holdings and/or its subsidiaries' adjustment of their sales strategies and channels as a result of consumers' diversified needs on consumption channels.

(2) The fluctuation of the transaction amounts for procurement of related promotion service during the Track Record Period was primarily due to the business need for promotion services with reference to our then promotion strategies.

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Provision of Packaged Drinking Water and Beverage Products and Procurement of Related Promotion Service Framework Agreement for the three years ending December 31, 2026 shall not exceed the caps set out below:

	For the year ending December 31,		
	2024	2025	2026
		(RMB million)	
Provision of packaged drinking water and beverage products	66	71	77
Procurement of related promotion service	17	18	20

The above proposed annual caps are determined with reference to:

(a) the historical transaction amounts for the above mentioned provision of packaged drinking water and beverage products and procurement of related promotion services during the Track Record Period. For the four months ended April 30, 2024, the transaction amount for the provision of packaged drinking water and beverage products and procurement of related promotion services to CR Holdings and/or its associates are RMB20 million and RMB4 million, respectively. We typically generate lower revenue in the first quarter compared to the second and third quarters of each year when we experience sales peaks. As such, we intend to enhance our promotion activities in the second and third quarters and the transaction amount for the provision of promotion services to CR Holdings and/or its associates are expected to increase accordingly;

(b) the expected more diversified products offered to CR Holdings and/or its associates in the three years ending December 31, 2026;

(c) the increasing demand of our packaged drinking water and beverage products due to the expected growth in the packaged drinking water and beverage industry and the expected demand from CR Holdings and/or its associates to meet its expected business development needs since 2024; and

(d) the expected business needs of promotion activities to be held by CR Holdings and/or its associates along with the expected growth of sales of our packaged drinking water and beverage products since 2024.

2. Procurement of IT and business travel services

Parties

CR Digital Holdings (for itself and on behalf of its associates); and

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a procurement of IT and business travel services framework agreement with CR Digital Holdings on September 6, 2024 (the "**Procurement of IT and Business Travel Services Framework Agreement**"), pursuant to which:

(a) our Group may from time to time procure from CR Digital Holdings and/or its associates various IT services including but not limited to (i) maintenance services for generic applications and operating systems, including daily maintenance, procurement of software, and licensing of software; (ii) specific implementation services, including implementation of unified application systems; (iii) information technology infrastructure, cloud platforms, hardware and software, and technical support services for the digitalisation of traditional resource pool; and (iv) other IT services; and

(b) our Group may use online business travel platform designated by CR Digital Holdings and/or its associates to purchase various business travel services including but not limited to (i) enquiry, booking, cancellation and changing of flight tickets, accommodations, train tickets and ride-hailing services; (ii) sourcing and management of related independent third party service providers for enquiry, booking, cancellation and changing of flight tickets, accommodations, train tickets and ride-hailing services by the Group and its affiliates; (iii) customer service, including but not limited to the provision of a hotline for the handling of enquiry, complaints, emergencies, compiling and reporting of related business data, and conducting customer satisfaction surveys at regular intervals; and (iv) other related business travel services.

The initial term of the Procurement of IT and Business Travel Services Framework Agreement shall commence on the Listing Date until December 31, 2026, subject to renewal by mutual consent and compliance with all applicable laws and regulations.

We will separately enter into specific agreements with CR Digital Holdings and/or its associates which will set out the specific terms and conditions, including types of services required, fees and payment methods.

Pricing terms

IT services

Similar to other companies within the CR Group, our Group has been utilising certain common systems, software and services in daily operations for in-time communications and cooperations within the CR Group, and such common systems, software and services are developed and maintained by CR Digital Holdings. For IT services in relation to these common systems, software and services applied in our daily operations, the consideration shall be determined on an arm's length basis by the parties taking into account the types and quality of the services. As such systems and software are consistently applied within CR Group, the pricing terms provided by CR Digital Holdings will be generally in line with those provided by CR Digital Holdings to other companies within the CR Group for similar services provided by CR Digital Holdings with reference to our utilization of these systems and software.

For procurement of systems, software and services involving data security, the consideration shall be determined on an arm's length basis by the parties with reference to the prevailing market price of similar nature and terms and workload involved for providing such IT services. For other IT services under the Procurement of IT and Business Travel Services Framework Agreement, the consideration shall be determined on an arm's length basis by the parties with reference to the prevailing market price of similar nature and terms, workload involved for providing such IT services, the availability and compatibility of the systems, software and services provided, as well as the prices of IT services available from Independent Third Parties through bidding process. The terms are to be no less favourable to our Group than those for transactions between our Group and Independent Third Parties under the same conditions.

Business travel services

For business travel services under the Procurement of IT and Business Travel Services Framework Agreement, the Group's employees will send their travel requests for services on online business travel platform designated by CR Digital Holdings and/or its associates from time to time, and CR Digital Holdings and/or its associates will charge the actual costs plus a service fee for the enquiry, booking, cancellation and changing of flight tickets, accommodations, train tickets and ride-hailing services as set forth in the Procurement of IT and Business Travel Services Framework Agreement. The service fee is determined with reference to the commission rate charged by certain other independent third party service provider. The costs of the tickets or accommodations to be charged by independent third party service providers will be collected by CR Digital Holdings and/or its associates first for further payment to these service providers.

Reasons for the transactions

IT services

Our Group has been utilising certain common systems, software and services in our daily operations, such as remuneration claiming system or messaging software for in-time communications within the CR Group, which are applied consistently for companies within CR Group. Such common systems, software and services are all developed and maintained by CR Digital Holdings. According to the CIC Report, it is not uncommon to have such arrangement among the state-owned enterprise group. Meanwhile, systems, software and services involved data security are typically developed and maintained by CR Digital Holdings for our Group. In addition, our Group has also been utilising certain platforms and software catering to our Group's own business needs, which are also developed and maintained by CR Digital Holdings. CR Digital Holdings has considerable experience in enterprise management, internet of things, big data, artificial intelligence, blockchain and cloud computing. The cooperation with CR Digital Holdings enables our Group to ensure a steady source of IT services which are of reliable quality and confidentiality without placing our Group's resources at risk.

Business travel services

The employees of the Group attend business trips frequently and there is a high demand for business travel services throughout the year. Under the Procurement of IT and Business Travel Services Framework Agreement, the Group will be able to centralize and group all orders from its employees, and purchase in bulk from the independent third party service providers through utilising CR Digital Holdings' platform. Further, the Group will be able to obtain stable business travel services from a reliable service provider. Our Directors believe that this will simplify the booking process, reduce administration costs, and lower the purchase costs.

Historical amounts

Set out below are the historical transaction amounts for the above mentioned procurement of IT services and business travel services during the Track Record Period:

	For the year ended December 31,			For the four months ended April 30,
	2021	**2022**	**2023**	**2024**
	(RMB million)			
Procurement of IT services(1)	20	38	44	16
Procurement of business travel services (inclusive of service fee and the actual costs of tickets or accommodations)(2)	–	13	40	12

Notes:

(1) There was a significant increase in procurement of IT services in 2022 as a result of developments of new systems and platforms by CR Digital Holdings as engaged by the Company in 2022, and such systems and platforms have been operated and maintained by CR Digital Holdings since 2022.

(2) The significant increase in procurement of business travel services in 2023 was primarily due to our increasing demand in business travel services following the recovery of impact from the COVID-19.

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Procurement of IT and Business Travel Services Framework Agreement for the three years ending December 31, 2026 shall not exceed the caps set out below:

	For the year ending December 31,		
	2024	**2025**	**2026**
		(RMB million)	
Procurement of IT services	50	55	60
Procurement of business travel services.	49	57	67

The above proposed annual caps with respect to the procurement of IT services are determined with reference to:

(a) the historical transaction amounts and growth trend with respect to the procurement of IT services during the Track Record Period; and

(b) the maintenance and enhancement of the Group's current software and IT platforms and the expected needs for additional IT services to support our Group's business growth, in particular our production upgrade and expansion.

The above proposed annual caps with respect to the procurement of business travel services (inclusive of service fee and the actual costs of tickets or accommodations) are determined with reference to:

(a) the estimated increase in business travels services required by the employees of the Group following the recovery from the impact of the COVID-19. There was a significant increase in demand for business travel by the Group's employees since the midst of 2023 and such trend is expected to continue along with the Company's continuous development; and

(b) the estimated increase in average price of relevant business travel service fees and the actual costs of the relevant services or tickets charged by other independent third party service providers providing flight tickets, accommodations, train tickets, and ride-hailing services.

3. Cooperation on integrated energy projects

Parties

CR Power (for itself and on behalf of its subsidiaries); and

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a framework agreement in relation to the cooperation on integrated energy projects with CR Power on August 15, 2024 (the "**Integrated Energy Projects Cooperation Framework Agreement**"), pursuant to which CR Power and its subsidiaries will utilize the relevant storage and operation space and rooftops of our Group to install photovoltaic power station facilities, and supply clean energy and related services to satisfy our production needs with these power station facilities after photovoltaic power station facilities are put into operation, and our Group will make payments to CR Power and its subsidiaries for the clean energy and related services provided.

The initial term of the Integrated Energy Projects Cooperation Framework Agreement shall commence on the Listing Date until December 31, 2024, subject to renewal by mutual consent and compliance with all applicable laws and regulations.

We will separately enter into specific agreements with CR Power and/or its subsidiaries which will set out the specific terms and conditions, including the purchase amount, fees and payment methods.

Pricing terms

The consideration for procurement of power and integrated energy projects shall be determined based on a favourable discount applied to the prevailing market prices offered by local power stations. Such discount is determined with reference to the scale of the project and scope of the clean energy and related services provided by CR Power and/or its subsidiaries.

Reasons for the transactions

Our Group has put into operation several, and is in the process of construction of some other production facilities and factories, which require significant amount of power for daily operations. CR Power has over 20 years of experience in investments, development, operation and management of wind farms, photovoltaic power station, hydro-electric power plants and other clean and renewable energy projects and coal-fired power plants, with extensive business network nationwide. By entering into the Integrated Energy Projects Cooperation Framework Agreement with CR Power, we are able to secure stable power supply at fair, reasonable and competitive prices which are lower than those from normal local power stations, which in turn reduces the operating costs of our Group.

Historical amount

Set out below are the historical transaction amounts for the above mentioned procurement of power and integrated energy projects during the Track Record Period:

	For the year ended December 31,			For the four months ended April 30,
	2021	2022	2023	2024
	(RMB million)			
Procurement of power and integrated energy projects[1]	–	–	–	0.1

Note:

(1) Our Group has not incurred any transaction amount until January 1, 2024 as the photovoltaic power station facilities installed by CR Power were only put into operation in December 2023.

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Integrated Energy Projects Cooperation Framework Agreement for the year ending December 31, 2024 shall not exceed RMB44 million, which is determined with reference to:

(a) the expected production capacities of the photovoltaic power station facilities installed by CR Power taking into account the environmental conditions; and

(b) the estimated amount of power and clean energy and related services required for the existing production facilities of the Company, as well as the Company's current construction plan of new production facilities and factories and the expected timing to start utilizing the power and clean energy and related services.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

We have entered into the following transaction which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, these transactions will be subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. Procurement of PET materials

Parties

CR Chemical (for itself and on behalf of its associates); and

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a PET procurement framework agreement with CR Chemical on August 1, 2024 (the "**PET Procurement Framework Agreement**"), pursuant to which our Group may from time to time purchase from CR Chemical and/or its associates PET materials for usage in our production of packing materials for our packaged drinking water and beverage products.

The initial term of the PET Procurement Framework Agreement shall commence on the Listing Date until December 31, 2026, subject to renewal by mutual consent and compliance with all applicable laws and regulations.

We will separately enter into specific agreements with CR Chemical and/or its associates which will set out the specific terms and conditions, including quantity and quality required, fees and payment methods.

Pricing terms

We would purchase from qualified suppliers which offered the lowest price for the PET materials to us during bidding process. The terms for transactions between our Group and CR Chemical and/or its associates are no less favourable to our Group than those available from Independent Third Parties under the same conditions.

Reasons for the transactions

We are primarily engaged in the production and sales of packaged drinking water and beverage products, and therefore are in need of PET materials for production of bottles for our packaged drinking water and beverage products. According to the CIC Report, the bottle-grade PET materials industry in China is highly concentrated with top four players accounting for approximately 80% of the bottle-grade PET production capacity, and CR Chemical is a dominant bottle-grade PET materials supplier amongst them. Transactions contemplated under the PET Procurement Framework Agreement enable us to obtain necessary materials for our production at the prevailing market price in a cost-efficient way without having to establish our own production facilities for such PET materials, which is in line with industry norm according to the CIC Report. We have a pool of qualified PET materials suppliers which include CR Chemical and other Independent Third Parties, and we select the most suitable suppliers through our standardized supplier selection bidding procedure, primarily based on their pricing terms offered.

Historical amounts

Set out below are the historical transaction amounts for the above mentioned procurement of PET materials during the Track Record Period:

	For the year ended December 31,			For the four months ended April 30,
	2021	2022	2023	2024
	(RMB million)			
Procurement of PET materials[1] . . .	537	833	929	282

Note:

(1) The increase in procurement of PET materials from 2021 to 2023 was primarily due to (a) our increasing demand for PET materials; and (b) an increasing percentage of PET materials procured from CR Chemical and/or its associates who offered the lowest price during several bidding processes.

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the PET Procurement Framework Agreement for the three years ending December 31, 2026 shall not exceed the caps set out below:

	For the year ending December 31,		
	2024	2025	2026
	(RMB million)		
Procurement of PET materials	1,228	1,501	1,883

The above proposed annual caps are determined with reference to:

(a) the historical transaction amounts for the above mentioned procurement of PET materials during the Track Record Period and in particular, the proportion of PET materials procured from CR Chemical and/or its associates out of those procured from all the qualified PET materials suppliers accounted for approximately 40% on average during the Track Record Period, and approximately 50% for the four months ended April 30, 2024, and the expected proportion of PET materials to be procured from CR Chemical and/or its associates out of all the qualified PET materials suppliers for the three years ending December 31, 2026. In estimating the annual caps for the three years ending December 31, 2026, the Company has also taken into consideration that the proportion of PET materials procured from CR Chemical and/or its associates may account for more than 40% out of those procured from all qualified PET materials suppliers depending on the quotes from CR Chemical and/or its associates during our bidding process;

(b) the sales volume of our packaged drinking water and beverage products grew continuously during the Track Record Period and therefore our demand for the PET materials grew in line. We expected the sales volume of our packaged drinking water and beverage products would grow further and therefore, the Company anticipated to have further increasing demand for PET materials; and

(c) the expected market price of the same type of PET materials for the three years ending December 31, 2026. For the purpose of estimating the annual cap calculated based on the market price of PET materials, the Company has taken into consideration that the market price of PET materials is volatile and largely correlated to the highly fluctuated crude oil price, which is in turn subject to various uncertain factors such as geopolitics, demand and supply dynamics and macroeconomic environment. As such, the estimated annual caps are calculated with reference to the historical market price of PET materials during the Track Record Period together with reasonable growth rates to address the possible significant fluctuation of the crude oil price in the three years ending December 31, 2026.

5. Procurement of construction management services

Parties

Shenzhen Runzhi (for itself and on behalf of its associates); and

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a construction management service framework agreement with Shenzhen Runzhi on September 20, 2024 (the "**Construction Management Service Framework Agreement**"), pursuant to which our Group may from time to time engage Shenzhen Runzhi and/or its associates to provide construction management services for our production facilities and factories. Such construction management service includes but is not limited to management on design and construction (including safety, costs, quality, construction period), and handling of relevant procedures.

The initial term of the Construction Management Service Framework Agreement shall commence on the Listing Date until December 31, 2026, subject to renewal by mutual consent and compliance with all applicable laws and regulations.

We will separately enter into specific agreements with Shenzhen Runzhi and/or its associates which will set out the specific terms and conditions, including the details of the construction projects, fees and payment instalment and methods.

Pricing terms

We typically enter into project-based construction management agreements with Shenzhen Runzhi and/or its associates, pursuant to which we make payment to Shenzhen Runzhi and/or its associates for the project construction funds to be charged by sub-contractors plus services fees to be charged by Shenzhen Runzhi and/or its associates. The project construction funds, being the total amount of construction cost, will be transferred into a specific account set up by Shenzhen Runzhi and/or its associates solely for construction management purpose, and Shenzhen Runzhi and/or its associates are entrusted by our Group to make further payments to the sub-contractors procured by Shenzhen Runzhi and/or its associates. Shenzhen Runzhi and/or its associates will only charge the service fees, which are determined based on arm's length negotiations between the parties and with reference to the prevailing market rates, and the terms are no less favorable to the Company compared to those available to other independent third party customers provided by Shenzhen Runzhi and/or its associates.

Reasons for the transactions

Considering Shenzhen Runzhi's extensive experience, competitiveness of pricing terms, their professional quality of construction management service as well as Shenzhen Runzhi and/or its associates' familiarities of our requirements and standards, we had therefore selected Shenzhen Runzhi and/or its associates as our service providers during the Track Record Period for provision of construction management service to our various production facilities and factories projects.

Historical amounts

Set out below are the historical transaction amounts for the above mentioned construction management services during the Track Record Period:

	For the year ended December 31,			For the four months ended April 30,
	2021	**2022**	**2023**	**2024**
	(RMB million)			
Contribution to the construction funds and procurement of construction management services(1)(2)	–	126	1,017	37

Notes:

(1) Shenzhen Runzhi started to provide construction management services to us since 2022.

(2) There was a significant increase in the contribution to the construction funds and procurement of construction management services for the year ended December 31, 2023 as a result of our increased construction plan of new production facilities and factories in 2023 based on our business plan. The decrease in the contribution to the construction funds and procurement of construction management services for the four months ended April 30, 2024 from the previous years was primarily attributable to the progress of construction projects, as certain existing construction projects of production facilities and factories were completed by the end of 2023, and the construction of other new facilities and factories remained at preparatory stage in the four months ended April 30, 2024.

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Construction Management Service Framework Agreement for the three years ending December 31, 2026 shall not exceed the caps set out below:

	For the year ending December 31,		
	2024	**2025**	**2026**
		(RMB million)	
Contribution to the construction funds and procurement of construction management services . .	420	1,700	1,090

The above proposed annual caps are determined with reference to:

(a) the current construction plan of new production facilities and factories based on the business plan of our Group and upgrades plan for the existing production facilities, which include various components such as the proposed construction schedule, estimated completion time, payment schedule and costs incurred in the relevant construction projects. As of the Latest Practicable Date, we have entered into construction management service agreements with Shenzhen Runzhi and/or its associates and commenced construction of several ongoing construction projects, and we plan to continue to enter into additional construction management service agreements with Shenzhen Runzhi and/or its associates for our new productions facilities and factories. Taking into account (i) the increase in number of construction projects that are expected to commence in 2025; and (ii) the relevant construction schedule of several ongoing construction projects with estimated completion time in 2025, the estimated transaction amount under the Construction Management Service Framework Agreement in 2025 is expected to increase substantially along with the current construction plan of our Group, and the proposed annual cap for the year ending December 31, 2025 is expected to be higher than the proposed annual cap for the year ending December 31, 2026;

(b) the historical transaction amounts for the above mentioned construction management services as well as the service fee rate charged by Shenzhen Runzhi and/or its associates for ongoing construction projects; and

(c) the expected increase in project construction funds and service fee rate taking into account the expected increase in construction materials and labor costs for the expected construction projects for the three years ending December 31, 2026.

6. Procurement of deposit and other related services

Parties

CR Bank; and

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

We entered into a deposit and other related services framework agreement with CR Bank on August 8, 2024 (the "**Deposit and Other Related Services Framework Agreement**"), pursuant to which our Group may from time to time deposit cash into CR Bank, and CR Bank will provide deposit and other related services and pay deposit interest to our Group on such deposits.

The initial term of the Deposit and Other Related Services Framework Agreement shall commence on the Listing Date until December 31, 2026, subject to renewal by mutual consent and compliance with all applicable laws and regulations.

Pricing terms

Any deposit and other related services provided by CR Bank under the Deposit and Other Related Services Framework Agreement will bear the same interest rate and be on the same terms and conditions as would apply to similar deposit and other related services provided by CR Bank to its other customers of the same type, and deposit interest rate(s) are determined with reference to the rate(s) published by the PBOC or such other preferred rates offered by other banks in the market.

Reasons for the transactions

When we procure deposit and other related services, we select service providers comprising connected persons and Independent Third Parties, and determine the relevant terms of procurements through our internal selection and approval process. We are not obliged to use the deposit and other related services provided by CR Bank and retain the discretion to select the deposit and other related services providers based on our business needs as well as the fees and quality of the services offered by the service providers. Currently we deposit our funds with CR Bank as well as other Independent Third Party banks.

CR Bank is a licensed bank regulated by the National Administration of Financial Regulation (國家金融監督管理總局) and headquartered in Zhuhai, the PRC. It has branches and sub-branches in different locations in the PRC where it operates and provides financial and commercial banking services. According to the credit rating announcement dated July 28, 2023 by China Lianhe Credit Rating Co., Ltd. (聯合資信評估股份有限公司), the long-term credit rating of CR Bank is AAA. We had from time to time used the deposit and other related services provided by CR Bank during the Track Record Period, taking into account our business needs and the prices and quality of their services.

Historical amounts

Set out below are the historical transaction amounts for the above mentioned deposit and other related services during the Track Record Period:

	For the year ended December 31,			For the four months ended April 30,
	2021	2022	2023	2024
	(RMB million)			
The maximum daily balance of deposit.	512	1,786	1,786	1,780

Annual caps and basis of annual caps

The maximum annual transaction amounts under the Deposit and Other Related Services Framework Agreement for the three years ending December 31, 2026 shall not exceed the caps set out below:

	For the year ending December 31,		
	2024	2025	2026
	(RMB million)		
The maximum daily balance of deposit . .	2,500	2,500	2,500

The above proposed annual caps are determined with reference to:

(a) the historical amounts of the maximum daily balance of deposit for the above mentioned deposit and other related services during the Track Record Period. In particular, our maximum daily balance of deposit at CR Bank in 2023 amounted to RMB1,786 million, and we expect the scale of deposit amount will be maintained at comparable level for the three years ending December 31, 2026;

(b) current and expected future cash flow position of our Group in light of our estimated scale of business operation and demand for deposit and other related services in the future; and

(c) the liquidity of our Group, including the cash and cash equivalents of our Group as of April 30, 2024.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Under Rule 14A.76(2) of the Listing Rules, the transactions under the subsections headed "— Non-exempt continuing connected transactions subject to reporting, annual review and announcement requirements" and "— Non-exempt continuing connected transactions subject to reporting, annual review, announcement, circular and independent Shareholders' approval requirements" will constitute our continuing connected transactions subject to those requirements under Chapter 14A of the Listing Rules.

As those non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis and have been fully disclosed in this prospectus, our Directors consider that compliance with the announcement and the independent Shareholders' approval requirements (as the case may be) would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, waivers exempting us from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— Non-exempt continuing connected transactions subject to reporting, annual review and announcement requirements" in this section; and (ii) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— Non-exempt continuing connected transactions subject to reporting, annual review, announcement, circular and independent Shareholders' approval requirements" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

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

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions as set out above have been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and are fair and reasonable and in the interest of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

Having taken into account (i) the documentation and information provided by the Company; and (ii) due diligence conducted and discussions with the Company, the Joint Sponsors are of the view that (a) the non-exempt continuing connected transactions as set out above have been and will be carried out in the ordinary and usual course of business of our Company and on normal commercial terms or better that are fair and reasonable in the interests of our Company and the Shareholders as a whole; and (b) the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented or will implement the following internal control measures in relation to the continuing connected transactions:

(a) Our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules; and

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

OVERVIEW

The Board of the Group consists of twelve Directors, comprising three executive Directors, five non-executive Directors and four independent non-executive Directors. The powers and duties of the Board include convening general meetings, determining the Group's strategy plans and investment plans, formulating the Group's annual budget and final accounts, formulating profit distributions plans as well as exercising other powers, functions and duties as conferred by our Articles.

The senior management of the Group includes six members who are responsible for the daily operation of the Company and its subsidiaries.

DIRECTORS AND SENIOR MANAGEMENT

The table below sets forth certain information of our Directors:

Name	Age	Position	Roles and responsibilities	Date of joining the Group	Date of appointment as a Director	Relationship with other Directors and senior management
Mr. ZHANG Weitong (張偉通先生)	55	Chairman of the Board and Executive Director	Responsible for the overall operation and management, presiding over the work of the Board and directly managing the corporate affairs, auditing and sales and marketing of the Group	April 3, 2000	January 29, 2019	None
Mr. LI Shuqing (李樹清先生)	52	Executive Director and President	Responsible for the daily operation and management, and directly managing the strategy, quality, environmental health and production safety, and engineering of the Group	June 3, 2024	August 7, 2024	None
Ms. WU Xia (吳霞女士)	46	Executive Director and Chief Financial Officer	Responsible for the financial management of the Group	April 17, 2024	April 22, 2024	None
Mr. LIN Guolong (林國龍先生)	58	Non-executive Director	Responsible for providing professional advice, opinion and guidance to our Board	April 22, 2024	April 22, 2024	None
Mr. SUN Yongqiang (孫永強先生)	54	Non-executive Director	Responsible for providing professional advice, opinion and guidance to our Board	April 22, 2024	April 22, 2024	None
Mr. XIAO Ning (肖寧先生)	53	Non-executive Director	Responsible for providing professional advice, opinion and guidance to our Board	April 22, 2024	April 22, 2024	None

Name	Age	Position	Roles and responsibilities	Date of joining the Group	Date of appointment as a Director	Relationship with other Directors and senior management
Ms. CAO Yue (曹越女士)	46	Non-executive Director	Responsible for providing professional advice, opinion, and guidance to our Board	August 10, 2023	August 10, 2023	None
Dr. ZHAO Dian (趙典博士)	37	Non-executive Director	Responsible for providing professional advice, opinion, and guidance to our Board	August 5, 2022	August 5, 2022	None
Dr. CHOW Wing Kin Anthony (周永健博士).	74	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board and serving as members of certain committees of the Board	October 8, 2024	October 8, 2024	None
Mr. LI Yinquan (李引泉先生).	69	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board and serving as chairman/members of certain committees of the Board	October 8, 2024	October 8, 2024	None
Dr. YAO Yang (姚洋博士)	59	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board and serving as chairman/members of certain committees of the Board	October 8, 2024	October 8, 2024	None
Ms. CHENG Po Chuen (鄭寶川女士).	53	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board and serving as members of certain committees of the Board	October 8, 2024	October 8, 2024	None

Members of the senior management of our Group include the following:

Name	Age	Position	Roles and responsibilities	Date of joining the Group	Date of appointment as a senior management	Relationship with Directors and other senior management
Mr. ZHANG Weitong (張偉通先生).	55	Chairman of the Board and Executive Director	Responsible for the overall operation and management, presiding over the work of the Board and directly managing the corporate affairs, auditing and sales and marketing of the Group	April 3, 2000	December 31, 2018	None
Mr. LI Shuqing (李樹清先生).	52	Executive Director and President	Responsible for the daily operation and management, and directly managing the strategy, quality, environmental health and production safety, and engineering of the Group	June 3, 2024	June 25, 2024	None
Mr. WANG Chengwei (王成偉先生).	51	Vice President	Responsible for the legal affairs, risk management, intelligentization and digitalization of the Group	August 2, 2009	June 8, 2011	None
Mr. YANG Nan (楊楠先生)	53	Vice President	Responsible for the production management, quality control, equipment and technical management of the Group, and assisting the President for overseeing the quality, environmental health and production safety of the Group	November 10, 2014	June 19, 2017	None

Name	Age	Position	Roles and responsibilities	Date of joining the Group	Date of appointment as a senior management	Relationship with Directors and other senior management
Mr. FAN Yufeng (范雨峰先生).	42	Vice President	Responsible for the production and sales coordination, order planning, warehousing and logistics and procurement management of the Group	December 13, 2019	December 13, 2019	None
Ms. WU Xia (吳霞女士)	46	Executive Director and Chief Financial Officer	Responsible for the financial management of the Group	April 17, 2024	April 17, 2024	None

Directors

Executive Directors

Mr. ZHANG Weitong (張偉通先生), aged 55, has been responsible for the overall operation and management of our Group since December 2018. He acted as our President from December 2018 to June 2024, and has been our Director since January 2019, and the Chairman of the Board since July 2022. Mr. Zhang has played a core role in, among others, achieving growth of revenue and profit, and enhancing profitability and brand influence of our Group during the Track Record Period.

Mr. Zhang joined our Group in April 2000 and successively served as a regional sales manager, a department manager, an assistant to the general manager, a vice general manager and a senior vice general manager from April 2000 to February 2018. Mr. Zhang was successively responsible for overseeing our Group's branches in southern China and eastern China. During the term when he was serving as the senior vice general manger from January 2017 to February 2018, he was responsible for overseeing our Group's marketing department, product R&D department, bidding office, corporate affairs department, and our Group's various sales regions, and responsible for assisting the general manager in, among others, sales management and operation coordination.

Mr. Zhang has approximately 30 years of experience in beverage industry. Before joining our Group, Mr. Zhang has served as an assistant to the general manager in Weiyuan Beverage & Food (Shenzhen) Co., Ltd. (味源飲料食品(深圳)有限公司) from October 1994 to April 2000. He served as the standing vice general manager (presiding over the work) and the general manager of China Resources Ng Fung Limited (華潤五豐有限公司) from February 2018 to December 2018.

Mr. Zhang obtained his EMBA degree from Sun Yat-sen University (中山大學) in Guangdong Province, the PRC in June 2012.

Mr. LI Shuqing (李樹清先生), aged 52, has been our President since June 2024, and has been our Director since August 2024.

Mr. Li served as a salesman of Shijiazhuang Branch of China Resources Head Office (中國華潤總公司石家莊分公司), whose headquarters is now known as China Resources Company Limited (中國華潤有限公司), from August 1994 to February 1997. He served as a staff member of the human resources department of China Resources Company Limited from February 1997 to May 2000. Mr. Li then served in China Resources Ng Fung Limited (formerly known as Ng Fung Hong Limited (五豐行有限公司)), consecutively as a director of the human resources and administration department, an assistant manager, a vice manager, a manager and a senior manager from May 2000 to November 2010, and as an assistant general manager from November 2010 to September 2011. He then served in CR Holdings from September 2011 to June 2022 and held several positions including an assistant general manager of the office of the board of directors, an assistant director of the general office and a vice director of the general office. Mr. Li served as a vice general manager of China Resources Pharmaceutical Commercial Group Co., Ltd. (華潤醫藥商業集團有限公司) from June 2022 to November 2023. He then served as a vice general manager of China Resources Ng Fung Limited from November 2023 to June 2024.

Mr. Li obtained his bachelor's degree majoring in international trade from University of International Business and Economics (對外經濟貿易大學) in Beijing, the PRC in June 1994.

Ms. WU Xia (吳霞女士), aged 46, was appointed as our Director and Chief Financial Officer since April 2024.

Prior to joining our Group, Ms. Wu worked in Jiangzhong Pharmaceutical Co., Ltd. (江中藥業股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600750)) from March 2005 to June 2020, and successively held several positions including the financial manager, the chief financial officer, the secretary to the board and the vice general manager, including serving as the chief financial officer from April 2009 to May 2015, and the secretary to the board from August 2009 to May 2012. From June 2020 to April 2024, Ms. Wu served as the deputy general manager in China Resources Jiangzhong Pharmaceutical Group Co., Ltd. (華潤江中製藥集團有限責任公司).

Ms. Wu obtained her master's degree majoring in accounting in Jiangxi University of Finance and Economics (江西財經大學) in Jiangxi, the PRC in June 2010. She was qualified as a senior accountant of the PRC in December 2011.

Non-executive Directors

Mr. LIN Guolong (林國龍先生), aged 58, was appointed as a non-executive Director in April 2024.

Mr. Lin served as the vice president and the chief financial officer in China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. (華潤三九醫藥股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000999)) from August 2011 to July 2018. He worked in the finance department of CR Holdings from July 2018 to August 2021, with his last position as a deputy general manager. Mr. Lin has been a designated external director of the business unit of CR Group since August 2021 including serving as an external director of China Resources Capital Holdings Company Limited since November 2021, a non-executive Director of China Resources Pharmaceutical Group Limited (華潤醫藥集團有限公司) (a company listed on the Stock Exchange (stock code: 3320)) from September 2021 to December 2023, and a director of China Resources Double-Crane Pharmaceutical Co., Ltd. (華潤雙鶴藥業股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600062)) since October 2023.

Mr. Lin obtained his master's degree majoring in business and administration from University of South Australia in the Australia in March 2007.

Mr. SUN Yongqiang (孫永強先生), aged 54, was appointed as a non-executive Director in April 2024.

Mr. Sun successively worked in Beijing Dyestuffs Plant Co., Ltd. (北京染料廠有限責任公司) (formerly known as Beijing Dyestuffs Plant (北京染料廠)) and Beijing Haidong Air Purification Technology Development Company (北京海東空氣淨化技術開發公司) from August 1992 to September 1998. Mr. Sun joined the CR Group in November 1998, and served in China Resources Land (Beijing) Co., Ltd. (華潤置地(北京)股份有限公司) (formerly known as Beijing Huayuan Real Estate Co., Ltd. (北京市華遠房地產股份有限公司)) from November 1998 to November 2006, with his last position as a department manager of the research and development department. He served as a vice general manager in China Resources Land (Hunan) Co., Ltd. (華潤置地(湖南)有限公司) from November 2006 to July 2009, and as a general manager from July 2009 to January 2011. He has served in CR Land from January 2011 to September 2023, with his last position as a vice president. He concurrently served as a vice general manager of Hainan Development Holdings Co., Ltd. (海南省發展控股有限公司) from October 2020 to October 2022. Mr. Sun has served as a non-executive director of China Resources Pharmaceutical Group Limited (華潤醫藥集團有限公司) (a company listed on the Stock Exchange (stock code: 3320)) since December 2023.

Mr. Sun obtained his bachelor's degree in engineering majoring in thermal engineering from Dalian University of Technology (大連理工大學) in Liaoning Province, the PRC in July 1992. He was qualified as a senior economist in December 2003 and an engineer in September 1998 in the PRC.

Mr. XIAO Ning (肖寧先生), aged 53, was appointed as a non-executive Director in April 2024.

Mr. Xiao served as the deputy manager of the legal department of China Resources Company Limited (中國華潤有限公司) from August 1996 to September 2000. He started to work in China Resources Petrochemical (Group) Co., Ltd. (華潤石化(集團)有限公司) from September 2000 and held several positions including an assistant manager of investment development department from September 2001 to September 2002, a manager of investment development department from October 2002 to February 2004, and a senior manager of investment development department from February 2004 to June 2007. Mr. Xiao then held several positions in CR Chemical (formerly known as China Resources Chemical Holdings Co., Ltd. (華潤化工控股有限公司)) and its subsidiaries, including the assistant to general manager and a legal director. Mr. Xiao then served as the deputy general manager of CR Chemical from April 2020 to August 2022. Mr. Xiao has served as a director of China Resources Microelectronics Limited (華潤微電子有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688396)) since November 2022.

Mr. Xiao obtained his master's degree majoring in business administration from Xiamen University (廈門大學) in Fujian, the PRC in June 2013.

Ms. CAO Yue (曹越女士), aged 46, has been our Director since August 2023.

Ms. Cao served in KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)) as an audit manager from August 2005 to August 2013. After that, she has served in Plateau Consumer Fund, L.P..

Ms. Cao obtained her master's degree majoring in quantitative economics in June 2005 from Renmin University of China (中國人民大學) in Beijing, the PRC. Ms. Cao is a qualified member of the Chinese Institute of Certified Public Accountants. She was qualified as a Certified Internal Auditor of the PRC in November 2009.

Dr. ZHAO Dian (趙典博士), aged 37, has been our Director since August 2022.

Dr. Zhao served as a lawyer in Zhonglun Law Firm from December 2010 to June 2016. He worked as a vice president in the equity investment platform of Zhong Ou Asset Management Company Limited (中歐基金管理有限公司) from June 2016 to August 2020. After that, he has served in Plateau Consumer Fund, L.P..

Dr. Zhao obtained his doctoral degree majoring in civil and commercial law from the Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in Beijing, the PRC in June 2016. Dr. Zhao obtained the PRC legal professional qualification in March 2012.

Independent Non-executive Directors

Dr. CHOW Wing Kin Anthony (周永健博士), aged 74, was appointed as our independent non-executive Director in October 2024.

Dr. Chow is a solicitor and admitted to practice in Hong Kong and England & Wales and a China-Appointed Attesting Officer (中國司法部委任的中國委託公證人).

Dr. Chow established the law firm Anthony W.K, Chow & Co. (周永健律師行) in September 1982 which has since become Guantao and Chow Solicitors and Notaries (觀韜律師事務所(香港)) of which he is the Senior Consultant (資深顧問). Dr. Chow served as an independent non-executive director of MTR Corporation Limited (香港鐵路有限公司) (a company listed on the Stock Exchange (stock code: 0066)) from May 2016 to May 2022, and an independent non-executive director of S.F. Holding Co., Ltd. (順豐控股股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002352)) from December 2016 to December 2022. Dr. Chow currently serves as director of a number of listed companies, including: (i) a non-executive director of the Kingmaker Footwear Holdings Limited (信星鞋業集團有限公司) (a company listed on the Stock Exchange (stock code: 1170)) since June 1994, (ii) an independent non-executive director of Ping An Healthcare and Technology Company Limited (平安健康醫療科技有限公司) (a company listed on the Stock Exchange (stock code: 1833)) since May 2018, (iii) an independent non-executive director of Beijing North Star Company Limited (北京北辰實業股份有限公司) (a company listed on the Stock Exchange (stock code: 588) and the Shanghai Stock Exchange (stock code: 601588)) since May 2021, and (iv) an independent non-executive director of OneConnect Financial Technology Co., Ltd (壹賬通金融科技有限公司) (a company listed on the Stock Exchange (stock code: 6638) and the New York Stock Exchange (ticker: OCFT)) since October 2020.

Dr. Chow was a Member of The National Committee of the Chinese People's Political Consultative Conference, for four sessions covering 20 years from 2003 to 2023. Dr. Chow served as the President of The Law Society of Hong Kong from 1997 to 2000, Chairman of the Process Review Panel for the SFC from 2006 to 2012, Chairman of Process Review Panel for the Financial Reporting Council from 2015 to 2020, and Chairman of The Hong Kong Jockey Club from 2018 to 2020.

Dr. Chow was awarded the Justice of the Peace in 1998 and the Silver Bauhinia Star (香港特別行政區銀紫荊星章) in 2003 by the Government of Hong Kong Special Administrative Region. He was admitted to the Honorary Fellowship (榮譽院士) of the Hong Kong Institute of Education (香港教育學院) in March 2010, the Honorary Fellowship (榮譽院士) of King's College London in July 2013, and the Roll of Honour of The Law Society of Hong Kong in 2015.

Dr. Chow was awarded a doctoral degree in social sciences honoris causa from Hong Kong Metropolitan University (香港都會大學) (formerly known as the Open University of Hong Kong (香港公開大學)) in Hong Kong in December 2018 and a doctoral degree of law honoris causa from the Hong Kong University of Science and Technology (香港科技大學) in Hong Kong in November 2021.

Mr. LI Yinquan (李引泉先生), aged 69, was appointed as our independent non-executive Director in October 2024.

Mr. Li served respectively as (i) the general manager of financial department, chief financial officer and vice president of China Merchants Group Limited (招商局集團有限公司), (ii) a chief executive officer of China Merchants Capital Investment Co., Ltd. (招商局資本投資有限責任公司), (iii) a director of China Merchants Port Holdings Company Limited (招商局港口控股有限公司) (formerly known as China Merchants Holdings (International) Company Limited (招商局國際有限公司)) (a company listed on the Stock Exchange (stock code: 144)), (iv) a director of China Merchants Bank Co., Ltd. (招商銀行股份有限公司) (a company listed on the Stock Exchange (stock code: 3968) and the Shanghai Stock Exchange (stock code: 600036)), and (v) a director of China Merchants China Direct Investments Limited (招商局中國基金有限公司) (a company listed on the Stock Exchange (stock code: 133)) from March 2000 to December 2017. Concurrently, Mr. Li also served as directors of a number of other listed companies, including an independent non-executive director of Sound Group Inc. (a company listed on NASDAQ (ticker: SOGP) (formerly known as Lizhi Inc.) from January 2020 to June 2021, an independent non-executive director of Kimou Environmental Holding Limited (金茂源環保控股有限公司) (a company listed on the Stock Exchange (stock code: 6805)) from June 2019 to December 2022, and an independent non-executive director of China Agri-Products Exchange Limited (中國農產品交易有限公司) (a company listed on the Stock Exchange (stock code: 149)) from April 2024 to August 2024. Mr. Li has currently served as directors of a number of listed companies, including: (i) an independent non-executive director of Genertec Universal Medical Group Company Limited (通用環球醫療集團有限公司) (formerly known as Universal Medical Financial and Technical Advisory Services Company Limited (環球醫療金融與技術諮詢服務有限公司)) (a company listed on the Stock Exchange (stock code: 2666)) since June 2015, (ii) an independent non-executive director of Million Cities Holdings Limited (萬城控股有限公司) (a company listed on the Stock Exchange (stock code: 2892)) since June 2018, (iii) an independent non-executive director of Hong Kong Shanghai Alliance Holdings Limited (滬港聯合控股有限公司) (a company listed on the Stock Exchange (stock code: 1001)) since July 2018, (iv) an independent non-executive director of China Everbright Bank Company Limited (中國光大銀行股份有限公司) (a company listed on the Stock Exchange (stock code: 6818) and the Shanghai Stock Exchange (stock code: 601818)) since June 2020, and (v) an independent non-executive director of Mainland Headwear Holdings Limited (飛達帽業控股有限公司) (a company listed on the Stock Exchange (stock code: 1100)) since September 2023.

Throughout the significant years of directorship in certain Hong Kong listed companies, Mr. Li has gained relevant experience in, including but not limited to, (i) the review and preparation of comparable and/or audited financial statements of Hong Kong listed companies; (ii) the review of internal control systems; and (iii) the analysis of financial statements and information of Hong Kong listed companies. Moreover, Mr. Li has also obtained vast experience in collaborating and dealing with internal and external auditors regarding the supervision of internal financial controls and the auditing of financial statements.

Mr. Li obtained his master's degree in economics from Research Institute of Finance of the People's Bank of China (中國人民銀行金融研究所) in Beijing, the PRC in December 1985. He obtained another master's degree in banking and finance for development from Finafrica Institute in Milan, Italy in October 1988. Mr. Li was qualified as a senior economist in the PRC in August 1989.

Dr. YAO Yang (姚洋博士), aged 59, was appointed as our independent non-executive Director in October 2024.

Dr. Yao currently serves as a Boya Distinguished Professor of Peking University, a professor of economics and doctoral supervisor of the National School of Development of Peking University (北京大學國家發展研究院), the director of China Center for Economic Research (中國經濟研究中心), the executive director of Institute of South-South Cooperation and Development (南南合作與發展學院), the editor in chief of China Economic Quarterly (《經濟學(季刊)》), the president of China Annual Economic Meetings (中國經濟學年會), and the president of the National Economics Foundation (當代經濟學基金會).

Dr. Yao has served as deputy dean of the National School of Development of Peking University since October 2008, and the dean of the National School of Development of Peking University from November 2012 to January 2024. He has served as the director of China Center for Economic Research of Peking University (北京大學中國經濟研究中心) since 2010.

Dr. Yao is a member of the Chinese Economists 50 Forum (中國經濟50人論壇) and has been awarded the 2008 and 2014 Sun Yefang Award in Economic Sciences (孫冶方經濟科學獎), the First Pushan Award (第一屆浦山國際經濟學獎) in 2008, the Second Pushan Award (第二屆浦山國際經濟學獎) in 2010, and the Second Zhang Peigang Development Economics Award (第二屆張培剛發展經濟學獎) in 2008. His current major research areas include new political economy and China's economic growth under open conditions.

Dr. Yao graduated from the Management Science Center of Peking University with a master's degree in economics in 1989 and graduated from the Department of Agricultural and Applied Economics at the University of Wisconsin-Madison in the United States with a doctoral degree in development economics in 1996.

Ms. CHENG Po Chuen (鄭寶川女士), aged 53, was appointed as our independent non-executive Director in October 2024.

Ms. Cheng served as a consultant in the business consulting division of Arthur Andersen & Co (安達信會計師事務所) from September 1994 to May 1997. She worked in the investment banking arms of DBS Asia Capital Limited (星展亞洲融資有限公司), The Hongkong and Shanghai Banking Corporation Limited (香港上海滙豐銀行有限公司) and Macquarie Group (麥格理集團) from May 1997 to August 2010, with her last position as a division director in Macquarie Capital Securities Limited (麥格理資本證券有限公司). Ms. Cheng joined the global wealth management division of UBS AG (瑞士銀行) as head of corporate advisory group in Hong Kong in September 2010, and subsequently had served there until January 2020 with her last position as a managing director. Ms. Cheng served as the chief financial officer since January 2020 and an executive director since April 2020 in Crazy Sports Group Limited (瘋狂體育集團有限公司) (formerly known as V1 Group Limited (第一視頻集團有限公司)) (a company listed on the Stock Exchange (stock code: 82)) until November 2023. Ms. Cheng has served as the director of development of The Hong Kong Philharmonic Society Limited (香港管弦協會有限公司) since August 2024.

Ms. Cheng is a member of American Institute of Certified Public Accountants. She holds a bachelor degree in business administration from The University of Hong Kong (香港大學) in Hong Kong.

Save as disclosed above in this section, each of our Directors has confirmed that he/she did not hold any other directorship in any listed companies during the three years immediately prior to the date of this prospectus, that there is no other matters concerning his/her appointment as Directors that need to be brought to the attention of our Shareholders, and that there is no other information relating to his/her appointment as Directors that needs to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Senior Management

For the biographical details of Mr. Zhang Weitong, Mr. Li Shuqing and Ms. Wu Xia, please refer to "Executive Directors" in this section. Biographical details of other members of the senior management are as follows:

Mr. WANG Chengwei (王成偉先生), aged 51, has been our Vice President since June 2011.

Mr. Wang has approximately 15 years of experience in beverage industry. Mr. Wang joined the Group in August 2009 and served as the corporate development director (企業發展總監). He was successively responsible for overseeing the corporate development department, the branch in eastern China, the legal department and the general management department of our Group. He has been responsible for overseeing our legal department and intelligentization and digitalization department since August 2017, and was concurrently responsible for overseeing the strategic management department from August 2017 to June 2024. Mr. Wang has played an important role in, among others, providing industry insights, implementing strategic decisions, improving legal compliance management, strengthening risk management and promoting digital transformation of our Group during the Track Record Period.

Before joining our Group, Mr. Wang served in CR Group from August 1997 to August 2009, consecutively served in the human resource department, the legal department and the corporate development department, and served as a director, a manager and a senior manager of the corporate development department.

Mr. Wang obtained his master's degree majoring in legal theory from China University of Political Science and Law (中國政法大學) in Beijing, the PRC in July 1997. Mr. Wang obtained his Lawyer Qualification Certificate (律師資格證書) in the PRC in September 1995, his Registered Qualification Certificate for Enterprise Legal Adviser of PRC (中國企業法律顧問執業資格證書) in December 2015 and his Lawyer's Certificate (律師工作證) in May 2020.

Mr. YANG Nan (楊楠先生), aged 53, has been our Vice President since June 2017.

Mr. Yang joined the Group in November 2014 as the supply chain director. He has been responsible for overseeing the production center of our Group since June 2020, primarily responsible for, among others, production management, quality control, equipment and technical management, and was concurrently responsible for overseeing the quality, environment and safety department from June 2020 to June 2024. Mr. Yang has played an important role in, among others, accelerating construction of self-owned production capacity, optimizing production process, ensuring product quality and safety, upgrading equipment and technology, and reducing costs and increasing efficiency of our Group during the Track Record Period.

Mr. Yang has over 30 years of experience in fast-moving consumer goods industry. Before joining our Group, Mr. Yang worked in China National Cereals, Oils and Foodstuffs Corporation (中糧集團有限公司) and its subsidiaries for over 20 years. He worked in COFCO Fruit, Vegetables and Aquatic Products Import and Export Corporation (中糧果菜水產進出口公司) from August 1993 to August 2000, where he served as the manager of the finance department. He served as the head of the financial department of COFCO International (Beijing) Ltd (中糧國際(北京)有限公司) from August 2000 to February 2002. He served as the vice general manager of COFCO COCA-COLA Beverages (Beijing) Limited (中糧可口可樂飲料(北京)有限公司) (formerly known as Beijing COCA-COLA Beverages Limited (北京可口可樂飲料有限公司)) from February 2002 to January 2004. He served as the group financial controller of COFCO COCA-COLA Beverages (China) Investment Ltd. (中糧可口可樂飲料(中國)投資有限公司) from January 2004 to January 2005. He subsequently served as a secretary in the secretary bureau of the board of directors and a vice general manager of the wine department of COFCO Corporation (中糧集團有限公司) from January 2005 to January 2010. He served successively as the vice general manager of the wine department, the supply chain department and the wine category management department of China Foods Limited (中國食品有限公司) (a company listed on the Stock Exchange (stock code: 506)) from January 2010 to November 2014.

Mr. Yang obtained his master's degree majoring in international accounting from University of New South Wales in Australia in November 2002. Mr. Yang was qualified as a senior economist in the PRC in December 2013.

Mr. FAN Yufeng (范雨峰先生), aged 42, has joined the Group and served as a Vice President of the Group since December 2019.

Mr. Fan was responsible for overseeing the human resources department of our Group. He has been responsible for overseeing the operation center of our Group since November 2021 and was concurrently responsible for overseeing our engineering department from December 2022 to June 2024. Mr. Fan has played an important role in, among others, coordinating production, supply and marketing, improving the efficiency of logistics, controlling costs of raw materials, reforming and optimizing Cooperative Manufacturing Partners, and improving the overall operating efficiency of our Group during the Track Record Period.

Before joining our Group, Mr. Fan served in the power generation department of Jiangsu Nanre Power Generation Co., Ltd. (江蘇南熱發電有限責任公司) from August 2004 to December 2005. He then served in Nanjing China Resources Thermal Power Co., Ltd. (南京華潤熱電有限公司) from December 2005 to October 2010 as a power marketing manager of the business planning department and a vice head of power generation department. He served in CR Power, successively as a manager and a senior manager of the human resources department from October 2010 to February 2013. He successively served in the human resource department of CR Holdings from February 2013 to December 2019 as a senior manager, a professional vice director and a professional director.

Mr. Fan obtained his bachelor's degree in thermal energy and power engineering from China University of Mining and Technology (中國礦業大學) in Jiangsu Province, the PRC in July 2004.

COMPANY SECRETARY

Mr. CHUNG Ming Fai (鍾明輝先生) , aged 45 was appointed as our company secretary in April 2024.

Mr. Chung has over 19 years of experience in corporate secretary, mergers and acquisitions, financial reporting and auditing. Since June 2022, Mr. Chung has been serving in the corporate secretarial department of SWCS Corporate Services Group (Hong Kong) Limited (方圓企業服務集團(香港)有限公司), and is mainly responsible for managing the company secretarial and compliance work for companies listed on the Stock Exchange.

Mr. Chung is currently a fellow of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. He obtained his bachelor's degree in commerce from the Australian National University in December 2003.

BOARD COMMITTEES

In accordance with relevant PRC laws, regulations, the Articles and the corporate governance provisions prescribed in the Listing Rules, we have established the following committees under the Board: Audit Committee, Nomination Committee, Remuneration and Appraisal Committee and Strategy and Investment Committee. The committees operate in accordance with terms of reference established by the Board.

Audit Committee

We have established an audit committee ("the **Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The Audit Committee consists of two non-executive Directors, being Mr. Lin Guolong and Ms. Cao Yue, and four independent non-executive Directors, being Dr. Yao Yang, Dr. Chow Wing Kin Anthony, Mr. Li Yinquan and Ms. Cheng Po Chuen. The chairman of the Audit Committee is Dr. Yao Yang. Mr. Li Yinquan holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise our financial reporting process, risk management and internal control systems, and to nominate and monitor external auditors and other duties required under Appendix C1 of the Listing Rules.

Nomination Committee

We have established a nomination committee (the "**Nomination Committee**") with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The Nomination Committee consists of one executive Director, being Mr. Zhang Weitong, one non-executive Director, being Dr. Zhao Dian, and three independent non-executive Directors, being Mr. Li Yinquan, Dr. Yao Yang and Ms. Cheng Po Chuen. The chairman of the Nomination Committee is Mr. Zhang Weitong. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment and removal of Directors of the Company and other duties required under Appendix C1 of the Listing Rules.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee (the "**Remuneration and Appraisal Committee**") with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee consists of two non-executive Directors, being Mr. Sun Yongqiang and Ms. Cao Yue, and three independent non-executive Directors, being Mr. Li Yinquan, Dr. Chow Wing Kin Anthony and Ms. Cheng Po Chuen. The chairman of the Remuneration and Appraisal Committee is Mr. Li Yinquan. The primary duties of the Remuneration and Appraisal Committee are to evaluate the performance and make recommendations on the remuneration package of our Directors and senior management, and evaluate and make recommendations on employee benefit arrangements and other duties required under Appendix C1 of the Listing Rules.

Strategy and Investment Committee

The Company has established a strategy and investment committee (the "**Strategy and Investment Committee**") with written terms of reference in compliance with the requirements under the Listing Rules. The Strategy and Investment Committee consists of two executive Directors, being Mr. Li Shuqing and Ms. Wu Xia, three non-executive Directors, being Ms. Cao Yue, Mr. Xiao Ning and Dr. Zhao Dian, and one independent non-executive Director, being Dr. Yao Yang. The chairwoman of the Strategy and Investment Committee is Ms. Cao Yue. The primary duties of the Strategy and Investment Committee are to (i) to conduct research and make recommendations for the long-term strategic development plans of our Company; (ii) to conduct research and make recommendations for annual investment plans which are subject to the approval of our Board; (iii) to conduct research and make recommendations for other major investment programmes which are subject to the approval of our Board (excluding those included in the annual investment plans); (iv) to conduct research and make recommendations for the annual post-investment evaluation report; and (v) to conduct research, revise and review the policies of the Company's strategic management and investment management, and make recommendations to the Board.

COMPENSATION OF DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

We offer our executive Directors and senior management members, who are also the Company's employees, various compensation in the form of fees, salaries, retirement benefit scheme contributions, discretionary bonus, housing allowances and other benefits in kind. Independent non-executive Directors receive compensation with reference with their respective positions and duties, including being a member or the chairman of Board committees.

For the three years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, the total remuneration (including fees, salaries, retirement benefit scheme contributions and other benefits) we paid to our Directors amounted to approximately RMB4.6 million, RMB6.4 million, RMB7.7 million and RMB1.1 million, respectively.

For the three years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, the total remuneration (including fees, salaries, retirement benefit scheme contributions and other benefits) we paid to the five highest paid individuals amounted to approximately RMB15.5 million, RMB15.2 million, RMB16.0 million and RMB6.2 million, respectively.

Pursuant to the arrangement still in force as of the date of this prospectus, an estimated aggregate amount of approximately RMB14.3 million will be paid and granted to the Directors as remuneration for the financial year ending December 31, 2024.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, the Group. During the Track Record Period, no compensation was paid to, or has been received by, our Directors, former Directors or the five highest paid individuals for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. None of our Directors waived any emoluments during the Track Record Period.

Save as disclosed above, no other payments have been paid or are payable for the three years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024 by us or any of our subsidiaries to our Directors.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, the Company intends to comply with the corporate governance requirements under the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 to the Hong Kong Listing Rules after the Listing.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy which sets out the approach to achieve and maintain diversity in our Board. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. We will also consider our own business model and special needs. The ultimate selection of Director candidates will be based on merits of the candidates and contribution that the candidates will bring to our Board.

Our Board currently consist of three female Directors and nine male Directors with a balanced mix of gender, knowledge and skills, including but not limited to knowledge and experience in the areas of food and beverage industry, commercial operation and corporate management, business development, legal experiences, auditing, human resources and finance experiences. Taking into consideration our existing business model and specific needs as well as the different background of our Directors, our Directors consider that the composition of our Board upon the Listing satisfies our board diversity policy. After the Listing, we will strive to keep gender balance of the Board through measures implemented by our Nomination Committee in accordance with our board diversity policy. In particular, we will keep identifying and selecting female individuals with a diverse range of skills, experience and knowledge in different fields who are suitably qualified to become our Board members and maintain at least one female Director and at least 10% female representations in our Board.

Our Nomination Committee is responsible for the implementation of our board diversity policy. Upon completion of the Listing, our Nomination Committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

COMPLIANCE ADVISOR

We have appointed Altus Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business, developments or results deviated from any forecast, estimate or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry to us under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report with respect to our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

None of our Directors had interests in any other companies as of the Latest Practicable Date that may, directly or indirectly, compete with our business and would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in April or June 2024, and (ii) understands his or her obligations as a director of a listed issuer on the Stock Exchange under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

OVERVIEW

As of the Latest Practicable Date, our Company was owned as to 60% and 40% by CRH Beverage and Plateau, respectively.

CRH Beverage is wholly owned by CRE Limited, which is in turn wholly owned by CRH Limited, a subsidiary of CR Holdings. Immediately upon the completion of the Global Offering, CRH Beverage will own approximately 51% of the enlarged share capital of our Company (assuming the Over-allotment Option is not exercised). Therefore, CR Holdings, CRH Limited, CRE Limited, CRH Beverage will constitute a group of our Controlling Shareholders after Listing. CR Holdings is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council.

Plateau is wholly owned by Plateau Consumer Fund, L.P., whose general partner is Plateau Investment Limited. Plateau Consumer Fund, L.P. has 17 limited partners in total, among which Maxwish Limited is the largest limited partner with approximately 36.8% limited partnership interest and is not in charge of decision making thereof, and no other limited partners held 20% or more limited partnership interest in Plateau Consumer Fund, L.P. Ms. Dong Yi, a sophisticated investor, through her wholly owned company Plateau Holding Limited, owns 100% equity interests in Plateau Investment Limited. Immediately upon the completion of the Global Offering, Plateau will own approximately 34% of the enlarged share capital of our Company (assuming the Over-allotment Option is not exercised). Therefore, Ms. Dong Yi, Plateau Holding Limited, Plateau Investment Limited, Plateau Consumer Fund, L.P. and Plateau will constitute another group of our Controlling Shareholders after Listing.

DELINEATION OF OUR BUSINESSES FROM THE BUSINESSES OF OUR CONTROLLING SHAREHOLDERS

Our Principal Businesses

We are primarily engaged in manufacturing and sales of our packaged water products and beverage products. For more details, see “Business”.

Principal Businesses of CR Holdings

CR Holdings is a major PRC state-owned conglomerate headquartered in Hong Kong. Its core businesses include consumer goods (including retail, beer, food and beverages), healthcare, integrated energy, urban construction and operation, technology and emerging sectors, and industrial finance. Eight companies under the CR Group are listed on the Hong Kong Stock Exchange. The table below sets forth the principal businesses of CR Group's listed subsidiaries/associates on the Hong Kong Stock Exchange and its shareholding interest in each of these listed subsidiaries/associates:

Name	Principal Businesses	Approximate Percentages
China Resources Building Materials Technology Holdings Limited (stock code: 1313)	Excavation of limestone and production, sale and distribution of cement, clinker and concrete	69%
CR Beer	Manufacturing, sales and distribution of alcoholic beverages	52%
CR Power	Investment, development, operation and management of wind farms, photovoltaic power plants, hydro-electric power plants and other clean and renewable energy projects and coal-fired power plants in the PRC	63%
China Resources Pharmaceutical Group Limited (stock code: 3320) ("**CR Pharmaceutical**")	Research and development, manufacturing, distribution and retail of pharmaceutical and healthcare products	53%
China Resources Gas Group Limited (stock code: 1193)	Purchases and sales of natural gas, the construction and operation of pipeline facilities, gas for vehicles and vessels, combined cooling, heating and power, and integrated gas services	61%
CR Land	Property investment, development and management	60%
CR Mixc	Provision of property management and commercial operational services	74%
China Resources Medical Holdings Company Limited (stock code: 1515)	Provision of general healthcare services, hospital management services, group purchasing organization business and other derived business from hospitals in the PRC	37%

Note: the above shareholding percentages are quoted from latest published reports of the above listed companies.

As of the Latest Practicable Date, CR Holdings held, through its subsidiaries, interests in the following businesses with a moderate scale of the production and sale of packaged drinking water and beverage products (the "**Retained Businesses**"):

CR Beer's non-alcoholic fruit beer products

CR Beer is primarily engaged in manufacturing, sales and distribution of alcoholic beverages. In addition to its alcoholic beverages including beer and baijiu products, it has been engaging in sales of its fruit beer products with zero alcohol. We believe that there is no substantive competition between CR Beer's non-alcoholic fruit beer products and our carbonated beverage products for the following reasons:

- **Different product positioning and target customers**. According to the CIC Report, non-alcoholic fruit beer products are generally produced from hop extracts with beer production technologies and are categorized as beer-alike products. Although non-alcoholic fruit beer products do not contain alcohol, they have similar flavour and appearance (in terms of foam, colour and the beer bottles used in packaging) with beer products. Accordingly, CR Beer's non-alcoholic fruit beer products are positioned as alternatives to beer products, primarily targeting customers who prefer alcoholic drinks for social occasions and catering to young people, while our carbonated beverage products typically target customers who consume water and non-alcoholic beverage for daily needs. In addition, while CR Beer's non-alcoholic fruit beer products are also sold in offline retail stores, they are typically displayed together with beer products instead of other non-alcoholic beverage products considering their similarities with beer products. Therefore, there is a clear delineation between CR Beer's non-alcoholic fruit beer products and our carbonated beverage products.

- **Non-core products**. Neither of the non-alcoholic fruit beer products of CR Beer or our carbonated beverage products are among the main products of the respective groups. The revenue generated from CR Beer's non-alcoholic fruit beer products represented less than 1.0% of CR Beer's total revenue for the year ended December 31, 2023, whereas the revenue generated from our carbonated beverage products represented less than 0.1% of our total revenue for the year ended December 31, 2023.

- **Different strategies for geographic coverage**. CR Beer's non-alcoholic fruit beer products are primarily sold in the northwest and central regions of China, whereas sales strategies of our products have a broad presence across China.

Oatly Group AB ("Oatly Group")'s plant-based milk tea and latte products

Oatly Group is a company listed on the NASDAQ (ticker: OTLY) and is owned as to approximately 46% by China Resources Verlinvest Health Investment Limited, which is a joint venture indirectly owned as to 50% by CRH Limited. CRH Limited is not involved in the daily operation of Oatly Group. Oatly Group is primarily engaged in the production and sales of plant-based dairy products made from oats, including milk tea and latte made of oats. We believe that there is no substantive competition between Oatly Group's milk tea and latte products and our milk tea and coffee products for the following reasons:

- **Different product positioning and target customers**. According to the CIC Report, Oatly Group's plant-based dairy products (including its milk tea and latte made of oats) are categorized as plant-based protein beverage with a sizable percentage of target customers who are allergic to certain dairy products or prefer nutritious food with plant-based ingredients, whereas our Group currently does not produce or sell any plant-based protein beverage. Meanwhile, Oatly Group's milk tea and latte are made of its plant-based dairy, whereas our milk tea and coffee products are made with dairy powder. Therefore, there is a clear delineation between Oatly Group's plant-based milk tea and latte products and our milk tea and coffee products.

- **Non-core products**. Neither of the milk tea and latte products of Oatly Group or our milk tea and coffee products are among the main products of the respective groups. The revenue generated by Oatly Group from its sales of milk tea and latte products in China accounted for less than 5% of its total revenue for the year ended December 31, 2023, whereas the revenue generated from our milk tea and coffee products represented approximately 1.3% of our total revenue for the year ended December 31, 2023.

- **Different geographic regions**. Oatly Group generated a majority portion of its revenue globally from Europe, the Middle East, Africa, Americas and Asia, and its revenue generated from sales of plant-based dairy products (including but not limited to its milk tea and latte products) in China represented less than 20% of its total revenue for the year ended December 31, 2023, whereas our Group is focusing on the China market with substantially all of our revenue generated from China market.

Jincheng Haisi Pharmaceutical Co., Ltd. (晉城海斯製藥有限公司) ("Haisi Pharmaceutical")'s Haisi Water

As of December 31, 2023, CR Holdings through CR Pharmaceutical owned approximately 43% interest in Jiangzhong Pharmaceutical Co., Ltd. (江中藥業股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600750)) which owns 51% interest in Haisi Pharmaceutical. Haisi Pharmaceutical is primarily engaged in R&D and production of chemical pharmaceuticals, and recorded a revenue of RMB983.3 million for the year ended December 31, 2023. To make full use of its residual manufacturing capacity of producing water for pharmaceutical use, Haisi Pharmaceutical also produces and sells its packaged drinking water product "Haisi Water" primarily in Jincheng, Shanxi Province. We believe that there is no substantive competition between Haisi Water and our packaged drinking water products for the following reasons:

- **Different product positioning and business scale**. Haisi Water is not among the main products of Haisi Pharmaceutical, and the revenue generated from Haisi Water accounted for less than 0.6% of Haisi Pharmaceutical's total revenue for the year ended December 31, 2023, whereas our packaged drinking water products are our key products, and our revenue generated from packaged drinking water products amounted to approximately RMB12,446.6 million for the year ended December 31, 2023, representing approximately 92.1% of our total revenue for the same period.

- **Different sales channels, target customers and geographic regions**. Haisi Water is primarily sold in Jincheng, Shanxi province with major customers being enterprises and individuals in Jincheng, and has never been offered for sale in supermarkets, whereas our Group has diversified sales channels with a broad distribution network offering our packaged drinking water products nationwide to fulfil customers' daily consumption needs. To our best knowledge, Haisi Pharmaceutical has no marketing or expansion plan for Haisi Water currently and in the foreseeable future.

Chongqing Zhongliangshan Beverage Co., Ltd. (重慶中梁山飲品有限公司) ("Chongqing Zhongliangshan")'s packaged drinking water products

CR Power is principally engaged in investment, development, operation and management of wind farms, photovoltaic power plants, hydro-electric power plants and other clean and renewable energy projects and coal-fired power plants in the PRC, and recorded a revenue of RMB92.9 billion for the year ended December 31, 2023. As of the Latest Practicable Date, CR Holdings through CR Power held approximately 38% interest in Chongqing Energy Investment Group Co., Ltd. (重慶市能源投資集團有限公司) ("**Chongqing Energy**"), a company primarily engaged in energy development and operation. Before CR Power's investment in Chongqing Energy in 2023, Chongqing Energy has indirectly held the entire 100% interest in Chongqing Zhongliangshan. Chongqing Zhongliangshan is primarily engaged in manufacturing and sales of packaged drinking water products in Chongqing and its neighbouring counties in Sichuan Province. We believe that there is no substantive competition between Chongqing Zhongliangshan's packaged drinking water and our packaged drinking water products for the following reasons:

- **Different business scale**. The revenue generated from Chongqing Zhongliangshan amounted to less than 0.03% of the revenue of CR Power for the year ended December 31, 2023, whereas our revenue generated from packaged drinking water products amounted to approximately RMB12,446.6 million for the year ended December 31, 2023, representing approximately 92.1% of our total revenue for the same period.

- **Different geographic regions**. The packaged drinking water products of Chongqing Zhongliangshan are primarily sold in Chongqing and its neighbouring counties in Sichuan Province, whereas our packaged drinking water products have a broad presence across China.

Dong-E-E-Jiao Co., Ltd. (東阿阿膠股份有限公司) ("DEEJ")'s E-Jing Water

As of December 31, 2023, CR Holdings through CR Pharmaceutical indirectly held approximately 33% interest in DEEJ (a company listed on the Shenzhen Stock Exchange (stock code: 000423)). DEEJ is primarily engaged in the production and sales of Chinese medicine and dietary supplement made from donkey-hide gelatin (Ejiao), and recorded a revenue of RMB4,715.3 million for the year ended December 31, 2023. Since 2016, DEEJ started to produce and sell its packaged drinking water product "E-Jing Water (阿井水)" as an ancillary product primarily for the promotion of its Ejiao products. We believe that there is no substantive competition between E-Jing Water and our packaged drinking water products for the following reasons:

- **Different product positioning and business scale**. E-Jing Water is not DEEJ's main products and only serves as a part of DEEJ's cultural and tourism series products for promotion of its Ejiao products in tourist attractions and internal receptions and meetings. As such, the revenue generated from E-Jing Water accounted for less than 0.03% of DEEJ's total revenue for the year ended December 31, 2023. Whereas our packaged drinking water products are our key products and the revenue generated from packaged drinking water products amounted to approximately RMB12,446.6 million for the year ended December 31, 2023, representing approximately 92.1% of our total revenue for the same period.

- **Different sales channels and consumption scenarios**. E-Jing Water is typically sold in the aforementioned tourist attractions for promotion or provided as giveaways along with DEEJ's Ejiao products, and to our best knowledge, is not expected to be substantially sold or promoted on a standalone basis in the foreseeable future, while our Group has diversified sales channels with a broad distribution network for our packaged drinking water products to fulfil customers' daily consumption needs.

- **Different geographic regions**. E-Jing Water is only sold in tourist attractions in Dong'e county of Liaocheng city, Shandong province, whereas our packaged drinking water products have a broad presence across China.

CR Vanguard's flavored drinks and packaged drinking water

CR Vanguard is a subsidiary of CR Holdings and is primarily engaged in retail chain business through its proprietary stores nationwide. CR Vanguard procured flavored drinks and packaged drinking water manufactured by OEMs for sales in their proprietary stores under its own brands. We believe that there is no substantive competition between CR Vanguard's flavored drinks and packaged drinking water and our beverage products and packaged drinking water for the following reasons:

- **Non-core products**. CR Vanguard sells a wide variety of goods including but not limited to fresh and packaged food product, daily necessities and other consumption goods. The revenue generated from sales of flavored drinks and packaged drinking water under its own brands by CR Vanguard amounted to less than 1% of the revenue of CR Vanguard for the year ended December 31, 2023, whereas we generated all of our revenue from sales of packaged drinking water and beverages.

- **Different sales channels**. We sell our products primarily through our distribution network nationwide to distributors and direct sales customers, such as national and regional supermarkets, chain convenience stores and e-commerce platforms, whereas CR Vanguard sells flavored drinks and packaged drinking water in its proprietary stores directly to end customers.

Principal Businesses of Plateau

Plateau, which is ultimately controlled by Ms. Dong Yi, is an institution principally engaged in investment holding.

No Competition with our Controlling shareholders under Rule 8.10 of the Listing Rules

For reasons stated above, we believe that there is no substantive competition between the Retained Businesses and our packaged water and beverage products business, and there is no overlapping director or senior management of our Group and those of the Retained Businesses. Further, the potential conflict of interests between our Group and our Controlling Shareholders can be addressed and managed through our corporate governance measures as further elaborated below. See "— Corporate Governance Measures" for further information.

Save for the Retained Businesses as disclosed above, our Controlling Shareholders are not interested in a business, apart from our businesses and as disclosed in this prospectus, which competes or is likely to compete, either directly or indirectly, with our businesses under Rule 8.10 of the Listing Rules as of the Latest Practicable Date.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Taking into consideration the following factors, our Directors believe that we can conduct our business independently from our Controlling Shareholders and their respective close associates after the Global Offering.

Operational Independence

We operate our businesses independently from our Controlling Shareholders. We have obtained relevant qualifications and licenses, independent operating premises, domain names and systems needed for our businesses.

We have our own organizational structure with self-governing departments, each with specific areas of responsibility. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our businesses. We have adopted a set of corporate governance manuals, including the terms of reference for general meetings and terms of reference for Board meetings, both of which are based on relevant laws, rules and regulations.

We have entered into certain continuing connected transactions with CR Holdings in relation to products or services provided to or by CR Holdings and/or its associates. Such transactions are and will be conducted on an arm's length basis and on normal commercial terms in the ordinary and usual course of business of our Company. See the section headed "Connected Transactions."

Based on the above, our Directors are of the view that our Group operates independently from our Controlling Shareholders.

Financial Independence

We have established our own finance department with a team of independent financial staff who are responsible for our financial management, accounting, reporting and funding functions independently from our Controlling Shareholders and their respective close associates, as well as a sound and independent financial system, and makes independent financial decisions according to our own business needs. Our Group maintains bank accounts independently and does not share any bank account with our Controlling Shareholders and/or their respective close associates. Our Group makes tax registration and pays tax independently with its own funds. As such, we operate independently of our Controlling Shareholders and/or their respective close associates in terms of financial functions, such as cash and accounting management, invoices and bills.

We do not rely on our Controlling Shareholders or their respective close associates by virtue of their provision of financial assistance. Our Group is capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by our Controlling Shareholders and/or their respective close associates. We entered into the deposit service and other related service framework agreement with CR Bank, which will constitute continuing connected transactions of our Group. Such deposit arrangements do not affect the financial independence of our Group as no financial assistance is being provided by CR Bank to us. See the section headed "Connected Transactions". Our Group will not have any loans, guarantees or other financial assistance from our Controlling Shareholders and/or their respective close associate upon Listing.

Based on the above, our Directors are of the view that our Company is financially independent from our Controlling Shareholders.

Management Independence

Our business is managed and conducted by our Board and senior management, and our Directors believe that our Company is capable of maintaining management independence due to the following reasons:

- our executive Directors and all our senior management members, who did not hold any management position in our Controlling Shareholders, are responsible for the day-to-day management and operation of our Company;

- each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

- in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

- all of our four independent non-executive Directors are independent of our Controlling Shareholders and have extensive experience in their respective areas of expertise. See "Directors and Senior Management". All our independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions; and

- upon completion of the Global Offering, our Company will adopt a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See "— Corporate Governance Measures" in this section below for further information.

Based on the above, and taking into consideration the fact that there is no substantive competition between us and our Controlling Shareholders and their respective close associates as defined under Rule 8.10 of the Listing Rules, the Directors are of the view that our management is independent from our Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. Our Company would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders and their respective close associates upon Listing:

- where a Board meeting is held for the matters in which any Director has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

- where a Shareholders' meeting involves proposed transactions in which any of our Controlling Shareholders and their respective close associates has a material interest, the Controlling Shareholder will not vote on the resolutions and shall not be counted in the quorum in the voting;

- our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Group enters into connected transactions with our Controlling Shareholders or any of their respective associates, our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules;

- our Board will consist of a balanced composition of executive and non-executive Directors, including not less than one-third of independent non-executive Directors, to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, individually and collectively, possess the requisite knowledge and experience. They are committed to providing impartial and professional advice to protect the interests of our minority Shareholders;

- our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisor at our Company's cost as and when appropriate in accordance with the Code on Corporate Governance Practices and Corporate Governance Report as set out in Appendix C1 to the Listing Rules; and

- we have appointed Altus Capital Limited as our compliance advisor, who will provide advice and guidance to us in respect of compliance with the Listing Rules and applicable laws, rules, codes and guidelines, including but not limited to various requirements relating to Directors' duties and internal controls.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Controlling Shareholders and/or Directors to protect minority Shareholders' rights after the Listing.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as of the Latest Practicable Date and immediately following the completion of the Global Offering, the following persons had and will have an interest and/or a short position in our Shares or the underlying shares of our Company which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

		Shares held as of the Latest Practicable Date		Shares held immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised)		Shares held immediately after completion of the Global Offering (assuming the Over-allotment Option is exercised in full)	
Shareholder	Nature of interest	Number	Percentage	Number	Percentage	Number	Percentage
China Resources Company Limited[(1)] . . .	Interest in controlled corporation	1,200,000,000	60%	1,200,000,000	51.11%	1,200,000,000	50.00%
China Resources Inc.[(1)]	Interest in controlled corporation	1,200,000,000	60%	1,200,000,000	51.11%	1,200,000,000	50.00%
CRC Bluesky Limited[(1)] . . .	Interest in controlled corporation	1,200,000,000	60%	1,200,000,000	51.11%	1,200,000,000	50.00%
CR Holdings[(1)] .	Interest in controlled corporation	1,200,000,000	60%	1,200,000,000	51.11%	1,200,000,000	50.00%
CRH Limited[(1)] .	Interest in controlled corporation	1,200,000,000	60%	1,200,000,000	51.11%	1,200,000,000	50.00%
CRE Limited[(1)] .	Interest in controlled corporation	1,200,000,000	60%	1,200,000,000	51.11%	1,200,000,000	50.00%
CRH Beverage[(1)] . .	Beneficial owner	1,200,000,000	60%	1,200,000,000	51.11%	1,200,000,000	50.00%
Ms. Dong Yi[(2)] .	Interest in controlled corporation	800,000,000	40%	800,000,000	34.07%	800,000,000	33.33%
Plateau Holding Limited[(2)] . . .	Interest in controlled corporation	800,000,000	40%	800,000,000	34.07%	800,000,000	33.33%

Shareholder	Nature of interest	Shares held as of the Latest Practicable Date		Shares held immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised)		Shares held immediately after completion of the Global Offering (assuming the Over-allotment Option is exercised in full)	
		Number	Percentage	Number	Percentage	Number	Percentage
Plateau Investment Limited(2) . . .	Interest in controlled corporation	800,000,000	40%	800,000,000	34.07%	800,000,000	33.33%
Plateau Consumer Fund, L.P.(2) . .	Interest in controlled corporation	800,000,000	40%	800,000,000	34.07%	800,000,000	33.33%
Plateau(2)	Beneficial owner	800,000,000	40%	800,000,000	34.07%	800,000,000	33.33%
China Investment Corporation(3) .	Interest in controlled corporation	800,000,000	40%	800,000,000	34.07%	800,000,000	33.33%
Central Huijin Investment Ltd.(3)	Interest in controlled corporation	800,000,000	40%	800,000,000	34.07%	800,000,000	33.33%
Bank of China Limited(3) . . .	Interest in controlled corporation	800,000,000	40%	800,000,000	34.07%	800,000,000	33.33%
Bank of China Group Investment Limited(3) . . .	Interest in controlled corporation	800,000,000	40%	800,000,000	34.07%	800,000,000	33.33%
BOC Investment Management Limited(3) . . .	Interest in controlled corporation	800,000,000	40%	800,000,000	34.07%	800,000,000	33.33%
Maxwish Limited(3) . . .	Interest in controlled corporation	800,000,000	40%	800,000,000	34.07%	800,000,000	33.33%

Notes:

(1) As of the Latest Practicable Date, CRH Beverage directly held 60% of our Shares. CRH Beverage is a wholly-owned subsidiary of CRE Limited, which is in turn wholly owned by CRH Limited, a subsidiary of CR Holdings. CR Holdings is a subsidiary of CRC Bluesky Limited, which is in turn wholly-owned by China Resources Inc. China Resources Inc. is wholly-owned by China Resources Company Limited.

(2) As of the Latest Practicable Date, Plateau was wholly owned by Plateau Consumer Fund, L.P., whose general partner is Plateau Investment Limited. Plateau Investment Limited is wholly owned by Plateau Holding Limited, which is wholly owned by Ms. Dong Yi. In addition to the interest in the general partner of Plateau Consumer Fund, L.P., Ms. Dong Yi also, through Plateau Capital Limited and Plateau Group Limited, held a total of 2.65% limited partnership interests in Plateau Consumer Fund, L.P.

(3) As of the Latest Practicable Date, Maxwish Limited (銘宇有限公司) held approximately 36.8% limited partnership interest in Plateau Consumer Fund, L.P.. Maxwish Limited is wholly owned by BOC Investment Management Limited (中銀投資管理有限公司), which is in turn wholly owned by Bank of China Group Investment Limited (中銀集團投資有限公司), a subsidiary of Bank of China Limited (中國銀行股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 3988) and Shanghai Stock Exchange (stock code: 601988)). BOCI Asia Limited, one of the Joint Sponsors for the Global Offering, is a subsidiary of the Bank of China Limited. As of June 30, 2024, Bank of China Limited was held as to 64.13% by Central Huijin Investment Ltd., which was in turn wholly owned by China Investment Corporation, a state-owned enterprise.

Save as disclosed above, our Directors are not aware of any other person who will, immediately after completion of the Global Offering, have an interest and/or a short position in our Shares or the underlying shares of our Company which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE PLEDGE BY PLATEAU

As of the Latest Practicable Date, all the Shares held by Plateau in the Company, representing 40% of our total issued share capital, were subject to pledges granted in favour of certain bank consortium (being BOCHK, United Overseas Bank (China) Limited Guangzhou Branch, United Overseas Bank Limited, China Minsheng Banking Corp. Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd. and China Construction Bank Corporation, Hong Kong Branch) for the purpose of a loan facility provided by the bank consortium to Plateau.

On June 24, 2024, BOCHK (as the security agent and on behalf of the bank consortium) issued an undertaking letter to the Company, pursuant to which, (a) in the period from the date of this prospectus to the six months from the Listing Date (the "**First Six Months**"), for purpose of fulfilling the requirements under Rule 10.07(1)(a) of the Listing Rules, BOCHK shall not enforce the share pledge so as to cause any change to the shareholding of Plateau in our Company; and (b) in the period of six months from the date on which the First Six Months expires, for purpose of fulfilling the requirements under Rule 10.07(1)(b) of the Listing Rules, BOCHK shall not enforce the share pledge so as to cause Plateau to cease to be a Controlling Shareholder of our Company.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid as of the date of this Prospectus and immediately following the completion of the Global Offering:

	Aggregate nominal value of Shares
As of the date of this prospectus	
Authorized share capital	
100,000,000,000 Shares of US$0.0000005 each	US$50,000
Issued share capital	
2,000,000,000 Shares of US$0.0000005 each	US$1,000
Immediately after completion of the Global Offering	
Authorized share capital	
100,000,000,000 Shares of US$0.0000005 each	US$50,000
Shares to be issued under the Global Offering (assuming the Over-allotment Option is not exercised)	
347,826,200 Shares of US$0.0000005 each	US$173.9131
Total issued Shares immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised)	
2,347,826,200 Shares of US$0.0000005 each	US$1,173.9131

The above tables assume that the Global Offering becomes unconditional, and the Shares are issued pursuant to the Global Offering. The above tables also do not take into account any Shares which may be issued or repurchased by us under the general mandates granted to our Board of Directors as referred to below.

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this prospectus, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its share capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) subdivide its shares into shares of smaller amount; (iv) cancel any shares which have not been taken or agreed to be taken by any person; (v) make provision for the allotment and issue of shares which do not carry any voting rights; (vi) change the currency of denomination of its share capital; (vii) reduce its share premium account; and (viii) perform any action not required to be performed by special resolution. In addition, our Company may subject to the provisions of the Cayman Companies Act reduce its share capital by its shareholders passing a special resolution. See "Summary of the Constitution of the Company and the Cayman Islands Companies Laws — 2. Articles of Association — 2.1 Shares – (c) Alteration of Capital" in Appendix III for further details.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Board have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering; and

- the aggregate nominal value of Shares repurchased by us under the authority referred to in the paragraph headed "— General Mandate to Repurchase Shares" in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum and Articles or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

For details, see "Appendix IV — Statutory and General Information — A. Further Information about our Group — 4. Resolutions of the Shareholders of Our Company dated April 21, 2024 and October 8, 2024."

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Board have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with nominal value of up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering.

The repurchase mandate only relates to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which our Shares are listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — A. Further Information about our Group — 5. Repurchase of Our Own Securities" in Appendix IV to this prospectus. This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum and Articles or any other applicable laws to be held; or

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

For details, see "Appendix IV — Statutory and General Information — A. Further Information about our Group — 5. Repurchase of Our Own Securities."

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in "Appendix I — Accountants' Report," together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with HKFRSs.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this prospectus.

OVERVIEW

We are a pioneer in China's packaged drinking water industry and a leading company in China's RTD soft beverage industry. According to the CIC Report, we were one of the first enterprises specializing in the production of packaged drinking water in China. After four decades of development, we have grown into the second largest company in the packaged drinking water market in China and the largest company in the purified drinking water market in China by retail sales value in 2023, with a market share of 18.4% and 32.7%, respectively. The retail sales value of our "C'estbon" purified drinking water products reached RMB39.5 billion in 2023, standing as the number one brand in China's purified drinking water market, with a market share of 32.7%, according to the CIC Report. We centered on packaged drinking water while diversifying our beverage offerings, reinforcing our multi-category strategic roadmap of "one flagship brand accompanied by a spectrum of popular brands" and vigorously engaging in R&D and innovation to capture the expansive market opportunities. In 2023, according to the CIC Report, we ranked fifth in terms of retail sales value among China's RTD soft beverage companies, with a market share of 4.7%, showcasing our leading position in packaged drinking water and beverage products.

Anchored on our "C'estbon" brand, and rooted in the success of our purified drinking water products, we persistently enhance our product portfolio of packaged drinking water products through diversification of water types and expansion of product specifications, catering to a wide range of consumption scenarios including outdoor, indoor, business, catering and sports. Meanwhile, we strategically expanded our presence across multiple core product categories in China's RTD soft beverage industry, which have been validated by the market and exhibit considerable growth potential. According to the CIC Report, among the top 10 RTD soft beverage companies in China in terms of retail sales value in 2023, our beverage products recorded the highest retail sales value growth rate in terms of CAGR from 2021 to 2023. We have successfully crafted multiple hit products under our renowned brands, propelling us to a leading position across various core product categories within China's RTD soft beverage industry. According to the CIC Report, in terms of retail sales value in 2023, we ranked among top 10 in various core RTD beverage categories of China, including tea beverage, juice beverage and coffee beverage; notably, we ranked first in China's chrysanthemum tea beverage market and second in the flavored water market, with a market share of 38.5% and 12.9%, respectively.

During the Track Record Period, we achieved steady revenue growth and sustained improvement in profitability. Our revenue increased from RMB11,339.9 million in 2021 to RMB13,514.7 million in 2023, at a CAGR of 9.2%. Our revenue increased from RMB3,939.6 million in the four months ended April 30, 2023 to RMB4,149.8 million in the same period of 2024. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our net profit was RMB858.1 million, RMB988.7 million, RMB1,331.4 million, RMB355.8 million and RMB460.7 million, respectively, and our net profit margin was 7.6%, 7.8%, 9.9%, 9.0% and 11.1%, respectively.

BASIS OF PRESENTATION

Our consolidated financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. Our consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of our consolidated financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires our management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our consolidated financial information, are disclosed in note 5 to the Accountants' Report in Appendix I to this prospectus.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are beyond our control, including the following:

General Factors

Our business and operating results are impacted by general factors affecting the RTD soft beverage industry, which include:

- the development of China's macro economy;
- changes in per capita disposable income and expenditure on soft beverage products;
- evolving consumer consumption patterns and habits in China;
- the growth and competition environment of the RTD soft beverage industry in China;
- relevant laws and regulations, governmental policies and initiatives affecting the RTD soft beverage industry; and
- weather, natural disasters and climate change.

Specific Factors

Market Demand

Our results of operations are largely determined by market demand for our products, including packaged drinking water and beverage products. Driven by increasing urbanization rate, increasing disposable income, consistent product innovation, continuous market segmentation and diversification of sales channels, the RTD soft beverage market in China is expected to continue to grow, according to the CIC Report. According to the same source, the size of the RTD soft beverage market in China in terms of retail sales value reached RMB909.2 billion in 2023 and is expected to increase to RMB1,203.2 billion by 2028, growing at a CAGR of 5.8% from 2023 to 2028. Packaged drinking water is the largest category among all RTD soft beverages in terms of retail sales value, with a market size of RMB215.0 billion in 2023, which is expected to reach RMB314.3 billion by 2028, growing at a CAGR of 7.9% from 2023 to 2028, the fastest among all RTD soft beverage categories. The packaged drinking water market accounted for 23.6% of the RTD soft beverage market in China by retail sales value in 2023, and is estimated to remain its leadership by 2028. See "Industry Overview."

As a pioneer in China's packaged drinking water industry and a leading company in China's RTD soft beverage industry, we are well-positioned to reinforce our market leadership and seize emerging opportunities, leveraging our strong brand recognition, comprehensive product portfolio and expansive nationwide sales network.

Our Sales Network and Geographical Coverage

We have built an extensive sales network, comprising distributorship and direct sales, to reach a wide range of consumers, enhancing our brand reputation and solidifying our competitive advantages. Maintaining an effective distribution network enables smooth deliveries of our packaged drinking water and beverage products to consumers, and our distributors play an important role in expanding our geographic footprints and driving sales of our products. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, we generated revenue of RMB10,047.3 million, RMB11,195.2 million, RMB11,923.4 million, RMB3,547.2 million and RMB3,672.7 million from distributorship representing 88.6%, 88.7%, 88.2%, 90.0% and 88.5% of our total revenue during the same periods, respectively. During the Track Record Period, we had successfully partnered with over 1,000 distributors nationwide, covering over two million retail points of sale across the country accumulatively. Meanwhile, in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, we generated revenue of RMB1,292.6 million, RMB1,427.6 million, RMB1,591.3 million, RMB392.4 million and RMB477.1 million from direct sales, respectively, accounting for 11.4%, 11.3%, 11.8%, 10.0% and 11.5% of our total revenue during the same periods, respectively. See "Business — Our Sales Network."

We expect to continually deepen the reach of our sales network in markets where we hold a leading position, such as the Southern region. During the Track Record Period, the Southern region was the largest contributor to our revenue. Meanwhile, we recorded significant growth in revenue generated from the Eastern and Southwestern regions, as we continued seizing the market potentials of the other regions in China.

- Our revenue generated from the Eastern region increased by 29.4% from RMB2,809.6 million in 2021 to RMB3,636.0 million in 2022, and further increased by 10.2% to RMB4,006.1 million in 2023, and remained relatively stable at RMB1,228.5 million and RMB1,203.7 million in the four months ended April 30, 2023 and 2024, respectively. Our revenue generated from the Eastern region as a percentage of total revenue increased from 24.8% in 2021 to 28.8% in 2022, and further to 29.6% in 2023, and decreased from 31.2% in the four months ended April 30, 2023 to 29.0% in the same period of 2024.

- Our revenue generated from the Southwestern region increased by 17.5% from RMB1,463.7 million in 2021 to RMB1,719.1 million in 2022, and further increased by 10.4% to RMB1,897.7 million in 2023, and remained relatively stable at RMB604.9 million and RMB620.9 million in the four months ended April 30, 2023 and 2024, respectively. Our revenue generated from the Southwestern region as a percentage of total revenue increased from 12.9% in 2021 to 13.6% in 2022, and further to 14.0% in 2023, and remained relatively stable at 15.4% and 15.0% in the four months ended April 30, 2023 and 2024, respectively.

Product Mix

Our success depends substantially on our ability to optimize our product mix to satisfy evolving consumer tastes, preferences and spending habits. We have a diverse portfolio of products in two categories: packaged drinking water products and beverage products. The breadth and depth of our product portfolio enable us to offer our consumers a variety of drinking options to meet their various preferences. Our small-sized bottled water products have been the flagship products under our C'estbon brand. Since the launch of the "small green bottle" in 2001, its classic image has helped us swiftly gain market recognition and garnered a substantial market share in the packaged drinking water market, contributing significantly to the establishment of our brand position and reputation. During the Track Record Period, we strategically launched medium- to large-sized bottled water products to cater to a variety of consumption scenarios, such as household, catering and outdoor. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, revenue generated from sales of medium- to large-sized bottled water products was RMB3,469.2 million, RMB3,962.3 million, RMB4,242.9 million, RMB1,177.1 million and RMB1,258.8 million, respectively, accounting for approximately 32.1%, 33.3%, 34.1%, 32.5% and 33.8% of our revenue generated from packaged drinking water products during the same periods, respectively. Moreover, we have launched multiple new soft beverage products under our series including Zhi Ben Qing Run (至本清潤), Holiday Series (假日系列), Zuo Wei Cha Shi (佐味茶事) and FEEL (氣泡蘇打水). As of the Latest Practicable Date, our product portfolio comprised 13 brands and 59 SKUs in total.

If we do not effectively anticipate and respond to changing trends and consumer preferences, our sales and growth could be adversely affected. See "Risk Factors — Risks Related to Our Business and Industry — We may not effectively respond to changing consumer tastes, preferences and spending habits, whether by enhancing our current products, undertaking the process of developing, launching and promoting any new product, or responding to changes in the distribution channels, which could impact our business and financial performance."

Cost of Sales

Our ability to maintain and enhance our profit margins mainly depends on our capabilities in managing the level of our cost of sales. During the Track Record Period, our cost of sales mainly included: (i) cost of raw materials and packaging materials; (ii) Cooperative Manufacturing Partners' services fees; and (iii) manufacturing expenses.

The principal type of raw materials and packaging materials we use in the production of our products is PET for manufacturing bottles. Our other raw materials and packaging materials primarily include cardboard, bottle caps, labels, milk powder and sugar. Our cost of sales is subject to fluctuations in the prices of raw materials and packaging materials, which are generally affected by market conditions. In particular, fluctuations in the price of PET, which is highly affected by the price of crude oil, significantly affect our profitability. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our costs of PET on our net profit for the periods indicated, assuming all other factors affecting our profitability had remained unchanged:

	-10%	-5%	+5%	+10%
	(RMB in thousands)			
Changes in net profit				
Year ended December 31, 2021	120,978	60,489	(60,489)	(120,978)
Year ended December 31, 2022	161,078	80,539	(80,539)	(161,078)
Year ended December 31, 2023	159,251	79,625	(79,625)	(159,251)
Four months ended April 30, 2024	48,174	24,087	(24,087)	(48,174)

We have not entered into any hedging activities in relation to the price of our raw materials and packaging materials. However, we employ tailored procurement strategies for different materials and continuously adjust our approach to ensure consistent and timely supply. In addition, we have upgraded our proprietary bulk material management system utilizing AI technologies, which forms a full-cycle, closed-loop management of raw materials from demand forecasting for material procurement, bidding issuance, raw materials distribution and inventory management to account reconciliation. See "Business — Supply Chain Management — Raw Materials and Packaging Materials" and "Risk Factors — Risk Related to Our Business and Industry — The price volatility, declining quality or other risks related to the supply of our raw materials and packaging materials may materially and adversely affect our business and profitability." In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our cost of raw materials and packaging materials were

RMB3,722.8 million, RMB4,576.8 million, RMB4,507.6 million, RMB1,351.0 million and RMB1,355.0 million, respectively, accounting for 58.5%, 62.2%, 60.3%, 60.5% and 61.7% of our total cost of sales during the same periods, respectively.

Our ability to effectively coordinate our Cooperative Manufacturing Partners with our business expansion needs while controlling the costs of relevant Cooperative Manufacturing Partners' services may affect our profitability and results of operations. See "Business — Our Production — Production Factories — Our Cooperative Manufacturing Partners." In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our Cooperative Manufacturing Partners' service fees were RMB1,991.9 million, RMB2,039.7 million, RMB2,066.5 million, RMB606.8 million and RMB495.5 million, respectively, accounting for 31.3%, 27.7%, 27.6%, 27.2% and 22.6% of our total cost of sales during the same periods, respectively.

Branding and Marketing

Effective branding and marketing activities could increase consumer awareness of our brands and products, which could potentially drive revenue growth and increase customer loyalty. We have set "Your and My C'estbon" as our brand slogan, "safe, healthy and wonderful life" as our brand spirit and "healthy, safe, professional" as our brand image. If we fail to maintain our high brand recognition, our business operation and financial performance may be negatively impacted.

We adopt a multifaceted marketing strategy designed to connect with our audience and promote our brand in meaningful and impactful ways such as sports marketing, variety show marketing and in-transit marketing initiatives. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, we incurred marketing and promotion expenses of RMB1,046.6 million, RMB963.3 million, RMB1,074.2 million, RMB280.2 million and RMB316.9 million, respectively, which represented 9.2%, 7.6%, 7.9%, 7.1% and 7.6% of our total revenue during the same periods, respectively. Benefiting from our dedication to conducting our marketing and branding activities efficiently, our marketing and promotion expenses as a percentage of the total revenue decreased from 2021 to 2022, and remained relatively stable in 2023 compared to 2022. Our marketing and promotion expenses as a percentage of the total revenue increased slightly in the four months ended April 30, 2024 compared to the same period of 2023, mainly due to the increased marketing and promotion activities, in response to changing market conditions.

Logistics Services Expenses

Efficient controls of our logistics services expenses are key for our results of operations. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our logistics services expenses were RMB911.1 million, RMB1,123.4 million, RMB1,046.3 million, RMB295.2 million and RMB370.9 million, respectively, accounting for 8.0%, 8.9%, 7.7%, 7.5% and 8.9% of our total revenue during the same periods, respectively. The increase in our logistics services expenses in 2022 compared to 2021 was primarily in relation to stock transfers resulting from constrained production activities in 2022, mainly due to the COVID-19. The decrease in our logistics services expenses in 2023 compared to 2022 was mainly because of: (i) higher logistics services expenses in 2022 as mentioned above; and (ii) enhanced logistical efficiency driven by our production expansion. The increase in our logistic services expenses in the four months ended April 30, 2024 compared to the same period of 2023 was mainly because of increased distance of transportation due to adjustments to our Cooperative Manufacturing Partner network to optimize overall cost efficiency.

We have strategically employed various means to control our expenses incurred for logistics services, mainly including (i) the establishment of an expansive layout of factories with high logistics efficiency in our principal sales regions; (ii) the adoption of different transportation means including railway, highway and waterway to increase service flexibility; (iii) the optimized selection of relevant logistics service providers; and (iv) entering into self-pickup arrangement with certain distributors.

Weather and Seasonality

The consumption of packaged drinking water and beverages is subject to seasonal variations. We typically experience sales peaks in the second and third quarters of each year, primarily due to the warmer weather. Meanwhile, we typically have low seasons with generally lower revenue and lower utilization rates for our production capacity in the first and fourth quarters, which negatively affects our profitability during the same periods. Sales can also fluctuate during the course of a financial year for other reasons, including the timing of new product launches and marketing and promotion activities. Accordingly, our results of operations are subject to seasonal fluctuations.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies and estimates, which we consider significant in the preparation of our financial statements in accordance with HKFRSs. These material accounting policy information are set forth in note 4 to the Accountants' Report in Appendix I to this prospectus, which are important for an understanding of our financial condition and results of operations.

Some of our accounting policies involve subjective assumptions, estimates and judgments that are discussed in note 5 of the Accountants' Report in Appendix I to this prospectus. The preparation of our financial statements requires our management to make judgment, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Our management has identified below the accounting policies, estimates and judgments that they believe are critical to the preparation of our financial statements.

Revenue from Contracts with Customers

Our Group recognizes revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by our Group's performance as our Group performs;
- our Group's performance creates or enhances an asset that the customer controls as our Group performs; or
- our Group's performance does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or service.

A contract liability represents our Group's obligation to transfer goods or services to a customer for which our Group has received consideration (or an amount of consideration is due) from the customer.

Variable consideration

For contracts that contain variable consideration volume-based rebates, our Group estimates the amount of consideration to which it will be entitled using the most likely amount, which better predicts the amount of consideration to which our Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, our Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Sale with a right of return

For a sale of products with a right of return for dissimilar products, our Group recognizes all of the following:

- revenue for the transferred products in the amount of consideration to which our Group expects to be entitled (therefore, revenue would not be recognized for the products expected to be returned);
- a refund liability; and
- an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and is presented as a right to returned goods asset.

Property, Plant and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings and machinery in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalized in accordance with our Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

When our Group makes payments for ownership interests of properties which include both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between the non-lease building element and the undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Our Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the historical financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where our Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which our Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which our Group recognizes the right-of-use assets and the related lease liabilities, our Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, our Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. Our Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

Current and deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, our Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used, by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant tax authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

PRINCIPAL COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table summarizes our results of operations for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(unaudited)	
Revenue	11,339,881	12,622,776	13,514,728	3,939,597	4,149,831
Cost of sales	(6,368,515)	(7,363,672)	(7,479,514)	(2,231,815)	(2,194,689)
Gross profit	**4,971,366**	**5,259,104**	**6,035,214**	**1,707,782**	**1,955,142**
Other income	295,956	340,172	367,246	83,939	76,291
Other gains and losses	(10,577)	(3,187)	(14,622)	(1,468)	1,060
Impairment losses under expected credit loss model, net of reversal	9,480	(27,222)	(3,817)	(4,421)	(745)
Distribution and selling expenses	(3,756,727)	(3,877,617)	(4,086,510)	(1,152,763)	(1,274,481)
Administrative expenses	(253,238)	(265,029)	(300,562)	(109,413)	(97,784)
Research and development costs	(48,979)	(49,179)	(61,510)	(9,954)	(13,065)
Finance costs	(1,782)	(1,617)	(42,516)	(15,150)	(731)
Listing expenses	–	–	(14,490)	–	(14,066)
Profit before taxation	**1,205,499**	**1,375,425**	**1,878,433**	**498,552**	**631,621**
Income tax expense	(347,358)	(386,704)	(547,063)	(142,766)	(170,955)
Profit for the year/period	**858,141**	**988,721**	**1,331,370**	**355,786**	**460,666**
Attributable to:					
Owners of the Company	858,141	989,808	1,329,341	356,654	446,679
Non-controlling interests	–	(1,087)	2,029	(868)	13,987

Revenue

During the Track Record Period, we generated revenue from two types of goods, namely packaged drinking water products and beverage products.

We experienced a steady revenue increase during the Track Record Period. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our revenue was RMB11,339.9 million, RMB12,622.8 million, RMB13,514.7 million, RMB3,939.6 million and RMB4,149.8 million, respectively.

Our revenue growth during the Track Record Period was primarily attributable to: (i) the increasing customer demand for our products due to (a) our enhanced brand recognition and (b) continuous efforts to optimize and update our product portfolio, leveraging our deep market insights and commitment to R&D; (ii) our enhanced sales network operation with deepened penetration in our distribution network under the strategy of "delicate cultivation for triumphing at the end market" and strengthened efforts in cultivation of the direct sales network including offline direct sales and e-commerce platforms; and (iii) our continued efforts in deepening the reach of our sales network in markets where we hold a leading position, and seizing the market potentials of the other regions in China, with increased revenue contributed from the Eastern, Southwestern and other regions. See "— Revenue by Geography."

Revenue by Product Category

During the Track Record Period, we generated revenue from the sales of: (i) packaged drinking water products, including small-sized bottled water products, medium- to large-sized bottled water products and barreled water products; and (ii) beverage products. See "Business — Our Brands and Products."

The following table sets forth a breakdown of our revenue by product category in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Packaged drinking water products	**10,817,805**	**95.4**	**11,905,738**	**94.3**	**12,446,560**	**92.1**	**3,624,024**	**92.0**	**3,720,746**	**89.7**
Small-sized bottled water products(1)	6,922,561	61.0	7,484,417	59.3	7,715,685	57.1	2,298,777	58.3	2,317,541	55.9
Medium- to large-sized bottled water products(2)	3,469,225	30.6	3,962,285	31.4	4,242,914	31.4	1,177,076	29.9	1,258,838	30.3
Barreled water products(3)	426,019	3.8	459,036	3.6	487,961	3.6	148,171	3.8	144,367	3.5
Beverage products	**522,076**	**4.6**	**717,038**	**5.7**	**1,068,168**	**7.9**	**315,573**	**8.0**	**429,085**	**10.3**
Total	**11,339,881**	**100.0**	**12,622,776**	**100.0**	**13,514,728**	**100.0**	**3,939,597**	**100.0**	**4,149,831**	**100.0**

Notes:

(1) Small-sized bottled water products refers to packaged water products with an individual container volume of no more than 1L.

(2) Medium- to large-sized bottled water products refers to packaged water products with an individual container volume between 1L and 15L.

(3) Barreled water products refers to packaged water products with an individual container volume of 18.9L.

During the Track Record Period, the majority of our revenue was from sales of packaged drinking water products, and our revenue growth was primarily driven by packaged drinking water products. Meanwhile, during the Track Record Period, our revenue generated from sales of beverage products increased both in absolute amount and as a percentage of our total revenue.

Our revenue generated from packaged drinking water products was RMB10,817.8 million, RMB11,905.7 million and RMB12,446.6 million in 2021, 2022 and 2023, respectively, growing at a CAGR of 7.3% from 2021 to 2023. Our revenue generated from packaged drinking water products increased by 2.7% from RMB3,624.0 million in the four months ended April 30, 2023 to RMB3,720.7 million in the same period of 2024.

Our revenue generated from beverage products increased by 37.3% from RMB522.1 million in 2021 to RMB717.0 million in 2022, and further increased by 49.0% to RMB1,068.2 million in 2023. Our revenue generated from beverage products increased by 36.0% from RMB315.6 million in the four months ended April 30, 2023 to RMB429.1 million in the same period of 2024.

The following table sets forth a breakdown of our sales volume by product category for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(in thousand tons, except for percentages)									
Packaged drinking water products	**11,786**	**98.8**	**12,727**	**98.5**	**13,491**	**98.0**	**3,849**	**97.9**	**4,163**	**97.2**
Small-sized bottled water products	5,604	47.0	5,889	45.6	6,189	45.0	1,812	46.1	1,935	45.2
Medium- to large-sized bottled water products	4,284	35.9	4,846	37.5	5,274	38.3	1,439	36.6	1,616	37.7
Barreled water products	1,898	15.9	1,992	15.4	2,028	14.7	598	15.2	612	14.3
Beverage products	**139**	**1.2**	**188**	**1.5**	**275**	**2.0**	**81**	**2.1**	**119**	**2.8**
Total	**11,925**	**100.0**	**12,915**	**100.0**	**13,766**	**100.0**	**3,930**	**100.0**	**4,282**	**100.0**

The sales volume of all product categories of our packaged drinking water and beverage products increased throughout the Track Record Period.

- Sales volume of our packaged drinking water products increased by 8.0% from 11.8 million tons in 2021 to 12.7 million tons in 2022, and further increased by 6.0% to 13.5 million tons in 2023, and increased by 8.2% from 3.8 million tons in the four months ended April 30, 2023 to 4.2 million tons in the same period of 2024, primarily due to increases in the sales volume of our medium- to large-sized bottled water products.

- Sales volume of our beverage products increased by 35.3% from 0.1 million tons in 2021 to 0.2 million tons in 2022, and further increased by 46.3% to 0.3 million tons in 2023, driven mainly by increases in the sales volume of our Zhi Ben Qing Run, Holiday Series and Mi Shui Series. Sales volume of our beverage products increased by 46.9% from approximately 81,000 tons in the four months ended April 30, 2023 to approximately 119,000 tons in the same period of 2024, primarily driven by sales volume growth from new beverage SKUs launched after April 30, 2023.

The average selling price of our packaged drinking water products remained relatively stable in 2021, 2022 and 2023. The average selling price of our packaged drinking water products decreased in the four months ended April 30, 2024 compared to the same period of 2023, primarily due to changes in our product mix of packaged drinking water products, and increased discounts offered to customers, mainly distributors, in light of intense market competition. We usually formulate discount pricing plans on a regular basis after considering a variety of factors such as market competition, as well as our budgets and financial performance.

The average selling price of our beverage products increased year-on-year from 2021 to 2023, primarily reflecting our stronger bargaining power as our brand awareness increased and the growth of our business scale. The average selling price of our beverage products decreased in the four months ended April 30, 2024 compared to the same period of 2023, primarily due to changes in our product mix of beverage products.

The following table sets forth a breakdown of our average selling price by product category for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
			(RMB/tons)[(1)]		
Packaged drinking water products	**918**	**935**	**923**	**942**	**894**
Small-sized bottled water products	1,235	1,271	1,247	1,269	1,198

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
			(RMB/tons)[(1)]		
Medium- to large-sized bottled water products	810	818	804	818	779
Barreled water products	225	230	241	248	236
Beverage products	**3,761**	**3,812**	**3,885**	**3,896**	**3,606**

Note:

(1) According to the CIC Report, the presentation of average selling price by weight is consistent with industry practice and a commonly disclosed metric rather than other metrics, such as average selling price by container, in the RTD soft beverage industry in China. According to the same source, based on public information, none of the other top five companies in (a) China's RTD soft beverage market and (b) China's packaged drinking water market by retail sales value in 2023 have disclosed average selling price by container. The average selling price by container may not be representative given the different volume specifications, product types, brands and market positioning within each of the small-sized bottled water, medium- to large-sized bottled water, barreled water and beverage product categories. Instead, suggested retail price to end customers can provide price representation for different containers of our main products. See "Business — Our Brands and Products."

Revenue by Geography

During the Track Record Period, we primarily generated revenue from the Southern and Eastern regions. The following table sets forth a breakdown of our revenue by geography in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Geography[(1)]										
Southern region	4,368,373	38.5	4,333,433	34.3	4,391,811	32.5	1,150,782	29.2	1,246,935	30.0
Eastern region	2,809,599	24.8	3,635,992	28.8	4,006,147	29.6	1,228,515	31.2	1,203,660	29.0
Southwestern region	1,463,676	12.9	1,719,123	13.6	1,897,664	14.0	604,889	15.4	620,934	15.0
Central region	1,655,698	14.6	1,854,867	14.7	1,864,426	13.8	535,200	13.6	527,993	12.7
Other regions	1,042,535	9.2	1,079,361	8.6	1,354,680	10.0	420,211	10.7	550,309	13.3
Total	**11,339,881**	**100.0**	**12,622,776**	**100.0**	**13,514,728**	**100.0**	**3,939,597**	**100.0**	**4,149,831**	**100.0**

Note:

(1) Southern region, Eastern region, Southwestern region and Central region are in Mainland China, whereas other regions includes Liaoning, Beijing and other regions in Mainland China, and Hong Kong and Macau.

During the Track Record Period, we generated revenue from our sales network across Mainland China, Hong Kong and Macau, and we generated the highest revenue from the Southern region. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, revenue generated from the Southern region was RMB4,368.4 million, RMB4,333.4 million, RMB4,391.8 million, RMB1,150.8 million and RMB1,246.9 million, respectively. In 2021, 2022 and 2023, we also experienced high revenue growth in the Eastern region, Southwestern region and other regions by leveraging our strategic initiatives of continually seizing the market potentials of the regions in China and utilizing our extensive experience in the Southern region. In 2021, 2022 and 2023 and the four months ended April 30, 2024, revenue generated from the Eastern region accounted for 24.8%, 28.8%, 29.6% and 29.0% of our total revenue, respectively, while revenue generated from the Southwestern region constituted 12.9%, 13.6%, 14.0% and 15.0% of our total revenue, respectively. In addition, we experience revenue growth in other regions in 2021, 2022 and 2023 as well as in the four months ended April 30, 2024 compared to the same period of 2023, largely due to our continued efforts in penetrating those markets with our packaged drinking water and beverage products.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(unaudited)			
Raw materials and packaging materials	3,722,800	32.8	4,576,844	36.3	4,507,621	33.4	1,350,994	34.3	1,355,040	32.7
Cooperative Manufacturing Partners' services	1,991,925	17.6	2,039,737	16.2	2,066,519	15.3	606,781	15.4	495,539	11.9
Manufacturing expenses	559,179	4.9	632,691	5.0	825,574	6.1	263,161	6.7	316,522	7.6
Others	94,611	0.8	114,400	0.9	79,800	0.6	10,879	0.3	27,588	0.7
Total	**6,368,515**	**56.2**	**7,363,672**	**58.3**	**7,479,514**	**55.3**	**2,231,815**	**56.7**	**2,194,689**	**52.9**

Our cost of sales primarily consists of: (i) cost of raw materials and packaging materials; (ii) Cooperative Manufacturing Partners' service fees; and (iii) manufacturing expenses.

Our cost of sales increased from RMB6,368.5 million in 2021 to RMB7,363.7 million in 2022, primarily due to an increase in cost of our raw materials and packaging materials, which was mainly attributed to: (i) an increase in our sales volume; and (ii) an increase in the market prices of PET.

Our cost of sales was RMB7,363.7 million and RMB7,479.5 million in 2022 and 2023, respectively, which remained relatively stable and reflected a combination of the following factors: (i) an increase in our sales volume; (ii) an increase in our manufacturing expenses, mainly due to an increase in the production volume from self-owned factories in operation; and (iii) decreases in our cost of raw materials and packaging materials, as (a) the market prices of such materials decreased, such as PET and cardboard, (b) our bargaining power increased, and (c) we adopted various procurement strategies.

Our cost of sales decreased from RMB2,231.8 million in the four months ended April 30, 2023 to RMB2,194.7 million in the same period of 2024, primarily due to: (i) a decrease in our Cooperative Manufacturing Partners' services fees, mainly reflecting our extension along the value chain and adjustment to the fee rates of Cooperative Manufacturing Partners; (ii) a decrease in our cost of raw materials and packaging materials as a percentage of revenue, mainly resulting from market price reduction of raw materials (such as PET and cardboard) and optimization of packaging; and (iii) the increased proportion of products produced in our self-owned factories.

Gross Profit and Gross Margin

Our gross profit was RMB4,971.4 million, RMB5,259.1 million, RMB6,035.2 million, RMB1,707.8 million and RMB1,955.1 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively. Our gross margin was 43.8%, 41.7%, 44.7%, 43.3% and 47.1% in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively. For details on the changes in our gross profit and gross margin during the Track Record Period, see "— Results of Operations."

The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	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 in thousands, except for percentages)									
							(unaudited)			
Packaged drinking water products	4,821,639	44.6	5,052,642	42.4	5,675,174	45.6	1,606,826	44.3	1,821,992	49.0
Beverage products	149,727	28.7	206,462	28.8	360,040	33.7	100,956	32.0	133,150	31.0
Total	**4,971,366**	**43.8**	**5,259,104**	**41.7**	**6,035,214**	**44.7**	**1,707,782**	**43.3**	**1,955,142**	**47.1**

Other Income

Our other income was RMB296.0 million, RMB340.2 million, RMB367.2 million, RMB83.9 million and RMB76.3 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively. Our other income primarily consists of interest income, government grants, investment income from financial assets at FVTPL and sales of recycled packaging materials. The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(unaudited)	
Interest income	179,045	148,702	193,579	37,792	51,999
Investment income from financial assets at FVTPL	11,060	69,559	63,551	29,077	230
Government grants	82,938	87,812	61,264	8,729	16,936
Sales of recycled packaging materials	6,618	9,669	30,556	3,693	6,521
Others[(1)]	16,295	24,430	18,296	4,648	605
Total	**295,956**	**340,172**	**367,246**	**83,939**	**76,291**

Note:

(1) Others mainly include liquidated damage income and other non-operating income.

During the Track Record Period, our government grants primarily included tax returns, subsidies, rewards and financial assistance in relation to our contribution to the local economy and our production facilities.

We endeavor to increase the return of idle cash and bank balances by investing in structured deposits with high liquidity and low risk such that our risk exposure arising from such investments is managable. In 2021, 2022 and 2023, we derived investment income from financial assets at FVTPL, which mainly represent short-term structured deposits placed with well-established commercial banks in China that are principal-protected with guaranteed minimum returns. Such structure deposits had a maturity of no more than six months. In the four months ended April 30, 2024, we purchased structured deposits that matured within the same month of the relevant purchase. We have decreased the purchase amounts of structured deposits in general in the same period.

We strictly abide by our financial management policies, and only invest in products with guaranteed minimum returns and principal protection. Prior to investment, we conduct a thorough review of the products to fully comprehend the variables influencing the returns. Moreover, we continually monitor the credit ratings of the banks issuing the relevant products. Our purchase of the investment products is subject to the approval of our financial controller, and further subject to the approval of our Board if the relevant investment is beyond the scope of permitted investments according to our financial management policies.

Other Gains and Losses

Our other gains and losses were losses of RMB10.6 million, losses of RMB3.2 million, losses of RMB14.6 million, losses of RMB1.5 million and gains of RMB1.1 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively. Our other gains and losses primarily consist of net loss on disposal of property, plant and equipment, gain on bargain purchase of a subsidiary and net foreign exchange gain or loss. We recognized gain on bargain purchase of a subsidiary of RMB5.4 million in the four months ended April 30, 2024 in relation to our acquisition of Wuhan Huaxinda Beverage Technology Co., Ltd. (currently known as China Resources C'estbon Beverage (Wuhan) Co., Ltd.), one of our former Cooperative Manufacturing Partners, in January 2024 after reassessment. For details, see note 32(b) to the Accountants' Report in Appendix I to this prospectus. The changes in our net foreign exchange gain or loss during the Track Record Period primarily reflect fluctuations in exchange rates of certain foreign currency-denominated cash receivables due from related parties. The following table sets forth a breakdown of our other gains and losses for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(unaudited)	
Loss on disposal of property, plant and equipment, net	(6,780)	(3,365)	(13,840)	(780)	(2,565)
Gain on bargain purchase of a subsidiary	–	–	–	–	5,442
Net foreign exchange (loss)/gain	(2,201)	2,814	917	(251)	63
Others	(1,596)	(2,636)	(1,699)	(437)	(1,880)[1]
Total	**(10,577)**	**(3,187)**	**(14,622)**	**(1,468)**	**1,060**

Note:

(1) The substantial increase in others in the four months ended April 30, 2024 compared to the same period of 2023 was mainly in relation to our increased financial contributions to public service donations.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal, were reversal of impairment losses of RMB9.5 million, impairment losses of RMB27.2 million and impairment losses of RMB3.8 million in 2021, 2022 and 2023, respectively. Our impairment losses under expected credit loss model, net of reversal, were impairment losses of RMB4.4 million and RMB0.7 million in the four months ended April 30, 2023 and 2024, respectively. Our impairment losses under expected credit loss model, net of reversal, mainly refer to provision we have made for trade receivables of certain of our direct sales customers.

Distribution and Selling Expenses

Our distribution and selling expenses were RMB3,756.7 million, RMB3,877.6 million, RMB4,086.5 million, RMB1,152.8 million and RMB1,274.5 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, representing 33.1%, 30.7%, 30.2%, 29.3% and 30.7% of our total revenue during the same periods, respectively. Our distribution and selling expenses primarily consist of: (i) staff costs, mainly representing salaries, bonuses, pension costs and other social insurance costs, among other things, relating to our sales and marketing staff; (ii) marketing and promotion expenses, mainly representing expenses for marketing activities serving our customers, retail points of sale and end consumers, such as advertising, sports events and variety show sponsorship, shelf display and promotion materials; (iii) logistics services expenses, mainly fees incurred for the transportation of our products; (iv) depreciation and amortization, primarily in relation to commercial refrigerator showcases; and (v) other expenses, such as travel expenses.

The following table sets forth a breakdown of our distribution and selling expenses for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)						*(unaudited)*			
Staff costs	1,553,108	13.7	1,511,936	12.0	1,563,781	11.6	479,071	12.2	499,380	12.0
Marketing and promotion expenses	1,046,643	9.2	963,273	7.6	1,074,170	7.9	280,207	7.1	316,940	7.6
Logistics services expenses	911,071	8.0	1,123,409	8.9	1,046,273	7.7	295,161	7.5	370,910	8.9
Depreciation and amortization	122,699	1.1	163,080	1.3	248,234	1.8	65,740	1.7	53,118	1.3
Others	123,206	1.1	115,919	0.9	154,052	1.1	32,584	0.8	34,133	0.8
Total	**3,756,727**	**33.1**	**3,877,617**	**30.7**	**4,086,510**	**30.2**	**1,152,763**	**29.3**	**1,274,481**	**30.7**

Administrative Expenses

Our administrative expenses were RMB253.2 million, RMB265.0 million, RMB300.6 million, RMB109.4 million and RMB97.8 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, representing 2.2%, 2.1%, 2.2%, 2.8% and 2.4% of our total revenue during the same periods, respectively. Our administrative expenses primarily consist of: (i) staff costs; (ii) consulting expenses; (iii) depreciation and amortization, which was primarily in relation to equipment and office buildings; and (iv) others, including factory start-up costs. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(unaudited)			
Staff costs	145,174	1.3	163,880	1.3	147,493	1.1	57,261	1.5	55,774	1.3
Consulting expenses	37,111	0.3	32,202	0.3	68,355	0.5	20,829	0.5	17,841	0.4
Depreciation and amortization	30,778	0.3	31,561	0.3	35,112	0.3	11,074	0.3	12,525	0.3
Office and travel expenses	9,184	0.1	4,373	0.0	13,572	0.1	1,970	0.1	2,969	0.1
Others	30,991	0.3	33,013	0.3	36,030	0.3	18,279	0.5	8,675	0.2
Total	**253,238**	**2.2**	**265,029**	**2.1**	**300,562**	**2.2**	**109,413**	**2.8**	**97,784**	**2.4**

Research and Development Costs

Our research and development costs were RMB49.0 million, RMB49.2 million, RMB61.5 million, RMB10.0 million and RMB13.1 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, representing 0.4%, 0.4%, 0.5%, 0.2% and 0.3% of our total revenue during the same periods, respectively. Our research and development costs mainly include: (i) staff costs of R&D personnel; (ii) services fees in relation to consulting services; and (iii) testing and inspection fees.

Finance Costs

Our finance costs were RMB1.8 million, RMB1.6 million, RMB42.5 million, RMB15.2 million and RMB0.7 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively. Our finance costs primarily consist of interest on bank borrowings and non-controlling shareholder loan, and interest on lease liabilities. The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(unaudited)	
Interest on bank borrowings and loan from non-controlling shareholder of a subsidiary	–	–	41,053	14,697	371
Interest on lease liabilities	1,782	1,617	1,463	453	360
Finance costs	**1,782**	**1,617**	**42,516**	**15,150**	**731**

Income Tax Expense

Our income tax expense was RMB347.4 million, RMB386.7 million, RMB547.1 million, RMB142.8 million and RMB171.0 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively. Our income tax expense also included withholding income tax provided on the undistributed profits of certain PRC subsidiaries during the Track Record Period. During the same periods, our effective income tax rate (calculated as income tax expense divided by profit before taxation) was 28.8%, 28.1%, 29.1%, 28.6% and 27.1%, respectively.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our members are domiciled and operate. We are subject to various rates of income tax under different jurisdictions. During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities in jurisdictions we operate in, and we were not aware of any outstanding or potential disputes with such tax authorities. The following sets forth our principal applicable income taxes and income tax rates:

PRC

Under the EIT Law and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries was 25% during the Track Record Period, except that two of our subsidiaries were eligible for a preferential EIT rate of 20% as micro and small enterprises.

Hong Kong

No provision for Hong Kong profits tax has been made as the Group did not have assessable profit which arose in, or was derived from, Hong Kong during the Track Record Period.

RESULTS OF OPERATIONS

Comparisons between four months ended April 30, 2024 and 2023

Revenue

Our revenue increased by 5.3% from RMB3,939.6 million in the four months ended April 30, 2023 to RMB4,149.8 million in the same period of 2024, due to increases in revenue generated from our packaged drinking water products and beverage products.

Our revenue from packaged drinking water products increased by 2.7% from RMB3,624.0 million in the four months ended April 30, 2023 to RMB3,720.7 million in the same period of 2024, mainly as a result of increased customer demand for our products, as we enhanced penetration of the sales network and expanded the sales regions for certain products, particularly medium- to large-sized bottled water products, with revenue contribution increased by RMB81.8 million from RMB1,177.1 million in the four months ended April 30, 2023 to RMB1,258.8 million in the same period of 2024.

Our revenue generated from beverage products increased by 36.0% from RMB315.6 million in the four months ended April 30, 2023 to RMB429.1 million in the same period of 2024, primarily as a result of increased customer demand for our beverage products. Such increase was primarily attributable to: (i) our continuous product portfolio expansion; (ii) our expanded sales network for beverage products; and (iii) enhanced brand awareness concerning our beverage products.

Moreover, in terms of revenue contribution from our sales network in different geographic regions, our revenue generated from the other regions contributed the largest growth in absolute amount, increasing by RMB130.1 million from RMB420.2 million in the four months ended April 30, 2023 to RMB550.3 million in the same period of 2024, representing 61.9% of period-on-period growth of our total revenue. Such revenue growth in other regions was mainly due to our continued efforts in penetrating those markets with our packaged drinking water and beverage products.

Cost of Sales

Our cost of sales decreased by 1.7% from RMB2,231.8 million in the four months ended April 30, 2023 to RMB2,194.7 million in the same period of 2024, primarily due to: (i) a decrease in our Cooperative Manufacturing Partners' services fees, mainly reflecting our extension along the value chain and adjustment to the fee rates of Cooperative Manufacturing Partners; (ii) a decrease in our cost of raw materials and packaging materials as a percentage of revenue, mainly resulting from market price reduction of raw materials and optimization of packaging; and (iii) the increased proportion of products produced in our self-owned factories.

Gross Profit and Gross Margin

Our gross profit increased by 14.5% from RMB1,707.8 million in the four months ended April 30, 2023 to RMB1,955.1 million in the same period of 2024, with the gross margin increasing from 43.3% in the four months ended April 30, 2023 to 47.1% in the same period of 2024.

Our gross margin for packaged drinking water products increased from 44.3% in the four months ended April 30, 2023 to 49.0% in the same period of 2024, primarily due to: (i) a decrease in our cost of raw materials and packaging materials as a percentage of revenue, as the market prices of such materials decreased, such as PET and cardboard; (ii) the implementation of measures to reduce costs and enhance efficiency, such as optimization of packaging, the increased proportion of film packaging and in-house injection molding, and effective control of our Cooperative Manufacturing Partners' services fees primarily resulting from our stronger bargaining power; and (iii) the increased proportion of products produced in our self-owned factories.

Our gross margin for beverage products remained relatively stable at 32.0% and 31.0% in the four months ended April 30, 2023 and 2024, respectively, primarily due to a decrease in the average selling price of our beverage products in the four months ended April 30, 2024 due to changes in our product mix of beverage products, partially offset by market price reduction of certain raw materials and enhanced production efficiency.

Other Income

Our other income decreased by 9.1% from RMB83.9 million in the four months ended April 30, 2023 to RMB76.3 million in the same period of 2024, primarily due to a decrease in the investment income from financial assets at FVTPL, mainly as a result of a decrease in the structured deposits we purchased, which was partially offset by: (i) an increase in interest income resulting from an increased average balance of bank deposits; and (ii) an increase in the government grants.

Other Gains and Losses

We recorded other losses of RMB1.5 million in the four months ended April 30, 2023 and other gains of RMB1.1 million in the same period of 2024, primarily due to our gain on bargain purchase of a subsidiary of RMB5.4 million, in relation to our acquisition of Wuhan Huaxinda Beverage Technology Co., Ltd. (currently known as China Resources C'estbon Beverage (Wuhan) Co., Ltd.), one of our former Cooperative Manufacturing Partners, in January 2024. Such gains were partially offset by an increase in our net loss on disposal of property, plant and equipment, mainly related to losses incurred in asset disposals arising from upgrades in production equipment, systems and techniques at certain of our self-owned factories.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal, decreased by 83.1% from RMB4.4 million in the four months ended April 30, 2023 to RMB0.7 million in the same period of 2024, primarily due to lower provision of impairment losses we made for trade receivables given fewer customers with operational abnormality in the four months ended April 30, 2024.

Distribution and Selling Expenses

Our distribution and selling expenses increased by 10.6% from RMB1,152.8 million in the four months ended April 30, 2023 to RMB1,274.5 million in the same period of 2024, primarily due to: (i) an increase in our logistic services expenses, in relation to increased distance of transportation due to adjustments to our Cooperative Manufacturing Partner network to optimize overall cost efficiency; (ii) an increase in our marketing and promotion expenses, mainly due to the increased marketing and promotion activities, in response to changing market conditions; (iii) an increase in our staff costs, mainly in line with our business expansion, partially offset by a decrease in depreciation and amortization resulting from the change in the depreciation rate for commercial refrigerator showcases as we reassessed the useful lives of the same by reference to their current condition, their historical replacement rates and the market practice.

Administrative Expenses

Our administrative expenses decreased by 10.6% from RMB109.4 million in the four months ended April 30, 2023 to RMB97.8 million in the same period of 2024, primarily due to a decrease in our factory start-up costs when executing production expansion plans, as there were more construction initiations in the four months ended April 30, 2023 than in the same period of 2024.

Research and Development Costs

Our research and development costs increased by 31.3% from RMB10.0 million in the four months ended April 30, 2023 to RMB13.1 million in the same period of 2024, primarily due to an increase in our testing fees, as a result of our continued efforts in launching new products and exploring new product categories. Our research and development costs as a percentage of the total revenue remained relatively stable in the four months ended April 30, 2023 and 2024.

Finance Costs

Our finance costs decreased by 95.2% from RMB15.2 million in the four months ended April 30, 2023 to RMB0.7 million in the same period of 2024, primarily due to the higher interest expenses arising from the higher amount of bank borrowings incurred in the four months ended April 30, 2023 compared to the same period of 2024, which was mainly attributable to the adjustments of our liquidity management. We incurred finance costs of RMB0.7 million in the four months ended April 30, 2024, mainly in relation to our acquisition of Wuhan Huaxinda Beverage Technology Co., Ltd. (currently known as China Resources C'estbon Beverage (Wuhan) Co., Ltd.), which had an outstanding loan owed to its prior controlling shareholder as of April 30, 2024. Such loan had been fully settled in May 2024.

Income Tax Expense

Our income tax expense increased by 19.7% from RMB142.8 million in the four months ended April 30, 2023 to RMB171.0 million in the same period of 2024, primarily due to an increase in our taxable income, which was in line with the growth of our business. Our effective income tax rate (calculated as income tax expense divided by profit before taxation) remained relatively stable at 28.6% and 27.1% in the four months ended April 30, 2023 and 2024, respectively.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 29.5% from RMB355.8 million in the four months ended April 30, 2023 to RMB460.7 million in the same period of 2024, and our net profit margin increased from 9.0% in the four months ended April 30, 2023 to 11.1% in the same period of 2024.

Comparisons Between 2023 and 2022

Revenue

Our revenue increased by 7.1% from RMB12,622.8 million in 2022 to RMB13,514.7 million in 2023, due to increases in revenue generated from our packaged drinking water products and beverage products.

Our revenue from packaged drinking water products increased by 4.5% from RMB11,905.7 million in 2022 to RMB12,446.6 million in 2023, mainly as a result of increased customer demand for our products, as we enhanced penetration of the sales network and expanded the sales regions for certain products, particularly medium- to large-sized bottled water products, with revenue contribution increased by RMB280.6 million from RMB3,962.3 million in 2022 to RMB4,242.9 million in 2023, representing 51.9% of our year-on-year revenue growth from packaged drinking water products.

Our revenue generated from beverage products increased by 49.0% from RMB717.0 million in 2022 to RMB1,068.2 million in 2023, primarily driven by an increase in the sales volume of our beverage products, mainly as a result of increased customer demand for our beverage products. Such increase was primarily attributable to: (i) our continuous product portfolio expansion; (ii) our expanded sales network for beverage products; and (iii) enhanced brand awareness concerning our beverage products.

Moreover, in terms of revenue contribution from our sales network in different geographic regions, our revenue generated from the Eastern region contributed the largest growth in absolute amount, increasing by RMB370.2 million from RMB3,636.0 million in 2022 to RMB4,006.1 million in 2023, representing 41.5% of year-on-year growth of our total revenue.

Cost of Sales

Our cost of sales was RMB7,363.7 million and RMB7,479.5 million in 2022 and 2023, respectively, which remained relatively stable and reflected a combination of the following factors: (i) an increase in our sales volume; (ii) an increase in our manufacturing expenses, mainly due to an increase in the production volume from self-owned factories in operation; and (iii) decreases in our cost of raw materials and packaging materials, as (a) the market prices of such materials decreased, such as PET and cardboard, (b) our bargaining power increased, and (c) we had adopted various procurement strategies.

Gross Profit and Gross Margin

Our gross profit increased by 14.8% from RMB5,259.1 million in 2022 to RMB6,035.2 million in 2023, with the gross margin increasing from 41.7% in 2022 to 44.7% in 2023.

Our gross margin for packaged drinking water products increased from 42.4% in 2022 to 45.6% in 2023, primarily due to: (i) a decrease in our cost of raw materials and packaging materials, as (a) the market prices of such materials decreased, such as PET and cardboard, (b) our bargaining power increased and (c) we adopted various procurement strategies; and (ii) the implementation of measures to reduce costs and enhance efficiency, such as optimization of packaging, the increased proportion of film packaging and in-house injection molding, and effective control of our Cooperative Manufacturing Partners' services fees primarily resulting from our stronger bargaining power.

Our gross margin for beverage products increased from 28.8% in 2022 to 33.7% in 2023, primarily due to: (i) a decrease in our cost of raw materials and packaging materials, as (a) the market prices of such materials decreased, such as PET and cardboard, (b) our bargaining power increased, and (c) we adopted various procurement strategies; and (ii) an increase in the average selling price of our beverage products.

Other Income

Our other income increased by 8.0% from RMB340.2 million in 2022 to RMB367.2 million in 2023, primarily due to: (i) an increase in interest income resulting from an increased average balance of bank deposits; and (ii) an increase in the sales of recycled packaging materials, as we generated an ancillary income in 2023 in relation to the sales of certain used packaging materials. Such increases were partially offset by a decrease in government grants.

Other Gains and Losses

We recorded other losses of RMB3.2 million in 2022 and other losses of RMB14.6 million in 2023, primarily due to (i) a decrease in net foreign exchange gain in 2023 as a result of fluctuations in exchange rates (ii) an increase in loss on disposal of property, plant and equipment in 2023, mainly related to disposals of terminal retail equipment.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal, decreased by 86.0% from RMB27.2 million in 2022 to RMB3.8 million in 2023, primarily due to relatively higher provision of impairment losses we made for trade receivables due from certain of our direct sales customers in 2022.

Distribution and Selling Expenses

Our distribution and selling expenses increased by 5.4% from RMB3,877.6 million in 2022 to RMB4,086.5 million in 2023, primarily due to: (i) an increase in marketing and promotion expenses in relation to our strengthened efforts in marketing and promotion; and (ii) an increase of depreciation and amortization, which was mainly in relation to our purchases and operation of commercial refrigerator showcases to extend our reach to consumers. Such increase was partially offset by a decrease in logistics services expenses, mainly because of: (i) higher logistics services expenses in relation to stock transfers resulting from constrained production activities in 2022 primarily due to the COVID-19; and (ii) enhanced logistical efficiency driven by our production expansion. In addition, our distribution and selling expenses as a percentage of the total revenue remained relatively stable in 2022 and 2023.

Administrative Expenses

Our administrative expenses increased by 13.4% from RMB265.0 million in 2022 to RMB300.6 million in 2023, primarily due to increases in: (i) consulting expenses incurred in strengthening our digitalization system; (ii) office and travel expenses in relation to our business expansion; and (iii) factory start-up costs incurred in executing production expansion plans. Our administrative expenses as a percentage of the total revenue remained relatively stable in 2022 and 2023.

Research and Development Costs

Our research and development costs increased by 25.1% from RMB49.2 million in 2022 to RMB61.5 million in 2023, primarily due to increases in: (i) staff costs, as we expanded our R&D team; and (ii) testing and inspection fees and materials consumption, as a result of our continued efforts in upgrading and improving our existing packaged drinking water and other beverage products, launching new products and exploring new product categories. Our research and development costs as a percentage of the total revenue remained relatively stable in 2022 and 2023.

Finance Costs

Our finance costs increased significantly from RMB1.6 million in 2022 to RMB42.5 million in 2023, primarily due to an increase in interest expenses arising from short-term bank borrowings of RMB5.9 billion incurred in 2023 as part of our liquidity management, and as of December 31, 2023, all of such borrowings had been settled. Despite we had relatively stable net cash and cash equivalents as of December 31, 2022 and 2023, from time to time, we may take advantage of external funding to increase financial flexibility, optimize our capital structure and diversify income sources, and we have used the proceeds of the foregoing short-term bank borrowings for (i) funding our working capital, including the payment of purchases, and (ii) short-term investments, which mainly represent short-term structured deposits, after evaluating the then available cash balances, market condition and cost of borrowings. See "Principal Components of Our Consolidated Statements of Profit or Loss — Other Income." Before carrying out external funding plans for liquidity management, we will also review the relevant terms and conditions, including taking into account the potential amount of finance costs to be incurred. Proceeds from the short-term bank borrowings we made in 2023 provided additional financial resources to fund our short-term obligations without depleting our existing cash and cash equivalents balance. We may continue to make use of such sources to manage liquidity and diversify income sources upon thoroughly considering the costs and benefits in light of our own needs and the general market conditions.

Income Tax Expense

Our income tax expense increased by 41.5% from RMB386.7 million in 2022 to RMB547.1 million in 2023, primarily due to an increase in our taxable income, which was in line with the growth of our business. Our effective income tax rate (calculated as income tax expense divided by profit before taxation) remained relatively stable at 28.1% and 29.1% in 2022 and 2023, respectively.

Profit for the Year

As a result of the foregoing, our profit increased by 34.7% from RMB988.7 million in 2022 to RMB1,331.4 million in 2023, and our net profit margin increased from 7.8% in 2022 to 9.9% in 2023.

Comparisons Between 2022 and 2021

Revenue

Our revenue increased by 11.3% from RMB11,339.9 million in 2021 to RMB12,622.8 million in 2022, due to increases in revenue generated from our packaged drinking water products and beverage products.

Our revenue from packaged drinking water products increased by 10.1% from RMB10,817.8 million in 2021 to RMB11,905.7 million in 2022, primarily due to an increase in the sales volume of our products, mainly as a result of increased customer demand for our products, as we enhanced penetration of the sales network and expanded the sales regions for certain products, particularly medium- to large-sized bottled water products with revenue contribution increased by RMB493.1 million from RMB3,469.2 million in 2021 to RMB3,962.3 million in 2022, representing 45.3% of our year-on-year revenue growth from packaged drinking water products.

Our revenue generated from beverage products increased by 37.3% from RMB522.1 million in 2021 to RMB717.0 million in 2022, primarily driven by an increase in the sales volume of our beverage products, mainly as a result of increased customer demand for our beverage products. Such increase was primarily attributable to: (i) our continuous product portfolio expansion; (ii) our expanded sales network for beverage products; and (iii) enhanced brand awareness concerning our beverage products.

Moreover, in terms of revenue contribution from our sales network in different geographic regions, our revenue generated from the Eastern region contributed the largest growth in absolute amount, increasing by RMB826.4 million from RMB2,809.6 million in 2021 to RMB3,636.0 million 2022, representing 64.4% of year-on-year growth of our total revenue.

Cost of Sales

Our cost of sales increased by 15.6% from RMB6,368.5 million in 2021 to RMB7,363.7 million in 2022, primarily due to: (i) an increase in our sales volume; and (ii) an increase in the cost of our raw materials and packaging materials as the market prices of PET increased.

Gross Profit and Gross Margin

Our gross profit increased by 5.8% from RMB4,971.4 million in 2021 to RMB5,259.1 million in 2022, with the gross margin decreasing from 43.8% in 2021 to 41.7% in 2022.

Our gross margin for packaged drinking water products decreased from 44.6% in 2021 to 42.4% in 2022, primarily due to an increase in our cost of raw materials and packaging materials, as the market prices of PET increased, partially offset by a decrease in our unit Cooperative Manufacturing Partners' services fees primarily resulting from our stronger bargaining power.

The gross margin for beverage products was 28.7% and 28.8% in 2021 and 2022, respectively, mainly as a result of the increased average selling price of our beverage products, offset by an increase in our cost of raw materials and packaging materials, as the market prices of PET increased.

Other Income

Our other income increased by 14.9% from RMB296.0 million in 2021 to RMB340.2 million in 2022, primarily due to an increase in investment income from financial assets at FVTPL from RMB11.1 million to RMB69.6 million, mainly as a result of an increase in the structured deposits we purchased in 2022 compared to 2021, which was partially offset by a decrease in our interest income.

Other Gains and Losses

We recorded losses of RMB10.6 million under our other gains and losses in 2021, which decreased by 69.9% to RMB3.2 million in 2022, primarily due to: (i) a decrease in loss on disposal of property, plant and equipment in 2022 compared to 2021, mainly as we disposed of less commercial refrigerator showcases and less equipment for production in 2022; and (ii) a net foreign exchange gain of RMB2.8 million in 2022 compared to a net foreign exchange loss of RMB2.2 million in 2021, primarily due to fluctuations in exchange rates.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal, changed from reversal of impairment losses of RMB9.5 million in 2021 to impairment losses of RMB27.2 million in 2022, primarily due to relatively higher provision of impairment losses we made for trade receivables due from certain of our direct sales customers in 2022. See "— Quantitative and Qualitative Disclosures about Financial Risks — Credit Risk and Impairment Assessment."

Distribution and Selling Expenses

Our distribution and selling expenses increased by 3.2% from RMB3,756.7 million in 2021 to RMB3,877.6 million in 2022, respectively, primarily due to an increase in logistics services expenses in relation to stock transfers resulting from constrained production activities in 2022 primarily due to the COVID-19, substantially offset by a decrease in: (i) our marketing and promotion expenses as we have relatively less promotion activities in 2022 under adverse impact of the COVID-19; and (ii) optimization of our staff costs. In addition, our distribution and selling expenses as a percentage of the total revenue decreased in 2022 compared to 2021, mainly benefiting from our dedication to conducting our marketing and branding activities efficiently.

Administrative Expenses

Our administrative expenses increased by 4.7% from RMB253.2 million in 2021 to RMB265.0 million in 2022, primarily due to an increase in the staff costs, mainly as a result of increases in: (i) the average compensation level; and (ii) employees' social insurance and housing provident fund contributions.

Research and Development Costs

Our research and development costs remained relatively stable at RMB49.0 million and RMB49.2 million in 2021 and 2022, respectively.

Finance Costs

Our finance costs remained relatively stable at RMB1.8 million and RMB1.6 million in 2021 and 2022, respectively.

Income Tax Expense

Our income tax expense increased by 11.3% from RMB347.4 million in 2021 to RMB386.7 million in 2022, primarily due to an increase in our taxable income, which was in line with the growth of our business. Our effective income tax rate (calculated as income tax expense divided by profit before taxation) remained relatively stable at 28.8% and 28.1% in 2021 and 2022, respectively.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 15.2% from RMB858.1 million in 2021 to RMB988.7 million in 2022, and our net profit margin remained relatively stable at 7.6% and 7.8% in 2021 and 2022, respectively.

DESCRIPTION OF CERTAIN COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth the components of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	1,383,153	2,007,978	4,809,703	5,506,292
Right-of-use assets	182,254	463,799	518,035	554,192
Deferred tax asset	256,894	310,179	243,463	205,570
Deposits for acquisition of property, plant and equipment and leasehold land	66,295	189,325	292,566	161,179
Fixed bank deposits	–	–	1,577,055	1,594,003
Other non-current assets	760	3,069	2,955	2,776
Total non-current assets	**1,889,356**	**2,974,350**	**7,443,777**	**8,024,012**
Current assets				
Inventories	414,089	588,120	377,380	366,898
Trade and other receivables	505,343	563,601	682,869	679,445
Income tax recoverable	136,937	119,633	102,705	84,694
Amounts due from fellow subsidiaries	4,231,684	3,536,591	–	–
Amount due from immediate holding company	19,928	21,875	22,192	22,237
Amount due from intermediate holding company	736	741	742	–
Fixed bank deposits	207,557	292,302	2,297,391	2,306,773
Cash and cash equivalents	1,682,810	2,507,631	2,074,698	2,189,873
Total current assets	**7,199,084**	**7,630,494**	**5,557,977**	**5,649,920**
Non-current liabilities				
Deferred tax liabilities	188,989	240,998	310,072	329,157
Bank borrowing – due after one year	–	–	–	8,566
Lease liabilities – due after one year	16,789	10,377	19,811	19,498
Deferred income	112,849	128,249	110,741	104,961
Total non-current liabilities	**318,627**	**379,624**	**440,624**	**462,182**

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Current liabilities				
Trade and other payables	3,869,233	4,029,081	5,022,065	5,068,704
Contract liabilities	268,912	246,660	139,355	146,031
Bank borrowing – due within one year	–	–	–	6,007
Amount due to immediate holding company	1,742	1,903	1,931	1,935
Amount due to intermediate holding company	1,075	1,259	1,158	–
Amounts due to non-controlling shareholder of a subsidiary	–	–	–	46,055
Income tax payable	28,971	33,370	7,670	27,308
Lease liabilities – due within one year	15,909	17,169	16,178	12,445
Total current liabilities	**4,185,842**	**4,329,442**	**5,188,357**	**5,308,485**
Equity				
Equity attributable to owners of the Company:	4,583,971	5,573,765	6,903,058	7,349,643
Share capital	7	7	7	7
Reserves	4,583,964	5,573,758	6,903,051	7,349,636
Non-controlling interests	–	322,013	469,715	553,622
Total equity	**4,583,971**	**5,895,778**	**7,372,773**	**7,903,265**

Property, Plant and Equipment

Our property, plant and equipment mainly consists of buildings, leasehold improvements, construction in progress, plant and machinery, motor vehicles and furniture, fixtures and office equipment. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Buildings	616,178	737,541	1,145,664	1,657,708
Leasehold improvements	8,154	14,094	21,565	22,161
Construction in progress	30,057	156,346	1,809,459	1,737,658
Plant and machinery	568,929	912,889	1,637,195	1,901,443
Motor vehicles	9,188	16,964	21,588	20,032
Furniture, fixtures and office equipment	150,647	170,144	174,232	167,290
Total	**1,383,153**	**2,007,978**	**4,809,703**	**5,506,292**

As of December 31, 2021, 2022 and 2023 and April 30, 2024, our property, plant and equipment was RMB1,383.2 million, RMB2,008.0 million, RMB4,809.7 million and RMB5,506.3 million, respectively. The increase in our property, plant and equipment as of December 31, 2022 compared to December 31, 2021 was primarily due to an increase in our plant and machinery, mainly in line with our production capacity expansion and particularly attributable to: (i) our newly purchased production equipment in relation to our production expansion in Zhaoqing Factory; and (ii) our newly acquired properties and production facilities in relation to our acquisition of Yixing Factory in 2022. The increase in our property, plant and equipment as of December 31, 2023 compared to December 31, 2022 was primarily due to: (i) an increase in our construction in progress, mainly in relation to our construction projects at several factories such as Chengdu Factory, Changsha Factory and Wanlv Lake Factory; and (ii) increases in our buildings and plant and machinery, mainly in relation to the commencement of production at the Nanning Factory and part of the Yixing Factory and Heyuan Factory in 2023. The increase in our property, plant and equipment as of April 30, 2024 compared to December 31, 2023 was primarily due to increases in our buildings as well as plant and machinery, mainly in line with our production capacity expansion and particularly attributable to: (i) our newly acquired properties and production facilities in relation to our production expansion in Wanlv Lake Factory and Chengdu Factory, and our acquisition of Wuhan Factory; and (ii) our newly purchased production equipment in relation to our production expansion in Wanlv Lake Factory, Yixing Factory and Nanning Factory, and our acquisition of Wuhan Factory. See “Business — Our Production — Our Production Expansion Plan.”

Right-of-use Assets

Our right-of-use assets are primarily related to leasehold land, leased properties and machinery and vehicles. We leased land, properties, machinery and vehicles for our operations during the Track Record Period. The following table sets forth the breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,			**As of April 30,**
	2021	**2022**	**2023**	**2024**
	(RMB in thousands)			
Leasehold land	151,146	437,459	482,676	521,628
Leased properties	29,679	25,263	35,412	32,478
Machinery and vehicles	1,429	1,077	217	86
Total	**182,254**	**463,799**	**518,035**	**554,192**

The increase in our right-of-use assets as of April 30, 2024 compared to December 31, 2023 were primarily due to an increase in leasehold land in relation to our acquisition of Wuhan Factory in 2024. The increases in our right-of-use assets as of December 31, 2023 compared to December 31, 2022 and as of December 31, 2022 compared to December 31, 2021 were primarily due to an increase in leasehold land in relation to our acquisition of Yixing Factory in 2022 and Heyuan Factory in 2023 and our production expansion.

Deposits for Acquisition of Property, Plant and Equipment and Leasehold Land

Our deposits for acquisition of property, plant and equipment and leasehold land are primarily related to prepayments we made for production equipment and land use rights. As of December 31, 2021, 2022 and 2023 and April 30, 2024, our deposits for acquisition of property, plant and equipment and leasehold land were RMB66.3 million, RMB189.3 million, RMB292.6 million and RMB161.2 million, respectively. The increases in our deposits for acquisition of property, plant and equipment and leasehold land as of December 31, 2022 and 2023 were mainly in line with our continual production expansion. The decrease in our deposits for acquisition of property, plant and equipment and leasehold land as of April 30, 2024 compared to December 31, 2023 was primarily due to our receipt of production equipment for which we made prepayments in the four months ended April 30, 2024.

Inventories

Our inventories primarily consist of: (i) raw material and consumables, primarily including packaging materials and ingredients; and (ii) finished goods, primarily including packaged drinking water and beverage products. Raw materials and consumables represented the majority of our inventories, accounting for 59.3%, 54.4%, 69.4% and 64.2% of our total inventories as of December 31, 2021, 2022 and 2023 and April 30, 2024, respectively. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Raw material and consumables	245,707	320,113	262,067	235,649
Finished goods	168,382	268,007	115,313	131,249
Total inventories	**414,089**	**588,120**	**377,380**	**366,898**

Our inventories increased by 42.0% from RMB414.1 million as of December 31, 2021 to RMB588.1 million as of December 31, 2022, primarily due to: (i) an increase in raw material to satisfy our increasing sales and production needs; (ii) increases in the purchase price of PET and other packaging materials mainly due to market fluctuations; and (iii) an increase in finished goods to stock up for the following Chinese New Year, which was near the year end of 2022. Our inventories decreased by 35.8% from RMB588.1 million as of December 31, 2022 to RMB377.4 million as of December 31, 2023, primarily because we did not stock up as much for the following Chinese New Year, which was farther from the year end of 2023. Our inventories decreased by 2.8% from RMB377.4 million as of December 31, 2023 to RMB366.9 million as of April 30, 2024, primarily due to a decrease in raw material and consumables, mainly resulting from (i) market price reduction of certain raw materials such as cardboard and PET, and (ii) faster turnover for production in response to the sales peaks that commenced in April 2024. Such decrease was partially offset by an increase in finished goods, as we stocked up for the sales peaks.

The following table sets forth our inventory turnover days during the periods indicated:

	Year ended December 31,			Four months ended April 30,
	2021	2022	2023	2024
	(days)			
Inventory turnover days[(1)]	19.1	24.8	23.6	20.5

Note:

(1) Calculated based on the average of the beginning and ending balances of inventory for that period divided by cost of sales for that period and multiplied by the number of days in that period.

Our inventory turnover days was 19.1 days, 24.8 days, 23.6 days and 20.5 days in 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively. The inventory turnover days increased from 2021 to 2022, primarily due to an increase in inventories to stock up for the following Chinese New Year, which was near the year end of 2022. The inventory turnover days remained relatively stable in 2022 and 2023, primarily due to a decrease in inventories as we did not stock up as much for the following Chinese New Year, which was farther from the year end of 2023, offset by a higher beginning balance of inventory for reasons mentioned above. The inventory turnover days decreased from 2023 to the four months ended April 30, 2024, primarily due to faster turnover for production in response to the sales peaks that commenced in April 2024.

As of August 31, 2024, RMB349.8 million, or 95.3%, of our inventory as of April 30, 2024 had been sold or utilized.

Trade and Other Receivables

Our trade and other receivables mainly comprise trade receivables, value-added tax recoverable, advances to suppliers, and other receivables. The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Trade receivables				
– Third parties	241,975	245,538	254,116	375,509
– Fellow subsidiaries	35,797	25,030	13,210	23,811
	277,772	270,568	267,326	399,320
Less: Allowance for credit losses	(9,885)	(30,496)	(36,622)	(37,364)
	267,887	240,072	230,704	361,956

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Other receivables	22,682	28,863	97,002	29,997
Less: Allowance for credit losses	(240)	(335)	(335)	(335)
	22,442	28,528	96,667	29,662
Note receivables	6,894	–	–	85,000
Deferred issue costs	–	–	2,270	4,002
Advances to suppliers	40,927	18,145	36,776	15,764
Value-added tax recoverable	167,193	276,856	316,452	183,061
Total	**505,343**	**563,601**	**682,869**	**679,445**

As of December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, our trade and other receivables were RMB505.3 million, RMB563.6 million, RMB682.9 million and RMB679.4 million, respectively. The increase in our trade and other receivables as of December 31, 2022 compared to December 31, 2021 was primarily due to an increase in the value-added tax recoverable, which was mainly because our VAT input tax credit reconciliation was postponed to 2023 under the impact of the COVID-19 at the end 2022. The increase in our trade and other receivables as of December 31, 2023 compared to December 31, 2022 was primarily due to: (i) an increase in other receivables related to certain factory, and as of February 29, 2024, all of such receivables had been settled; and (ii) an increase in value-added tax recoverable in relation to our construction projects in 2023. The decrease in our trade and other receivables as of April 30, 2024 compared to December 31, 2023 was primarily due to: (i) a decrease in value-added tax recoverable, as we utilized credited VAT as of December 31, 2023 to deduct our VAT payable tax in the four months ended April 30, 2024; and (ii) a decrease in other receivables, mainly related to the settlement of other receivables related to certain factory in the four months ended April 30, 2024. Such decrease was partially offset by: (i) an increase in trade receivables, mainly in relation to the commencement of the sales peaks from April 2024; and (ii) an increase in note receivables, all of which were due during the period from May through July 2024 from Company T, one of our top five customers for each period during the Track Record Period.

We normally require payment before delivery from our distributors, and may grant credit terms on a case-by-case basis. In addition, we usually grant credit terms of no more than 90 days to certain direct sales customers. The following table sets forth an aging analysis of our trade receivables, net of allowance for credit losses, based on the dates of delivery of goods as of the dates indicated:

	As of December 31,			As of April 30,
	2021	**2022**	**2023**	**2024**
	(RMB in thousands)			
0 to 90 days	223,047	194,655	202,402	337,769
91 to 180 days	34,316	30,533	26,954	21,914
181 to 365 days	6,660	13,665	798	1,667
Over 365 days	3,864	1,219	550	606
Total	**267,887**	**240,072**	**230,704**	**361,956**

The following table sets forth the turnover days of our trade receivables for the periods indicated:

	Year ended December 31,			Four months ended April 30,
	2021	**2022**	**2023**	**2024**
	(days)			
Trade receivables turnover days[(1)]	8.3	7.9	7.3	9.7

Note:

(1) Calculated based on the average of the beginning and ending balances of trade receivables (before allowance for credit losses) for that period divided by revenue for that period and multiplied by the number of days in that period.

Our trade receivables turnover days decreased from 2021 to 2023, mainly because our continuous efforts to improve our receivables collection increased our turnover efficiency. Our trade receivables turnover days increased in the four months ended April 30, 2024 compared to 2023, primarily due to an increase in trade receivables, mainly in relation to the commencement of the sales peaks from April 2024.

As of August 31, 2024, RMB340.7 million, or 94.1%, of our trade receivables as of April 30, 2024 had been settled.

Trade and Other Payables

Our trade and other payables primarily represent trade payables, sales rebate and promotion expense payables, payroll payables, deposit payables, advertising payables and transportation payables. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Trade payables				
– Third parties	371,648	509,446	744,350	857,119
– Fellow subsidiaries	18,048	53,597	72,564	159,343
	389,696	563,043	816,914	1,016,462
Sales rebate and promotion expense payables	2,330,405	1,997,549	1,693,251	1,503,085
Payroll payables	376,307	440,492	459,233	263,451
Deposit payables	272,933	315,847	346,529	355,806
Advertising payables	224,741	128,453	154,858	177,075
Transportation payables	133,407	277,292	251,992	397,157
Accrued listing expenses	–	–	7,496	18,870
Accrued issue costs	–	–	1,221	2,647
Other payables and accruals	141,744	306,405	1,290,571	1,334,151
Total	**3,869,233**	**4,029,081**	**5,022,065**	**5,068,704**

As of December 31, 2021, 2022 and 2023 and April 30, 2024, our trade and other payables were RMB3,869.2 million, RMB4,029.1 million, RMB5,022.1 million and RMB5,068.7 million, respectively. The increase in our trade and other payables as of December 31, 2022 compared to December 31, 2021 was mainly in relation to: (i) increases in our trade payables and transportation payables, in line with the growth of our business scale; and (ii) an increase in other payables and accruals in relation to our payables for construction projects. Such increase was partially offset by a decrease in our sales rebate and promotion expense payables and advertising payables. The increase in our trade and other payables as of December 31, 2023 compared to December 31, 2022 was primarily due to: (i) an increase in other payables and accruals in relation to our payables for construction projects at several factories such as the Chengdu Factory, Wanlv Lake Factory and Changsha Factory; and (ii) increases in both our trade payables due to third parties and those due to fellow subsidiaries as of December 31, 2023 compared to December 31, 2022, mainly because the payment for some of our purchases, which had a due date coinciding with a public holiday in 2023, was settled on the first business day of 2024. Such increase was partially offset by a decrease in our sales rebate and promotion expense payables. Our trade and other payables slightly increased as of April 30, 2024 compared to December 31, 2023, mainly as a result of, among other things, increases in our trade payables and transportation payables, in relation to the commencement of the sales peaks from April 2024, partially offset by a decrease in payroll payables, mainly due to the payment of the bonus for the year of 2023 in the four months ended April 30, 2024, and only four months of bonus was accrued as of April 30, 2024.

Our trade payables were primarily due to third parties. Our trade payables are unsecured and non-interest bearing. During the Track Record Period, credit periods granted by suppliers to our Group generally ranged from 15 days to 60 days. The following table sets forth an aging analysis of our trade payables presented based on the invoice date as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	(RMB in thousands)			
0 to 90 days	385,583	559,742	815,329	1,012,657
91 to 180 days	–	59	195	556
181 to 365 days	150	53	189	3,187
Over 365 days	3,963	3,189	1,201	62
Total	**389,696**	**563,043**	**816,914**	**1,016,462**

The following table sets forth the turnover days of our trade payables for the periods indicated:

	Year ended December 31,			Four months ended April 30,
	2021	2022	2023	2024
	(days)			
Trade payables turnover days[1]	24.3	23.6	33.7	50.5

Note:

(1) Calculated based on the average of beginning and ending balances of trade payables for that period, divided by the cost of sales for that period, and multiplied by the number of days in that period.

Our trade payables turnover days remained relatively stable at 24.3 days and 23.6 days in 2021 and 2022, respectively. Our trade payables turnover days increased from 23.6 days in 2022 to 33.7 days in 2023, primarily because our trade payables due to third parties and those due to fellow subsidiaries both increased as of December 31, 2023 compared to December 31, 2022, mainly because the payment for some of our purchases, which had a due date coinciding with a public holiday in 2023, was settled on the first business day of 2024. Our trade payable turnover days increased from 33.7 days in 2023 to 50.5 days in the four months ended April 30, 2024, primarily due to an increase in procurement as we approached the sales peaks.

As of August 31, 2024, RMB1,002.2 million, or 98.6%, of our trade payables as of April 30, 2024 had been settled.

Amounts Due from Fellow Subsidiaries

As of December 31, 2021, 2022 and 2023 and April 30, 2024, our amounts due from fellow subsidiaries were RMB4,231.7 million, RMB3,536.6 million, nil and nil, respectively. All of our amounts due from fellow subsidiaries as of December 31, 2021 and 2022 were non-trade in nature. See "— Related Party Transactions and Balances."

NET CURRENT ASSETS

The following table sets forth the components of our current assets and liabilities as of the dates indicated:

	As of December 31,			As of April 30,	As of August 31,
	2021	2022	2023	2024	
	(RMB in thousands)				
					(unaudited)
Current assets					
Inventories	414,089	588,120	377,380	366,898	400,842
Trade and other receivables	505,343	563,601	682,869	679,445	788,679
Income tax recoverable	136,937	119,633	102,705	84,694	56,645
Amounts due from fellow subsidiaries	4,231,684	3,536,591	–	–	–
Amount due from immediate holding company	19,928	21,875	22,192	22,237	22,339
Amount due from intermediate holding company	736	741	742	–	–
Fixed bank deposits	207,557	292,302	2,297,391	2,306,773	1,015,932
Cash and cash equivalents	1,682,810	2,507,631	2,074,698	2,189,873	4,148,027
Total current assets	**7,199,084**	**7,630,494**	**5,557,977**	**5,649,920**	**6,432,464**
Current liabilities					
Trade and other payables	3,869,233	4,029,081	5,022,065	5,068,704	4,920,187
Contract liabilities	268,912	246,660	139,355	146,031	245,242
Bank borrowing – due within one year	–	–	–	6,007	6,263
Amount due to immediate holding company	1,742	1,903	1,931	1,935	1,944
Amount due to intermediate holding company	1,075	1,259	1,158	–	–
Amounts due to non-controlling shareholder of a subsidiary	–	–	–	46,055	6,645
Income tax payable	28,971	33,370	7,670	27,308	59,152
Lease liabilities – due within one year	15,909	17,169	16,178	12,445	9,693
Total current liabilities	**4,185,842**	**4,329,442**	**5,188,357**	**5,308,485**	**5,249,126**
Net current assets	**3,013,242**	**3,301,052**	**369,620**	**341,435**	**1,183,338**

Our net current assets decreased slightly to RMB341.4 million as of April 30, 2024 from RMB369.6 million as of December 31, 2023, primarily due to: (i) a slight increase in our trade and other payables, mainly due to, among other things, increases in our trade payables and transportation payables, in relation to the commencement of the sales peaks from April 2024, partially offset by a decrease in payroll payables, as only four months of bonus was recorded as of April 30, 2024; and (ii) an increase in our amounts due to non-controlling shareholder of a subsidiary, which was in relation to our acquisition of Wuhan Huaxinda Beverage Technology Co., Ltd. (currently known as China Resources C'estbon Beverage (Wuhan) Co., Ltd.).

Our net current assets decreased to RMB369.6 million as of December 31, 2023 from RMB3,301.1 million as of December 31, 2022, primarily due to: (i) the combined effect of a decrease in our amounts due from fellow subsidiaries of RMB3,536.6 million and an increase in our long-term fixed bank deposits of RMB1,577.1 million; and (ii) an increase in our trade and other payables in connection with our construction projects and some of our purchases.

Our net current assets remained relatively stable at RMB3,013.2 million and RMB3,301.1 million as of December 31, 2021 and December 31, 2022, respectively, mainly resulting from an increase in cash and cash equivalent related to demand deposit, which was partially offset by a decrease in amounts due from fellow subsidiaries.

INDEBTEDNESS

As of December 31, 2021, 2022 and 2023 and April 30, 2024, our indebtedness included amount due to our immediate holding company, amount due to our intermediate holding company, lease liabilities, amounts due to non-controlling shareholder of a subsidiary and bank borrowing. Amounts due to the non-controlling shareholder of a subsidiary mainly arose from our acquisition of Wuhan Huaxinda Beverage Technology Co., Ltd. (currently known as China Resources C'estbon Beverage (Wuhan) Co., Ltd.), which had an outstanding loan owed to its prior controlling shareholder as of April 30, 2024. Such loan had been fully settled in May 2024. For details on amount due to our immediate holding company, amount due to our intermediate holding company and amounts due to non-controlling shareholder of a subsidiary, see notes 26 and 30 to the Accountants' Report in Appendix I to this prospectus, respectively. The following table sets forth some details of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,	As of August 31,
	2021	2022	2023	2024	
	(RMB in thousands)				
					(unaudited)
Amount due to immediate holding company	1,742	1,903	1,931	1,935	1,944
Amount due to intermediate holding company	1,075	1,259	1,158	–	–
Amounts due to non-controlling shareholder of a subsidiary	–	–	–	46,055	6,645
Lease liabilities	32,698	27,546	35,989	31,943	27,276
Bank borrowing	–	–	–	14,573	48,869
Total indebtedness	**35,515**	**30,708**	**39,078**	**94,506**	**84,734**

As of August 31, 2024, our amount due to immediate holding company and non-controlling shareholder of a subsidiary were unsecured and unguaranteed. As of the same date, our lease liabilities of RMB27.1 million were unguaranteed and were secured by rental deposits, and our lease liabilities of RMB0.2 million were unsecured and unguaranteed, and our bank borrowing was unguaranteed and secured by property, plant and equipment and leasehold land.

Save as otherwise disclosed, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of August 31, 2024. We had banking facilities of RMB2,600.0 million, RMB2,551.4 million (or 98.1%) of which were unutilized, as of August 31, 2024.

Our Directors confirm that (i) we had neither material defaults in payment of trade and non-trade payables and loans and borrowings, nor any breach of financial covenants during the Track Record Period and up to the Latest Practicable Date which would impact our ability to undertake additional debt financing, (ii) we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date, and (iii) there has not been any material change in our indebtedness since August 31, 2024 and up to the date of this prospectus.

Lease Liabilities

Our current and non-current lease liabilities decreased by 15.8% from RMB32.7 million as of December 31, 2021 to RMB27.5 million as of December 31, 2022, primarily due to relevant rental payments. Our current and non-current lease liabilities increased by 30.7% from RMB27.5 million as of December 31, 2022 to RMB36.0 million as of December 31, 2023, primarily reflecting new office leases in 2023. Our current and non-current lease liabilities decreased by 11.2% from RMB36.0 million as of December 31 2023 to RMB31.9 million as of April 30, 2024, primarily due to relevant rental payments.

Bank Borrowing

As of April 30, 2024 our balance of current and non-current bank borrowing was RMB14.6 million. Such bank borrowing was denominated in Renminbi, and is arranged at a variable-rate linked to the lending rate stipulated by the PBOC with an effective interest rate of 2.71% per annum as of April 30, 2024. Such bank borrowing was made primarily to replenish the liquidity of one of our subsidiaries.

CONTINGENT LIABILITIES

As of April 30, 2024, we were not involved in any material legal, arbitration or administrative proceedings that were expected to materially and adversely affect our financial condition or results of operations, although there can be no assurance that this will not be the case in the future. Our Directors confirm that there has been no material change in our contingent liabilities since April 30, 2024 to the date of this prospectus.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Historically, we have funded our working capital primarily from operating activities. Going forward, we expect to continue to fund our working capital primarily from operating activities and use a portion of the proceeds from the Global Offering to fund our working capital requirements. We currently do not have any plans for material additional external financing.

Working Capital Sufficiency

Taking into account the net proceeds from the Global Offering, cash and cash equivalents balance, cash generated from operating activities and the financial resources available to us, our Directors believe that we have sufficient working capital for our present requirements, that is, for at least 12 months from the date of this prospectus.

Cash Flows

The following table sets forth selected cash flow statement information for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(unaudited)	
Net cash from operating activities	827,192	844,929	1,718,183	745,640	751,636
Net cash from (used in) investing activities	681,954	1,222	(2,090,451)	(982,105)	(642,378)
Net cash (used in) from financing activities	(19,467)	(21,201)	(60,598)	5,883,709	6,016
Net increase (decrease) in cash and cash equivalents	**1,489,679**	**824,950**	**(432,866)**	**5,647,244**	**115,274**
Cash and cash equivalents at the beginning of the year/period	191,662	1,682,810	2,507,631	2,507,631	2,074,698
Effects of foreign exchange rate changes	1,469	(129)	(67)	119	(99)
Cash and cash equivalents at the end of the year/period	**1,682,810**	**2,507,631**	**2,074,698**	**8,154,994**	**2,189,873**

Net Cash from Operating Activities

Our cash flows from operating activities reflect our profit before taxation adjusted for: (i) non-cash and non-operating items (such as depreciation of property, plant and equipment and interest income); (ii) the effects of movement in working capital (such as inventories, trade and other receivables, contract liabilities and trade and other payables); and (iii) other cash items (such as income taxes paid).

In the four months ended April 30, 2024, we had net cash generated from operating activities of RMB751.6 million, which primarily represent our profit before taxation of RMB631.6 million, as adjusted by non-cash and non-operating items, and movements in working capital of a decrease in trade and other receivables of RMB104.2 million, partially offset by a decrease in trade and other payables of RMB35.2 million.

In 2023, we had net cash generated from operating activities of RMB1,718.2 million, which primarily represents our profit before taxation of RMB1,878.4 million, as adjusted by non-cash and non-operating items, and movements in working capital of: a decrease in inventories of RMB210.7 million, partially offset by: (i) a decrease in contract liabilities of RMB107.3 million; and (ii) an increase in trade and other receivables of RMB62.8 million.

In 2022, we had net cash generated from operating activities of RMB844.9 million, which primarily represents our profit before taxation of RMB1,375.4 million, as adjusted by non-cash and non-operating items, and movements in working capital of: (i) an increase in inventories of RMB174.0 million; (ii) an increase in trade and other receivables of RMB75.7 million; and (iii) a decrease in contract liabilities of RMB22.3 million.

In 2021, we had net cash generated from operating activities of RMB827.2 million, which primarily represents our profit before taxation of RMB1,205.5 million, as adjusted by non-cash and non-operating items, and movements in working capital of: (i) an increase in trade and other payables of RMB213.2 million; and (ii) an increase in contract liabilities of RMB99.1 million, partially offset by: (i) an increase in inventories of RMB160.2 million; and (ii) an increase in trade and other receivables of RMB111.7 million.

Net Cash from / Used in Investing Activities

Our cash inflows from investing activities primarily consist of proceeds from disposal of financial assets at FVTPL, repayment from fellow subsidiaries and withdrawal of fixed deposit with original maturity of over three months. Our cash outflows from investing activities primarily consist of advances to fellow subsidiaries, purchases of financial assets at FVTPL, purchases of property, plant and equipment and placement of fixed deposit with original maturity of over three months.

In the four months ended April 30, 2024, we had net cash used in investing activities of RMB642.4 million, which was primarily attributable to: (i) purchases of property, plant and equipment of RMB517.5 million; and (ii) net cash outflow from acquisitions of subsidiaries of RMB150.9 million.

In 2023, we had net cash used in investing activities of RMB2,090.5 million, which was primarily attributable to: (i) purchases of financial assets at FVTPL of RMB5,800.0 million; (ii) placement of fixed deposit with original maturity of over three months of RMB4,233.6 million; and (iii) purchases of property, plant and equipment of RMB 2,250.9 million, partially offset by: (i) proceeds from disposal of financial assets at FVTPL of RMB5,863.6 million; and (ii) repayment from fellow subsidiaries of RMB3,551.4 million.

In 2022, we had net cash generated from investing activities of RMB1.2 million, which was primarily attributable to: (i) proceeds from disposal of financial assets at FVTPL of RMB10,349.6 million; and (ii) repayment from fellow subsidiaries of RMB4,492.2 million, partially offset by: (i) purchases of financial assets at FVTPL of RMB10,280.0 million; and (ii) advances to fellow subsidiaries of RMB3,700.0 million.

In 2021, we had net cash generated from investing activities of RMB682.0 million, which was primarily attributable to: (i) repayment from fellow subsidiaries of RMB8,333.7 million; and (ii) proceeds from disposal of financial assets at FVTPL of RMB4,011.1 million, partially offset by: (i) advances to fellow subsidiaries of RMB7,500.0 million; and (ii) purchases of financial assets at FVTPL of RMB4,000.0 million.

Net Cash Used in Financing Activities

Our financing activities primarily include additions and repayment of bank borrowings, repayment of lease liabilities and interest paid.

In the four months ended April 30, 2024, we had net cash generated from financing activities of RMB6.0 million, which was primarily attributable to additions of bank borrowings of RMB14.6 million, partially offset by repayment of lease liabilities of RMB7.5 million.

In 2023, we had net cash used in financing activities of RMB60.6 million, which was primarily attributable to interest paid of RMB42.5 million and repayment of lease liabilities of RMB17.0 million.

In 2022, we had net cash used in financing activities of RMB21.2 million, which was primarily attributable to repayment of lease liabilities of RMB19.6 million.

In 2021, we had net cash used in financing activities of RMB19.5 million, which was primarily attributable to repayment of lease liabilities of RMB17.6 million.

SELECTED FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the four months ended April 30,
	2021	2022	2023	2024
Gross margin(1)	43.8%	41.7%	44.7%	47.1%
Net profit margin(2)	7.6%	7.8%	9.9%	11.1%
Return on total assets(3)	10.1%	10.0%	11.3%	N/M(9)
Return on equity(4)	20.7%	18.9%	20.1%	N/M(9)
Return on invested capital(5)	15.5%	14.6%	16.9%	N/M(9)
Current ratio(6)	1.72x	1.76x	1.07x	1.06x
Quick ratio(7)	1.62x	1.63x	1.00x	1.00x
Gearing ratio(8)	0.7%	0.5%	0.5%	1.1%

Notes:

(1) Gross margin equals gross profit divided by revenue for the period and multiplied by 100%.

(2) Net profit margin equals profit for the period divided by revenue for the period and multiplied by 100%.

(3) Return on total assets equals profit for the period divided by the average of the beginning and ending balances of total assets for the period and multiplied by 100%.

(4) Return on equity equals profit for the period divided by the average of the beginning and ending balances of total equity and multiplied by 100%.

(5) Return on invested capital equals operating profit (calculated as gross profit less distribution and selling expenses, administrative expenses and research and development costs for the year) multiplied by the difference of one minus effective income tax rate (calculated as income tax expense divided by profit before taxation), divided by invested capital (calculated as the sum of the average of the beginning and ending balances of total equity and total interest-bearing debt (including lease liabilities) for the period), and multiplied by 100%.

(6) Current ratio equals current assets divided by current liabilities as of the same date.

(7) Quick ratio equals total current assets less inventories divided by total current liabilities as of the same date.

(8) Gearing ratio equals total interest-bearing debt (including lease liabilities and interest-bearing proportion of the amounts due to non-controlling shareholder of a subsidiary) divided by total equity and multiplied by 100% as of the same date.

(9) These ratios are not meaningful as numbers for the period are not comparable to the numbers for the prior three years of the Track Record Period.

Gross Margin

See "— Results of Operations" for a discussion of the factors affecting our gross margin during the Track Record Period.

Net Profit Margin

See "— Results of Operations" for a discussion of the factors affecting our net profit margin during the Track Record Period.

Return on Total Assets

Our return on total assets ratio increased from 10.0% in 2022 to 11.3% in 2023, primarily due to the growth rate of our net profit outpacing the growth of our total assets. Our return on total assets ratio remained relatively stable at 10.1% and 10.0% in 2021 and 2022, respectively.

Return on Equity

Our return on equity increased from 18.9% in 2022 to 20.1% in 2023 primarily due to a significant increase in our net profit in 2023, mainly attributable to our business growth. Our return on equity decreased from 20.7% in 2021 to 18.9% in 2022, primarily due to increases in the balance of our total equity.

Return on Invested Capital

Our return on invested capital increased from 14.6% in 2022 to 16.9% in 2023, primarily due to a significant increase in our operating profit in 2023 mainly resulting from our business growth. Our return on invested capital decreased from 15.5% in 2021 to 14.6% in 2022, primarily because the increase in our operating profit was less than the increase in our invested capital.

Current Ratio

Our current ratio remained relatively stable at 1.07x and 1.06x as of December 31, 2023 and April 30, 2024, respectively. Our current ratio decreased from 1.76x as of December 31, 2022 to 1.07x as of December 31, 2023, primarily due to: (i) an increase in our current liabilities mainly in relation to an increase in our trade and other payables; and (ii) a decrease in our current assets mainly in relation to our amounts due from fellow subsidiaries. Our current ratio remained relatively stable at 1.72x and 1.76x as of December 31, 2021 and 2022, respectively.

Quick Ratio

Our quick ratio remained relatively stable at 1.00x and 1.00x as of December 31, 2023 and April 30, 2024, respectively. Our quick ratio decreased from 1.63x as of December 31, 2022 to 1.00x as of December 31, 2023, primarily due to: (i) an increase in our current liabilities mainly in relation to an increase in our trade and other payables; and (ii) a decrease in our current assets mainly in relation to our amounts due from fellow subsidiaries. Our quick ratio remained relatively stable at 1.62x and 1.63x as of December 31, 2021 and 2022.

Gearing Ratio

Our gearing ratio decreased from 0.7% as of December 31, 2021 to 0.5% as of December 31, 2022 and remained relatively stable at 0.5% as of December 31, 2023. Our gearing ratio increased from 0.5% as of December 31, 2023 to 1.1% as of April 30, 2024, primarily because of the amounts due to the non-controlling shareholder of a subsidiary, which arose from our acquisition of Wuhan Huaxinda Beverage Technology Co., Ltd. (currently known as China Resources C'estbon Beverage (Wuhan) Co., Ltd.), and had been fully settled in May 2024.

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditures mainly for purchases of property, plant and equipment, purchases of right-of-use assets and purchases of other non-current assets. Our increasing levels of capital expenditures during the Track Record Period reflect our investments in expansion. The following table sets forth a breakdown of our capital expenditures for the periods indicated:

	Year ended December 31,			Four months ended April 30,
	2021	**2022**	**2023**	**2024**
	(RMB in thousands)			
Purchases of property, plant and equipment	314,678	722,889	2,250,873	517,514
Purchases of right-of-use assets	–	136,458	60,867	2,269
Purchases of other non-current assets	–	2,658	423	–
Acquisition of a subsidiary	–	–	–	151,060
Total	**314,678**	**862,005**	**2,312,163**	**670,843**

Following the Global Offering, we are expected to continually incur capital expenditures to grow our business. In particular, we plan to fund our production expansion, including construction of factories and mergers and acquisitions of third parties. We expect to fund these capital expenditures with our available cash resources and a portion of our net proceeds from the Global Offering, details of which are set forth in "Future Plans and Use of Proceeds."

RELATED PARTY TRANSACTIONS AND BALANCES

During the Track Record Period, we entered into a number of related party transactions, pursuant to which: (i) we purchased goods and services from certain related parties, such as PET materials; (ii) we purchased construction management services from certain related parties, primarily including management on design and construction (including safety, costs, quality, construction period), and handling of relevant procedures for our production facilities and factories; (iii) we sold goods to certain related parties, such as packaged drinking water and beverage products; (iv) we incurred certain amounts from and due to certain related parties; and (v) we received interest income from certain related parties, primarily in relation to (a) cash advance to and loans due from certain related parties, and (b) time deposits placed with a fellow subsidiary that is a financial institution. Our Directors believe that our transactions with related parties during the Track Record Period were conducted on normal commercial terms and on an arm's-length basis, and would not distort our results of operations or make our historical results not reflective of our future performance.

The following table sets forth details of our related party transactions for the periods indicated:

		Year ended December 31,			Four months ended April 30,
Relationship	**Nature of Transactions**	**2021**	**2022**	**2023**	**2024**
		(RMB in thousands)			
Fellow subsidiaries . .	Sales of goods	86,192	81,894	62,160	20,404
	Purchase of raw materials and other consumables	557,787	840,294	940,209	285,832
	Purchase of construction and other services	45,712	211,210	1,120,678	73,415
	Interest income	141,090	103,481	34,187	8,348
	– cash advance to a fellow subsidiary	62,858	–	–	–
	– bank deposits and cash and cash equivalents placed in a fellow subsidiary	3,499	6,348	19,348	8,348
	– loans due from fellow subsidiaries	74,733	97,133	14,839	–

The following table sets forth details of our outstanding balances with related parties as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Non-trade nature				
Amounts due from fellow subsidiaries	4,231,684	3,536,591	–	–
Amount due from immediate holding company	19,928	21,875	22,192	22,237
Amount due to immediate holding company	1,742	1,903	1,931	1,935
Amount due from intermediate holding company	736	741	742	–
Amount due to intermediate holding company	1,075	1,259	1,158	–
Trade nature				
Fixed bank deposits placed in a fellow subsidiary	200,000	281,582	786,329	794,352
Cash and cash equivalents advanced to a fellow subsidiary	303,781	1,505,747	1,000,331	5,947
Amounts due from fellow subsidiaries *(included in trade and other receivables)*	35,797	25,030	13,210	23,811
Amounts due to fellow subsidiaries *(included in trade and other payables)*	29,196	148,340	543,072	543,784

We expect to enter into similar related party transactions of a trade nature going forward. As of the Latest Practicable Date, (i) our immediate holding company was undergoing internal procedures to settle the amounts due to and due from us with settlement expected to be after the Listing and by the Dividend payment date; and (ii) the balances of amount due to and due from intermediate holding company had been settled. The non-trade balance of amount due from and due to our immediate holding company as of April 30, 2024 will not be settled prior to the Listing. Since (i) we do not rely on our Controlling Shareholders (including our immediate holding company) to support our business operations by virtue of their provision of financial assistance; (ii) we are capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by our Controlling Shareholders (including our immediate holding company); and (iii) the unsettled non-trade balance of amount due from/to our immediate holding company prior to the Listing was not related to loan or guarantees provided by our Controlling Shareholders to us, such unsettled non-trade balances are not expected to adversely affect our financial independence or other aspects under the Listing Rules. In addition, we had sufficient balance of cash and cash equivalents at the end of each period during the Track Record Period and recorded positive net cash from operating activities during the Track Record Period. As of April 30, 2024, the balance of amount due from our immediate holding company only represented approximately 0.2% of our total assets. For details of our financial independence from our Controlling Shareholders, see "Relationship with Our Controlling Shareholders — Independence from Our Controlling Shareholders — Financial Independence."

As of December 31, 2021 and 2022, our amounts due from fellow subsidiaries of a non-trade nature were RMB4,231.7 million and RMB3,536.6 million, respectively, representing: (i) certain loans receivable from fellow subsidiaries of RMB3,931.4 million and RMB3,536.6 million as of December 31, 2021 and 2022 which were unsecured and bore a fixed interest rate of 3.50% to 3.85% per annum and 3.10% to 3.60% per annum as of December 31, 2021 and 2022, respectively, with a fixed repayment term of less than one year; and (ii) a capital advance of RMB300.3 million to a fellow subsidiary, which was unsecured and bore a floating interest as of December 31, 2021. As of December 31, 2023, all of our amounts due from fellow subsidiaries that were non-trade in nature had been settled. The decrease in our amounts due from fellow subsidiaries of a non-trade nature from RMB3,537 million in 2022 to nil in 2023 was primarily because the relevant related parties repaid in full in 2023. As of April 30, 2024, our amounts due from fellow subsidiaries of a non-trade nature remained nil.

See note 30 to the Accountants' Report in Appendix I to this prospectus for further details.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

Our activities expose us to a variety of financial risks, namely market risk (including currency and interest rate risk), credit risk and liquidity risk. Our overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market Risk

Currency Risk

We collect most of our revenue and incur most of the expenditures in Renminbi. Our subsidiaries operate in Mainland China and Hong Kong, and have their local currencies as their functional currencies, namely Renminbi and HK dollars, respectively.

We undertake certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposures and will consider hedging significant foreign currency exposures should the need arise.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to fixed bank deposits, fixed-rate loans receivable from fellow subsidiaries, and lease liabilities. We are exposed to cash flow interest rate risk in relation to variable-rate bank balances, variable-rate bank borrowing and variable-rate loan from non-controlling shareholder of a subsidiary, which are incurred at prevailing market interest rates and variable rates based on the interest rates quoted by the People's Bank of China.

Interest Rate Sensitivity

The sensitivity analysis below has been prepared based on the exposure to interest rates for non-derivative instruments (bank balances). The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point increase or decrease for bank borrowings and loan from non-controlling shareholder of a subsidiary and a 50 basis point increase or decrease for bank balances are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the possible change in interest rate in respect of bank borrowing and bank deposits.

At the end of the reporting period, if interest rates had been increased or decreased by 100 and 50 basis points in respect of bank borrowings and loan from non-controlling shareholder of a subsidiary and bank deposits respectively and all other variables were held constant, our post-tax profit would increase or decrease by approximately RMB12,621,000, RMB18,807,000, RMB16,017,000 and RMB16,223,000 for each of the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively.

Credit Risk and Impairment Assessment

At the end of each reporting period, our maximum exposure to credit risk which will cause a financial loss to us due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position at the end of each reporting period.

In order to minimize credit risk, our management has nominated responsible personnel for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. We may require a deposit to be received from most of the customers before acceptance of orders. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, our Directors consider that our credit risk is significantly reduced.

In addition, we perform impairment assessment under the ECL model on trade receivables which are credit-impaired individually. The remaining trade receivables are grouped and assessed on a collective basis based on customers' aging of outstanding balances. Gains on reversal of impairment of RMB9,207,000, and impairment losses of RMB21,402,000, RMB9,542,000 and RMB745,000 are recognized in profit or loss for each of the years ended December 31, 2021, 2022 and 2023 and the period ended April 30, 2024, respectively. Details of the quantitative disclosures are set out below.

The credit risk of other receivables, note receivables, amount due from immediate holding company, amount due from intermediate holding company and amounts due from fellow subsidiaries are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. We also actively monitor the outstanding amounts owed by each debtor and identify any credit risk in a timely manner in order to reduce the risk of a credit-related loss. In this regard, our Directors consider that our credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC. In the opinion of our Directors, the risk of default by these counterparties is not significant and we have assessed that the ECL on these balances are insignificant.

For other receivables, amount due from immediate holding company, amount due from intermediate holding company and amounts due from fellow subsidiaries, our Directors consider the counterparties to be creditworthy based on their past repayment history and subsequent settlement. In the opinion of our Directors, the risk of default by these counterparties is not significant and we have assessed that the ECL on these balances are insignificant.

The following table sets forth details of the credit risk exposures of our financial assets, which are subject to ECL assessment:

	External Credit rating	Internal Credit rating	12m or life-time ECL	Gross carrying amount			
				As of December 31,			As of April 30,
				2021	2022	2023	2024
				(RMB in thousands)			
Trade receivables							
Third parties	N/A	(i)	Life-time ECL (not credit-impaired)	236,340	212,233	219,036	340,384
		Loss	Credit-impaired	5,635	33,305	35,080	35,125
Fellow subsidiaries		Loss risk	Life-time ECL (collective basis)	35,797	25,030	13,210	23,811
				277,772	270,568	267,326	399,320
Other receivables, notes receivables, amounts due from immediate holding company, intermediate holding company and fellow subsidiaries	N/A	(ii)	12m ECL	4,281,924	3,588,070	119,936	137,234
Bank balances	AAA	Low risk	12m ECL	1,890,367	2,799,933	5,949,144	6,090,649

Notes:

(i) For trade receivables, we have applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for credit-impaired debtors, we determine the ECL on these items on a collective basis, grouped by internal credit rating.

As part of our credit risk management, we use debtors' aging to assess the impairment for our customers. The following table sets forth the information about the credit risk exposure on our trade receivables on a collective basis:

	Less than 1 year	Between 1 year and 2 years	Between 2 years and 3 years	Over 3 years	Total
	(RMB in thousands, except percentages)				
As of December 31, 2021					
Average loss rate	0.45%	29.83%	49.38%	100.00%	1.56%
Total gross carrying amount	265,204	1,827	5,101	5	272,137
Lifetime ECL	(1,181)	(545)	(2,519)	(5)	(4,250)
	264,023	1,282	2,582	–	267,887
As of December 31, 2022					
Average loss rate	1.49%	29.60%	50.15%	92.66%	3.64%
Total gross carrying amount	230,861	963	333	5,106	237,263
Lifetime ECL	(3,447)	(285)	(167)	(4,731)	(8,630)
	227,414	678	166	375	228,633
As of December 31, 2023					
Average loss rate	0.47%	3.33%	35.96%	55.73%	0.66%
Total gross carrying amount	231,232	150	114	750	232,246
Lifetime ECL	(1,078)	(5)	(41)	(418)	(1,542)
	230,154	145	73	332	230,704
As of April 30, 2024					
Average loss rate	0.47%	29.82%	34.51%	56.03%	0.61%
Total gross carrying amount	363,042	285	113	755	364,195
Lifetime ECL	(1,692)	(85)	(39)	(423)	(2,239)
	361,350	200	74	332	361,956

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The significant decrease in the ECL rate from 2022 to 2023 was primarily due to: (i) accelerated trade receivables collection in 2023 and reversal of ECL of trade receivables not credit-impaired with long-aging over three years of RMB1.6 million upon settlement as a result of our greater efforts made on collection of outstanding receivables; and (ii) that ECL of trade receivables not credit-impaired with long-aging over three years of RMB2.9 million was written off in 2023, since we had no realistic prospect of recovery of the corresponding receivables as the relevant customers were already in severe financial difficulty and had no ability to make the relevant payments.

As of December 31, 2021, 2022 and 2023 and April 30, 2024, we provided RMB4,250,000, RMB8,630,000, RMB1,542,000 and RMB2,239,000 impairment allowance for trade receivables which is not credit-impaired, respectively. Impairment allowance of RMB5,635,000, RMB21,866,000, RMB35,080,000 and RMB35,125,000 were made on credit-impaired debtors, respectively.

(ii) For the purposes of internal credit risk management, we use debtors' aging information to assess whether credit risk has increased significantly since initial recognition. The balances of amounts due from immediate holding company, intermediate holding company and fellow subsidiaries as at 31 December 2021, 2022 and 2023 are all with aging less than one year. In the opinion of our Directors, the risk of default by these counterparties is not significant and we assessed that the ECL on these balances are insignificant.

For further details, see note 36 to the Accountants' Report in Appendix I to this prospectus.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flow.

The following table sets forth details of our contractual maturity for our non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which we can be required to pay. The maturity dates for other financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average interest rate	On demand or less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Total undiscounted cash flows	Carrying amount
	(%)			*(RMB in thousands)*		
As of December 31, 2021						
Trade payables	N/A	389,696	–	–	389,696	389,696
Other payables and accruals	N/A	3,479,537	–	–	3,479,537	3,479,537
Amounts due to immediate holding company	N/A	1,742	–	–	1,742	1,742
Amounts due to intermediate holding company	N/A	1,075	–	–	1,075	1,075
Lease liabilities	2.22 to 4.35	8,666	8,493	18,309	35,468	32,698
Total		**3,880,716**	**8,493**	**18,309**	**3,907,518**	**3,904,748**
As of December 31, 2022						
Trade payables	N/A	563,043	–	–	563,043	563,043
Other payables and accruals	N/A	3,466,038	–	–	3,466,038	3,466,038
Amounts due to immediate holding company	N/A	1,903	–	–	1,903	1,903
Amounts due to intermediate holding company	N/A	1,259	–	–	1,259	1,259
Lease liabilities	2.22 to 4.35	9,183	8,997	11,077	29,257	27,546
Total		**4,041,426**	**8,997**	**11,077**	**4,061,500**	**4,059,789**
As of December 31, 2023						
Trade payables	N/A	816,914	–	–	816,914	816,914
Other payables and accruals	N/A	4,205,151	–	–	4,205,151	4,205,151
Amounts due to immediate holding company	N/A	1,931	–	–	1,931	1,931
Amounts due to intermediate holding company	N/A	1,158	–	–	1,158	1,158
Lease liabilities	2.22 to 4.35	8,872	8,696	22,300	39,868	35,989
Total		**5,034,026**	**8,696**	**22,300**	**5,065,022**	**5,061,143**

	Weighted average interest rate	On demand or less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Total undiscounted cash flows	Carrying amount
	(%)			*(RMB in thousands)*		
As of April 30, 2024						
Trade payables	N/A	1,016,462	–	–	1,016,462	1,016,462
Other payables and accruals	N/A	4,052,242	–	–	4,052,242	4,052,242
Bank borrowing	2.71	3,212	3,190	8,770	15,172	14,573
Amount due to immediate holding company	N/A	1,935	–	–	1,935	1,935
Amount due to non-controlling shareholder of a subsidiary	nil to 3.45	46,055	–	–	46,055	46,055
Lease liabilities	2.22 to 4.35	6,735	6,619	21,523	34,877	31,943
		5,126,641	**9,809**	**30,293**	**5,166,743**	**5,163,210**

DIVIDEND

Our Company is a holding company registered by way of continuation under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will depend on the availability of dividends received from our subsidiaries.

During the Track Record Period, save as the declared dividend in April 2024, no dividend was declared or paid by the Company. See "Summary — Recent Development and No Material Adverse Change — Recent Development." Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. We currently do not have a dividend policy or a pre-determined dividend payout ratio.

Distribution of dividends shall be decided by our Board of Directors at their discretion in compliance with the applicable laws and regulations. A decision to declare or to pay any dividends and the amount thereof depends on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits of our subsidiaries and dividends they pay to us, future plans and business prospects, market conditions, the Articles, regulatory restrictions and our contractual obligations. No dividend will be declared or payable except out of our profits and reserves lawfully available for distribution. There can be no assurance that dividends of any amount will be declared or distributed in any year.

DISTRIBUTABLE RESERVES

As of April 30, 2024, our Company had retained earnings of RMB178.7 million, which is equal to the amount of the distributable reserve of our Company.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II to this prospectus for details on our unaudited pro forma adjusted consolidated net tangible assets.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this prospectus there has been no material adverse change in our financial or trading position or prospects since April 30, 2024 (being the date of our latest audited financial statements) and there has been no event since April 30, 2024 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and other fees incurred in connection with the Global Offering. We expect to incur listing expenses of approximately RMB130.0 million (HK$143.2 million), comprising: (i) underwriting related expenses of RMB75.2 million (HK$82.8 million); and (ii) non-underwriting-related expenses of RMB54.8 million (HK$60.4 million), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB32.2 million (HK$35.5 million); and (b) other fees and expenses of RMB22.6 million (HK$24.9 million), assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$14.00 per Offer Share (being the mid-point of the Offer Price range), approximately RMB28.6 million (HK$31.4 million) of which has been charged to our consolidated statements of profit or loss up to April 30, 2024, approximately RMB26.6 million (HK$29.3 million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB74.9 million (HK$82.4 million) of which is expected to be deducted from equity upon the completion of the Global Offering. The listing expenses are expected to represent approximately 2.9% of the gross proceeds of the Global Offering, assuming an Offer Price of HK$14.00 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

THE CORNERSTONE PLACING

We, the Joint Sponsors and the Overall Coordinators have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**" and collectively, the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**" and collectively, the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 200 Shares) that may be purchased for an aggregate amount of US$310 million or HK$2,406.9 million, calculated based on the conversion rate of US$1.00 to HK$7.7642 (the "**Cornerstone Placing**"). The aggregate amount of the investment contributed by the Cornerstone Investors does not include brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee which the Cornerstone Investors will pay in respect of the International Offer Shares to be subscribed by them.

Assuming an Offer Price of HK$13.5 per Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 178,288,200 Offer Shares, representing approximately 51.26% of the Offer Shares pursuant to the Global Offering and approximately 7.59% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$14.0 per Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 171,920,800 Offer Shares, representing approximately 49.43% of the Offer Shares pursuant to the Global Offering and approximately 7.32% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$14.5 per Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 165,992,800 Offer Shares, representing approximately 47.72% of the Offer Shares pursuant to the Global Offering and approximately 7.07% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Our Company is of the view that the Cornerstone Investment will help raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Further, we believe that we will benefit from the cornerstone investment, taking into account the business sectors they primarily focus on. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group's business network or through introduction by the Company's business partners or Overall Coordinators.

The Cornerstone Placing will form part of the International Offering, and save as otherwise waived by the Stock Exchange, the Cornerstone Investors will not acquire any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue and all the Shares to be subscribed by the cornerstone investors will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any Board representation in our Company; and none of the Cornerstone Investors will become a Substantial Shareholder of our Company. The Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

As confirmed by each of the Cornerstone Investors, there are no side agreements or arrangements between the Company, any member of the Group, or any of their respective affiliates, directors, officers, employees, agents or representatives in the Global Offering and the Cornerstone Investors, any of their respective affiliates, directors, officers, employees, agents or representatives, or any benefit, direct or indirect, conferred on the Cornerstone Investors, any of their respective affiliates, directors, officers, employees, agents or representatives by virtue of or in relation to the Cornerstone Placing other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

Except for Oaktree (as defined below), each Cornerstone Investor has agreed that our Company and the Overall Coordinators in their sole discretion may defer the delivery of all or part of the Offer Shares it will subscribe to on a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. All Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's Shares commence on the Stock Exchange. There will be no delayed delivery if there is no over-allocation in the International Offering. To the best of the knowledge, information and belief of our Company, (i) each of the Cornerstone Investors and the respective qualified domestic institutional investors are independent of the Company, its connected persons and their respective associates; (ii) none of the Cornerstone Investor is accustomed to take and has not taken instructions from the Company, our Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; and (iii) none of the subscription of the Offer Shares by the Cornerstone Investors is financed by the Company, our Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates.

To the best knowledge of the Company and the Overall Coordinators, and based on the indicative interest of investment of the Cornerstone Investors and/or their close associates as of the date of this prospectus, certain Cornerstone Investors and/or their close associates may participate in the International Offering as placees and subscribe for further Offer Shares in the Global Offering. The Company will seek the Stock Exchange's consent and/or waiver to allow the Cornerstone Investors and/or their close associates to participate in the International Offering as placees pursuant to Chapter 4.15 of the Guide for New Listing Applicants. Whether such Cornerstone Investors and/or their close associates will place orders in the International Offering are uncertain and will be subject to the final investment decisions of such investors and the terms and conditions of the Global Offering.

To the best knowledge of our Company and as confirmed by each of the Cornerstone Investors, each of the Cornerstone Investors make independent investment decisions, and their subscription under the Cornerstone Investment Agreements would be financed by their own internal resources and they have sufficient funds to settle their respective investment under the Cornerstone Placing. Each of the Cornerstone Investor has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing, and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment.

The number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "*Structure of the Global Offering — The Hong Kong Public Offering — Reallocation*." The Company and Overall Coordinators have the absolute discretion, but not obliged, to deduct the number of Offer Shares to be subscribed by the Cornerstone Investors on a pro rata basis under the Hong Kong Public Offering pursuant to Practice Note 18 of the Listing Rules. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around October 22, 2024.

The table below sets forth the details of the Cornerstone Placing:

Based on the Offer Price of HK$13.5 (being the low-end of the indicative Offer Price range)

			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investors	**Total Investment Amount**	**Number of Offer Shares to be subscribed[1]**	**Approximate % of the Offer Shares**	**Approximate % of our total issued share capital immediately upon completion of the Global Offering**	**Approximate % of the Offer Shares**	**Approximate % of our total issued share capital immediately upon completion of the Global Offering**
	(US$ in million)					
UBS Asset Management (Singapore) Ltd. ("**UBS AM Singapore**")	110	63,263,800	18.19%	2.69%	15.82%	2.64%
China Travel Service (Holdings) Hong Kong Limited ("**CTS**")	70	40,258,800	11.57%	1.71%	10.06%	1.68%
Wildlife Willow Limited	30	17,253,600	4.96%	0.73%	4.31%	0.72%

Cornerstone Investors	Total Investment Amount	Number of Offer Shares to be subscribed(1)	Assuming the Over-allotment Option is not exercised: Approximate % of the Offer Shares	Assuming the Over-allotment Option is not exercised: Approximate % of our total issued share capital immediately upon completion of the Global Offering	Assuming the Over-allotment Option is fully exercised: Approximate % of the Offer Shares	Assuming the Over-allotment Option is fully exercised: Approximate % of our total issued share capital immediately upon completion of the Global Offering
	(US$ in million)					
China Post Life Insurance Company Limited ("**China Post Insurance**")	30	17,253,600	4.96%	0.73%	4.31%	0.72%
Oaktree Capital Management, L.P. ("**Oaktree**")	30	17,253,600	4.96%	0.73%	4.31%	0.72%
PT Indadi Juver ("**PT Indadi**")	10	5,751,200	1.65%	0.24%	1.44%	0.24%
Athos Capital Limited ("**Athos**")	10	5,751,200	1.65%	0.24%	1.44%	0.24%
Ghisallo Master Fund LP ("**Ghisallo**")	10	5,751,200	1.65%	0.24%	1.44%	0.24%
Pamalican Fund Ltd. ("**Pamalican**")	10	5,751,200	1.65%	0.24%	1.44%	0.24%
Total	**310**	**178,288,200**	**51.26%**	**7.59%**	**44.57%**	**7.43%**

Based on the Offer Price of HK$14.0 (being the mid-point of the indicative Offer Price range)

Cornerstone Investors	Total Investment Amount	Number of Offer Shares to be subscribed(1)	Assuming the Over-allotment Option is not exercised: Approximate % of the Offer Shares	Assuming the Over-allotment Option is not exercised: Approximate % of our total issued share capital immediately upon completion of the Global Offering	Assuming the Over-allotment Option is fully exercised: Approximate % of the Offer Shares	Assuming the Over-allotment Option is fully exercised: Approximate % of our total issued share capital immediately upon completion of the Global Offering
	(US$ in million)					
UBS AM Singapore	110	61,004,400	17.54%	2.60%	15.25%	2.54%
CTS	70	38,821,000	11.16%	1.65%	9.71%	1.62%
Wildlife Willow Limited	30	16,637,400	4.78%	0.71%	4.16%	0.69%

Cornerstone Investors	Total Investment Amount	Number of Offer Shares to be subscribed(1)	Assuming the Over-allotment Option is not exercised: Approximate % of the Offer Shares	Assuming the Over-allotment Option is not exercised: Approximate % of our total issued share capital immediately upon completion of the Global Offering	Assuming the Over-allotment Option is fully exercised: Approximate % of the Offer Shares	Assuming the Over-allotment Option is fully exercised: Approximate % of our total issued share capital immediately upon completion of the Global Offering
	(US$ in million)					
China Post Insurance	30	16,637,400	4.78%	0.71%	4.16%	0.69%
Oaktree	30	16,637,400	4.78%	0.71%	4.16%	0.69%
PT Indadi	10	5,545,800	1.59%	0.24%	1.39%	0.23%
Athos	10	5,545,800	1.59%	0.24%	1.39%	0.23%
Ghisallo	10	5,545,800	1.59%	0.24%	1.39%	0.23%
Pamalican	10	5,545,800	1.59%	0.24%	1.39%	0.23%
Total	**310.0**	**171,920,800**	**49.43%**	**7.32%**	**42.98%**	**7.16%**

Based on the Offer Price of HK$14.5 (being the high-end of the indicative Offer Price range)

Cornerstone Investors	Total Investment Amount	Number of Offer Shares to be subscribed(1)	Assuming the Over-allotment Option is not exercised: Approximate % of the Offer Shares	Assuming the Over-allotment Option is not exercised: Approximate % of our total issued share capital immediately upon completion of the Global Offering	Assuming the Over-allotment Option is fully exercised: Approximate % of the Offer Shares	Assuming the Over-allotment Option is fully exercised: Approximate % of our total issued share capital immediately upon completion of the Global Offering
	(US$ in million)					
UBS AM Singapore	110	58,900,800	16.93%	2.51%	14.73%	2.45%
CTS	70	37,482,200	10.78%	1.60%	9.37%	1.56%
Wildlife Willow Limited	30	16,063,800	4.62%	0.68%	4.02%	0.67%
China Post Insurance	30	16,063,800	4.62%	0.68%	4.02%	0.67%
Oaktree	30	16,063,800	4.62%	0.68%	4.02%	0.67%
PT Indadi	10	5,354,600	1.54%	0.23%	1.34%	0.22%
Athos	10	5,354,600	1.54%	0.23%	1.34%	0.22%
Ghisallo	10	5,354,600	1.54%	0.23%	1.34%	0.22%
Pamalican	10	5,354,600	1.54%	0.23%	1.34%	0.22%
Total	**310.0**	**165,992,800**	**47.72%**	**7.07%**	**41.50%**	**6.92%**

Note:

(1) Subject to rounding down to the nearest whole board lot of 200 Shares. Calculated based on the exchange rate set out in the section headed "*Information about this Prospectus and the Global Offering — Currency Translations*."

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Placing.

UBS AM Singapore

UBS AM Singapore, a company incorporated in Singapore in December 1993, has entered into a Cornerstone Investment Agreement with the Company and the Joint Sponsors, in its capacity as the delegate of the investment manager for and on behalf of the following fund(s): (i) UBS (Lux) Equity Fund – Greater China; (ii) UBS (Lux) Equity Fund – China Opportunity; (iii) UBS (HK) Fund Series – China Opportunity Equity; (iv) UBS (Lux) Equity SICAV – All China; (v) UBS (LUX) INVESTMENT SICAV – CHINA A OPPORTUNITY; (vi) UBS (CAY) – CHINA A OPPORTUNITY; (vii) UBS (Lux) Key Selection SICAV – China Allocation Opportunity; (viii) Nineteen77 Global Multi-Strategy Alpha Master Limited; (ix) UBS (Irl) Investor Selection PLC – O'Connor China Long/Short Alpha Strategies UCITS; and (x) certain other segregated accounts and mandates. No single ultimate beneficial owner holds 30% or more interests in those funds.

UBS AM Singapore is a wholly owned subsidiary of UBS Asset Management AG ("**UBS Asset Management**"), an investment management company, which is wholly ultimately owned by UBS Group AG, which is a company organized under Swiss law as a corporation that has issued shares of common stock to investors. UBS Group AG's shares are listed on the SIX Swiss Exchange (stock code: UBSG) and the New York Stock Exchange (stock code: UBS). UBS Asset Management is a business division of UBS Group AG and is operated as a dedicated asset management business that is independent in all investment decision making. UBS Asset Management is a global large-scale and diversified asset manager, with presence in 23 markets. UBS Asset Management offers investment capabilities and styles across all major traditional and alternative asset classes as well as advisory support to institutions, wholesale intermediaries and its global wealth management clients. As of June 30, 2024, invested assets under management of UBS Asset Management globally totaled USD1.7 trillion. UBS AM Singapore's shareholders' and New York Stock Exchange's approval are not required for UBS AM Singapore's subscription for the Investor Shares.

CTS

CTS is a company incorporated in Hong Kong, which is wholly owned by China Tourism Group Corporation Limited ("**CTG**"), a state-owned enterprise. CTG has formed an industry structure comprising travel agencies, scenic areas, hotels, duty-free retail, tourism transportation, travel document services, cruises, real estate, and comprehensive operations in Hong Kong. The operation network spans mainland China, Hong Kong, Macau, and over 30 countries and regions abroad. CTG gathers well-known tourism brands such as HKCTS, CITS, CTS, and CDF.

Wildlife Willow Limited

Wildlife Willow Limited is a company incorporated under the laws of the British Virgin Islands and a controlled subsidiary of Boyu Capital Opportunities Master Fund ("**Boyu**"). Boyu is an exempted company incorporated under the laws of the Cayman Island and an investment fund managed by Boyu Capital Management (Singapore) Pte. Ltd., a member of Boyu group. Boyu provides growth and transformational capital for leading businesses and entrepreneurs in areas that include technology, healthcare, consumer and business services. There is no single investor holding 30% or more interest in Wildlife Willow Limited.

China Post Insurance

China Post Insurance a life insurance company controlled by China Post Group Co., Ltd., which is controlled by the Ministry of Finance of the State Council, is headquartered in Beijing with registered capital of RMB28,663 million. It was established with the approval by the China Insurance Regulatory Commission on 4 August 2009 and registered with the State Administration for Industry and Commerce of the People's Republic of China (SAIC) on 18 August 2009. It officially commenced its business on 9 September 2009.

Its scope of business includes various types of personal insurance such as life insurance, health insurance and accident insurance; reinsurance business for the aforementioned businesses; insurance fund management businesses as permitted by the laws and regulations of the PRC; and other businesses approved by the China Banking and Insurance Regulatory Commission.

China Post Insurance, whose mission is to serve the grassroots communities and "Sannong" (agriculture, rural areas and farmers), fully leverages the postal network and resources and adheres to the principle of specialization and differentiation. China Post Insurance takes microinsurance as its initial business and focuses on promoting the balanced development of urban and rural insurance industry, in order to build a new and efficient commercial insurance company of modern system, people-oriented services and standardized management that is able to satisfy the government, reassure regulators, and gain public approval. At present, China Post Insurance carries out its business in 22 provinces (including regions and municipalities).

China Post Insurance's investment into the Company would be completed through QDII programs in the PRC.

Oaktree

Oaktree is the investment manager of certain separately managed accounts within its Emerging Markets Equity strategy (severally and not jointly) (each, an "**Oaktree Fund**", and collectively the "**Oaktree Funds**"). Oaktree is a Delaware limited partnership and is registered as an investment adviser with the United States Securities and Exchange Commission. Oaktree is a global investment management firm managing a broad array of complementary strategies in four asset classes: credit, private equity, real assets and listed equities, and maintains a contrarian, value-oriented investment philosophy. Oaktree's investor base includes institutional investors such as pension plans, insurance companies, endowments, foundations and sovereign wealth funds.

PT Indadi

PT Indadi is a privately held enterprise based in Jakarta, Indonesia. Mr. Indra Boedijono, the commissioner of the Kapal Api Group, is a 40% shareholder of PT Indadi with no other shareholders exceeding 30%. Among its investments, PT Indadi holds one third of interests in the Kapal Api food and beverage conglomerate, which is a market leader in the coffee market in Indonesia.

Athos

Athos serves as the investment manager of each of Athos Asia Event Driven Master Fund, New Holland Tactical Alpha Fund LP and BlueHarbour MAP I LP. Athos manages assets on behalf of a global institutional investor base, including sovereign wealth funds, university endowments, foundations and family offices. Founded in 2011, Athos pursues a variety of investment strategies with a view to providing superior and sustainable long-term returns for its clients. Athos is wholly owned by Mr. Matthew Love Moskey and Mr. Friedrich Bela Schulte-Hillen, who also serve as the two responsible officers of Athos.

Ghisallo

Ghisallo is a limited partnership domiciled in the Cayman Islands and it has an event driven strategy that is primarily focused on capital markets liquidity, including but not limited to trade equity, fixed income, derivative, and foreign exchange instruments. There is no ultimate beneficial owner or general partner that owns more than 30% of interests in the fund. Its discretionary investment manager is Ghisallo Capital Management LLC, a US registered investment advisor.

Pamalican

Pamalican Asset Management Limited serves as the investment manager of Pamalican with a team of 13 professionals across investment and operations. Pamalican is an exempted company incorporated with limited liability in the Cayman Islands. Pamalican Asset Management Limited manages gross assets of approximately US$1 billion on behalf of a global institutional investor base, and pursues a variety of investment strategies with a view to providing superior and sustainable long term returns for its clients. Pamalican Asset Management Limited is licensed by the SFC for the regulated activity of asset management (CE: BUT781) and is a US Securities and Exchange Commission Exempt Reporting Advisor (CRD: 331819). No ultimate beneficial owner holds more than 30% interests in Pamalican.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(ii) the Offer Price having been agreed upon between our Company and the Overall Coordinators (for themselves and on behalf of the underwriters of the Global Offering);

(iii) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(iv) no laws shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in the Global Offering or the respective Cornerstone Investment Agreement, and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective agreements, representations, warranties, undertakings, confirmations and acknowledgements of the Cornerstone Investors under the respective Cornerstone Investment Agreement are (as of the date of the Cornerstone Investment Agreement) and will be (as of the Closing (as defined in the Cornerstone Investment Agreement)) accurate and true in all respects and not misleading and that there is no breach of the respective Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each Cornerstone Investor has agreed that without the prior written consent of our Company, the Joint Sponsors and the Overall Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares it has purchased, pursuant to the respective Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of the Cornerstone Investor, including the Lock-up Period restriction.

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$14.00 per Share (being the mid-point of the indicative Offer Price range of HK$13.50 and HK$14.50), we estimate that we will receive net proceeds of approximately HK$4,726.4 million from the Global Offering. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 30% of the net proceeds, or HK$1,417.9 million, in the next three to five years, for the strategic expansion and optimization of production capacity to increase our overall supply chain efficiency.

  Expansion of production capacity and optimization of supply chain efficiency is among our core strategies. Such strategies are expected to significantly enhance our ability to meet customer needs promptly and efficiently, increase our market share, strengthen our operational efficiency, and continually improve profitability. We plan to continue to expand the layout of our self-owned production capacity through the "1+N" model, which includes: (i) construction of new self-owned factories; and (ii) expansion and improvement of existing factories. We intend to grow our production capacity by upgrading existing equipment and facilities, and procure new equipment and construct new facilities. We also intend to refine our production techniques, to cater to the diverse needs of our customers for packaged drinking water and beverage products. We aim to further achieve cost reduction and efficiency improvement alongside our sales growth. In addition, we plan to expand and extend our production lines to cover the entire industry value chain. In particular, we plan to focus on the upgrade of injection molding process, which is expected to improve our profit margins. For details, see "Business — Our Production — Our Production Expansion Plan."

We plan to construct new factories and expand existing factories in Zhejiang Province, Hubei Province, Chongqing and Shanghai to meet the increasing market demand. Such construction and expansion are expected to be completed between 2025 and 2026. These factories are expected to produce packaged drinking water and beverage products. Set forth below are certain details of such factories, and our intended allocation of net proceeds among them:

Factory	Expected year of completion	Intended allocation of net proceeds from the Global Offering				
		Total	2024Q4	2025	2026	2027
Factories:						
Factory in Zhejiang Province	2025	4%	0.8%	2.4%	0.8%(1)	–
Factory in Hubei Province	2026	8%	1.6%	3.2%	3.2%	–
Factory in Chongqing	2026	7%	–	2.1%	2.8%	2.1%(1)
Factory in Shanghai	2026	8%	–	2.4%	3.2%	2.4%(1)
Total		27%	2.4%	10.1%	10.0%	4.5%

Note:

(1) The allocated net proceeds after the completion of the relevant factories are intended for settling the final installment after the inspection and acceptance.

Furthermore, we plan to purchase injection molding equipment for the Zhaoqing Factory, and purchase other types of production-related equipment based on actual needs from time to time. We expect to allocate approximately 3% of the net proceeds to the purchases of the foregoing equipment. For the injection molding equipment for the Zhaoqing Factory, we expect to use approximately 1.6% of the net proceeds by 2025.

Historically, we cooperate with our Cooperative Manufacturing Partners who contributed to a majority of the total production volume for our products during the Track Record Period. By transitioning to producing more products in our self-owned factories, we expect to further improve our operational efficiency and optimize our cost structure. By building our own factories, we aim to implement and enhance consistent standards for factory management. With scaled production in our factories, we expect to gain a better control over the production process, and coordinate production and operational plans nationwide, thereby improving operational efficiency. Additionally, increasing our self-production rate will help reduce costs and improve profit margins. As sales scale expands and production capacity stabilizes, we anticipate that the economies of scale will lead to lowered unit manufacturing costs. Increased centralized procurement will also lead to reduced procurement costs, thereby lowering the overall operating costs.

Meanwhile, we believe that there is sufficient market demand to support our intended expansion plans of factories. When we make such plans, we take into consideration the projected market demand for our products during sales peaks in the second and third quarters of each year, as the consumption of packaged drinking water and beverages is subject to seasonal variations. According to the CIC Report, the utilization rate of our self-owned factories in operation was in line with the average of the PRC RTD soft beverage industry in 2023. According to the same source, the size of the packaged drinking water market in China by retail sales value is expected to grow at a CAGR of 7.9% from 2023 to 2028, and in particular, according to the CIC Report, Zhejiang Province, Hubei Province, Chongqing and Shanghai combined accounted for over 15% of the total packaged drinking water market in China in 2023 and it is expected that there will still be growing market demand for packaged drinking water and beverage products in such areas.

- approximately 23% of the net proceeds, or HK$1,087.1 million, in the next three to five years, for accelerating the expansion of sales channels and enhancing channel efficiency. In particular, we intend to purchase and deploy commercial refrigerator showcases and smart terminal retail equipment to enhance our brand visibility and improve brand image. As our packaged drinking water and beverage products are ready-to-drink products, increasing the number of such showcases and equipment will allow consumers to get to our products more easily when they have instant drinking needs, especially during the summer. These commercial refrigerator showcases and smart terminal retail equipment also feature low labor costs, fast replicability, 24 hour operation and convenience in payment for consumers. According to the CIC Report, the deployment of such showcases and equipment is an effective way to boost sales and enhance brand image adopted by major players in the PRC RTD soft beverage industry. Furthermore, we intend to secure prime retail points of sale and incentivize them to allocate more resources to the display and sale of our products, so as to attract more consumers and improve their shopping experience in turn boosting sales at the terminal level (especially during the peak sales seasons in summer). In addition, the introduction of commercial refrigerator showcases and smart terminal retail equipment is a critical step in increasing our SKU counts at the terminal level, especially for the purpose of promoting our beverage products. In particular, we plan to allocate:

  (i) approximately 18% of the net proceeds, or HK$850.8 million, for purchasing commercial refrigerator showcases. These commercial refrigerator showcases feature convenient and fast shopping experience for consumers seeking chilled drinks. In summer, during which we typically experience higher sales than in other periods of the year, chilled drinks are preferred by consumers. We believe that placing commercial refrigerator showcases at terminal retail points of sale is expected to improve our products' visibility and tastes, enhance our brand image, and increase our sales volume during peak sales seasons. We currently plan to deploy at least 600,000 commercial refrigerator showcases in the next three to five years nationwide at convenience stores, supermarkets, restaurants, Internet cafes, schools, factories, transportation hubs and tourist attractions, among other things; and

(ii) approximately 5% of the net proceeds, or HK$236.3 million, for purchasing smart terminal retail equipment. These pieces of equipment, mainly including vending machines and vending cabinets, are expected to be strategically placed at key sales points of regional markets, such as schools, hospitals, factories, tourist attractions and transportation hubs to continually enhance our brand recognition, product sales and network coverage;

- approximately 23% of the net proceeds, or HK$1,087.1 million, in the next two to three years, for conducting sales and marketing activities, to enhance the brand vitality, strengthen the brand image, and improve sales performance. Our marketing and promotion expenses were RMB1,046.6 million, RMB963.3 million, RMB1,074.2 million, RMB280.2 million and RMB316.9 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively. Our historical sales and marketing activities have enabled us to significantly increase our exposure to target consumers and build strong brand awareness. Going forward, we plan to continue to increase and optimize our sales and marketing efforts. In particular, we plan to: (i) continually carry out sports marketing campaigns, to strengthen our brand image as a leading company in sports marketing by forming close collaboration with TEAM CHINA and the Chinese Football Association Super League, among others; (ii) conduct marketing activities through the Internet, television advertisements and variety shows as well as new media platforms such as short-form videos, and build private domain traffic; and (iii) implement in-transit marketing, including advertising on buses and outdoor billboards, inside elevators and at transportation hubs;

- approximately 3% of the net proceeds, or HK$141.8 million, in the next three to five years, for enhancing our product R&D capabilities to continually extend new product categories and SKUs. We intend to carry out extension of all product categories of beverages, including but not limited to tea beverages, juice beverages, coffee beverages, carbonated beverages, sports beverages and other beverages. In each year, we strive to make achievements in at least one production or packaging technique and develop at least one additional product candidate in reserve for future use. We will launch high-quality product candidates at an appropriate time. Through strong R&D capabilities, product brands and sales channels, we are committed to the continued creation of hit products that are deeply recognized by consumers.

  We plan to: (i) recruit and retain talents experienced in R&D in the soft beverage industry. In particular, we plan to recruit around 20 R&D personnel responsible for formulation development, basic research or scientific research management. Key considerations in our selection of candidates include higher education background and the number of years of experience in the food and beverage industry for the foregoing positions; (ii) increase our investments in laboratory equipment for basic and applied research. Such laboratory equipment is expected to include equipment for formulation development, equipment for basic research and equipment for pilot experiments. We plan to purchase in total around 30 pieces of laboratory equipment, the price range of which is generally subject to market conditions and actual quotes from vendors, while depending on the varying functionality of the laboratory equipment; (iii) strengthen our collaboration with top-tier universities and research institutes to conduct basic and applied research; (iv) continue our expansion and optimization of our product portfolio through the development of new ingredients, new techniques and new flavors to create more products that consumers prefer; (v) conduct in-depth consumer research to gather market insights; and (vi) conduct research in specific areas such as packaging materials, water resources product quality and food safety and reinforce our leading position through expansion of product categories and improvement of product quality;

- approximately 3% of the net proceeds, or HK$141.8 million, in the next three to five years, for digitalization upgrades, including bolstering our digitalization capabilities across processes encompassing sales, operations, production and logistics, among other things, thereby improving our operational efficiency. We plan to build a comprehensive digitalized system across the following aspects: (i) connecting systems from end to end, including establishing an "integrated production and sales platform," which synergizes demand, forecasting, planning, procurement, production and execution into a centralized management system, and a "digitalized supply chain quality management system," which amalgamates the quality control systems of the entire supply chain processes from raw materials, to factories, and further to distribution channels and retail points of sale; (ii) promoting data integration, including building data platforms, data middle office, unified business and finance information systems, and digitalized closed-loop management of people, products and places; (iii) strengthening value chain modules, including "smart factory system," "promotion resource management system," and "terminal operation digital platform"; and (iv) upgrading existing systems and infrastructure, and connecting the same with new information platforms and systems. We plan to rely on a combination of in-house development and sourcing from related parties or independent external vendors to achieve the foregoing digitization upgrade. We expect to undergo a tender and bidding process to engage any related party or independent external vendor for the relevant work. Upon completion, this comprehensive digitalized system is expected to greatly improve efficiency and accuracy of the business processes and boost output quality and consistency. Meanwhile, we intend to expand our in-house team by recruiting qualified IT professionals specialized in digital transformation to better support the construction, operation, maintenance and upgrade of such digitalized system;

- approximately 8% of the net proceeds, or HK$378.1 million, for potential investment, merger and acquisition opportunities. In the next few years, combining our own funds with proceeds from the Global Offering, we intend to grasp market opportunities to identify potential targets in China and overseas for acquisition, and invest in and acquire valuable assets, brands or product portfolios along the industry value chain of the PRC RTD soft beverage market, so as to increase the market share of our products and/or enhance our operational efficiency to accelerate growth.

When evaluating potential targets, we will mainly consider the following: (i) whether the investment in, or merger with and acquisition of, the target can generate synergistic effects in relation to our development plans. For example, we expect the target to efficiently optimize our production capacity layout and synergize effectively with our sales network, or bring about new product categories or brands that complement and enrich our product offerings, strengthen our brand portfolio and enhance our overall brand recognition; and (ii) evaluation indicators of the target that concern production, sales, operational and financial metrics, and/or regulatory compliance, among other things. As of the Latest Practicable Date, we have not identified any potential investment or acquisition target or entered into any definite investment or acquisition agreement; and

- approximately 10% of the net proceeds, or HK$472.6 million, as working capital and for general corporate uses.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase by approximately HK$170.9 million or decrease by approximately HK$170.9 million.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be: (i) HK$743.6 million (assuming an Offer Price of HK$14.50 per Share, being the maximum Offer Price of the indicative Offer Price range); (ii) HK$718.0 million (assuming an Offer Price of HK$14.0 per Share, being the mid-point of the indicative Offer Price range); and (iii) HK$692.3 million (assuming an Offer Price of HK$13.50 per Share, being the minimum Offer Price of the indicative Offer Price range).

To the extent that the net proceeds from the Global Offering are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may deposit such funds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions) for so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would hinder the development of any of our projects, or the occurrence of force majeure events, the Directors will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering. We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds in accordance with the Listing Rules.

HONG KONG UNDERWRITERS

UBS AG Hong Kong Branch
BOCI Asia Limited
CLSA Limited
Merrill Lynch (Asia Pacific) Limited
China International Capital Corporation Hong Kong Securities Limited
CMB International Capital Limited
The Hongkong and Shanghai Banking Corporation Limited
Huatai Financial Holdings (Hong Kong) Limited
ABCI Securities Company Limited
CCB International Capital Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 38,261,000 Hong Kong Offer Shares and the International Offering of initially 309,565,200 International Offer Shares, subject, in each case, to reallocation on the basis as described in "Structure of the Global Offering" as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Hong Kong Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set forth in the Hong

Kong Underwriting Agreement (including the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company agreeing upon the Offer Price) being satisfied (or, as the case may be, waived), the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable portions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Joint Sponsors shall be entitled by notice (orally or in writing) to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

(1) there develops, occurs, exists or comes into effect:

(i) any event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak or escalations of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, severe transport disruption, paralysis in government operation, public disorder, political instability, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or directly or indirectly affecting Hong Kong, PRC, the Cayman Islands, the British Virgin Islands, the United States, the United Kingdom, any member of the European Union, Japan or Singapore (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events resulting or likely to result in or representing any change or development involving a prospective change or development in local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong dollar is linked to the United States dollar or revaluation of Hong Kong dollar or Renminbi against any foreign currencies) in or affecting any of the Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(iv) any general moratorium on commercial banking activities in the Cayman Islands, the British Virgin Islands, Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, or any other Relevant Jurisdictions; or

(v) any new laws, or any change or any development involving a prospective change in existing laws or any event or circumstance likely to result in a change or a development involving a prospective change in, or in the interpretation or application by any court or other competent authorities of, existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of sanctions, in whatever form, directly or indirectly, under any sanction laws, or regulations in, Hong Kong, the PRC or any of the Relevant Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations, or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(viii) any proceedings of any third party threatened or instigated against any Director or any member of our Group; or

(ix) any change or development or prospective change, or a materialization of, any of the risk set out in the section headed "Risk Factors" in this prospectus; or

(x) any non-compliance of this prospectus, the CSRC filings, or any other documents used in connection with the contemplated offer of our Shares, or any aspect of the Global Offering with the Listing Rules, the CSRC rules or any other applicable laws; or

(xi) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(xii) an authority or a political body or organization in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group or any Director; or

(xiii) a contravention by our Company, any member of our Group or any Director of the Listing Rules or applicable laws; or

(xiv) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(xv) except with the prior written consent of the Overall Coordinators, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of our Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC;

which, individually or in the aggregate, in the sole and absolute opinion of the Overall Coordinators and the Joint Sponsors:

(a) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or

(b) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering or dealings in the Offer Shares in the secondary market; or

(c) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or

(2) there has come to the notice of the Overall Coordinators and the Joint Sponsors:

(i) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(ii) that any statement contained in any of this prospectus, the formal notice, the CSRC filings and/or in any notices or announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of this prospectus, the formal notice and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(iii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute a material misstatement or omission from this prospectus; or

(iv) any material breach of any of the obligations on the part of our Company to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(v) any event, act or omission which gives or is likely to give rise to any liability of the Indemnifying Party (as defined in the Hong Kong Underwriting Agreement) pursuant to the Hong Kong Underwriting Agreement; or

(vi) any material adverse change, or a material adverse effect, or any development involving a prospective material adverse change or material adverse effect, in or affecting the assets, liabilities, business, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company and the other members of our Group, taken as a whole; or

(vii) any matter or event arising or has been discovered rendering or there coming to the notice of any of the Overall Coordinators or the Hong Kong Underwriters any event or circumstance rendering any of the representations, warranties and undertakings given by our Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue, incorrect or misleading or having been breached in a material respect; or

(viii) the notice of acceptance of the CSRC filings issued by the CSRC and/or the results of the CSRC filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or

(ix) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(x) any of the experts named in this prospectus (other than the Joint Sponsors) has withdrawn its consent to the inclusion of its reports, letters and/or opinions (as the case may be) and being named in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement) or to the issue of any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement).

Undertakings to the Hong Kong Stock Exchange Pursuant to the Listing Rules

Undertakings by the Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules and paragraph 7 of Chapter 4.13 of the Guide for New Listing Applicants, the Controlling Shareholders have undertaken to our Company and the Stock Exchange that, they shall not and shall procure the relevant registered holder(s) shall not, (i) in the period commencing on the date by reference to which disclosure of their shareholdings in our Company are made in this prospectus and ending on the date which is six (6) months from the Listing Date (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which they are shown by this prospectus to be the beneficial owner; (ii) in the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares which they are shown by this prospectus to be the beneficial owner if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be a controlling shareholder of the Company. Nothing in the above shall prevent a controlling shareholder from pledging or charging any Shares as security for a bona fide commercial loan in accordance with Note (2) to Rule 10.07(2) or a share lending arrangement entered into by a controlling shareholder pursuant to Rule 10.07(3) of the Listing Rules.

In addition, in accordance with Note (3) to Rule 10.07(2) of the Listing Rules, the Controlling Shareholders have undertaken to our Company and the Stock Exchange that, during the First Six-month Period and the Second Six-month Period:

(1) when they pledge or charge any Shares beneficially owned by them in favour of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, they will immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and

(2) when they receive indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, they will immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as it has been informed of matters referred to in paragraphs (1) and (2) above by the Controlling Shareholders and disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Our Company, has undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, except for the offer, allotment and issue of the Offer Shares pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option), at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months from the Listing Date (the "**First Six-Month Period**"), our Company will not, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules and only after the consent of any relevant authority (if so required) has been obtained:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or repurchase or create an encumbrance over, or contract or agree to transfer or dispose of or repurchase or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe or purchase, any Shares or other securities of our Company); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company, as applicable); or

(iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraph (i), (ii) or (iii) above, in each case, whether any of the transactions specified in sub-paragraph (i), (ii) or (iii) above is to be settled by delivery of Shares or other equity securities of our Company or shares, as applicable, in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

Indemnity

Our Company has agreed to indemnify, among the others, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in our Company

Except for its obligations under the Hong Kong Underwriting Agreement and save as disclosed in this prospectus, the Hong Kong Underwriters do not have any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Overall Coordinators, the Joint Global Coordinators and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would agree to purchase, or procure subscribers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, amongst others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

Our Company expects to grant to the International Underwriters, exercisable in whole or in part by the Overall Coordinators at their sole and absolute discretion (for themselves and on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot, up to an aggregate of 52,173,800 Shares, representing approximately 15.0% of the initial Offer Shares, at the Offer Price under the International Offering, to cover over-allocations in the International Offering, if any.

Commissions and Expenses

An aggregate of the fees of up to 1.7% of gross proceeds to be raised from the subscription tranche and the placing tranche (including proceeds from any shares issued or sold pursuant to the Over-allotment Option) of the Global Offering is payable by our Company to all syndicate members participating in the Global Offering, among which the syndicate members (i) will receive a fixed underwriting commission which is equal to 1.2% of the aggregate gross proceeds to be raised from the Global Offering (including proceeds from any Shares issued pursuant to the Over-allotment Option) (the "**Fixed Fees**"), out of which they will pay any sub-underwriting commissions and other fees; and (ii) may receive a discretionary incentive fee of up to 0.5% of the aggregate gross proceeds to be raised from the Global Offering (including proceeds from any shares issued or sold pursuant to the Over-allotment Option) (the "**Discretionary Fees**").

The ratio of the Fixed Fees and Discretionary Fees payable by our Company to all syndicate members is expected to be approximately 43:57 (assuming the Discretionary Fees will be paid in full).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the Fixed Fee will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The Fixed Fees and Discretionary Fees together with the Hong Kong Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy and the Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be up to approximately HK$143.2 million (assuming an indicative offer price of HK$14.0 per Offer Share (which is the mid-point of the Offer Price range as stated in this prospectus) and the Over-allotment Option is not exercised) and will be paid by our Company.

An aggregate amount of HK$9,400,000 is payable by our Company as sponsor fees to the Joint Sponsors.

INDEPENDENCE OF THE JOINT SPONSORS

As of the Latest Practicable Date, Maxwish Limited, an indirectly wholly owned subsidiary of Bank of China Limited (a member of the sponsor group as defined under the Listing Rules and a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3988) and the Shanghai Stock Exchange (stock code: 601988)), was the largest limited partner and held approximately 36.8% limited partnership interest in Plateau Consumer Fund, L.P., a Controlling Shareholder of our Company which in turn indirectly held 40% of the total issued share capital of our Company through Plateau it wholly owned. In addition, all the shares held by Plateau in our Company were subject to pledges granted in favour of certain bank consortium (including BOCHK, a subsidiary of Bank of China Limited), for the purpose of a loan provided by the bank consortium to Plateau. BOCHK also acted as security agent for the pledge above.

Accordingly, BOCI Asia Limited does not satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules on the ground that (i) the sponsor group indirectly held more than 5% of the total issued shares of our Company as contemplated under Rule 3A.07(1) of the Listing Rules as of the Latest Practicable Date; and (ii) the sponsor group has a business relationship with Plateau (a Controlling Shareholder of our Company) falling under Rule 3A.07(9) of the Listing Rules.

Apart from BOCI Asia Limited, each of the other Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering". Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to reallocation and the Over-allotment Option):

(a) the Hong Kong Public Offering of 38,261,000 Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in "— The Hong Kong Public Offering" below; and

(b) the International Offering of 309,565,200 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States only to QIBs in reliance of Rule 144A or any other available exemption from registration under the U.S. Securities Act as described in "— The International Offering" below.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 14.8% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the additional International Offer Shares will represent approximately 2.2% of the enlarged issued share capital of our Company immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in "— The International Offering — Over-allotment Option" below.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the International Offer Shares to QIBs in the United States and institutional and professional investors and other investors expected to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors' indications of interest in acquiring the International Offer Shares under the International Offering. Prospective investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in "— The Hong Kong Public Offering — Reallocation" below.

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares Initially Offered

We are initially offering 38,261,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 11.0% of the total number of the Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.6% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in "— Conditions of the Global Offering" below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than the others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking into account any allocation) is to be divided into two pools (with any odd board lots being allocated to Pool A): Pool A and Pool B. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 19,130,600 and 19,130,400, respectively. The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Hong Kong Stock Exchange trading fee payable) and up to the total value of Pool B.

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for the Offer Shares means the price payable on application therein (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of the Hong Kong Offer Shares from either Pool A or Pool B but not from both pools.

Multiple or suspected multiple applications and any application for more than 19,130,400 Hong Kong Offer Shares (being approximately 50% of the 38,261,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation at the discretion of the Overall Coordinators. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of the Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of the Offer Shares offered under the Global Offering if the International Offer Shares are fully subscribed or oversubscribed and certain prescribed total demand levels under the Hong Kong Public Offering are reached.

We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules to the effect as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 14 times or more but less than 45 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 62,608,800 Shares, representing approximately 18% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised);

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 45 times or more but less than 90 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 80,000,200 Shares, representing approximately 23% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised); and

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 90 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 139,130,600 Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators in their sole discretion consider appropriate. In addition, the Overall Coordinators may in its sole absolute discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

In addition, the Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators. In accordance with Chapter 4.14 of the Guide for New Listing Applicants, in the event that (i) the International Offer Shares are fully subscribed or oversubscribed, and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 14 times the number of the Hong Kong Offer Shares initially available for subscription under the Hong Kong Public Offering; or (ii) the International Offer Shares are undersubscribed, and the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), and provided that the Offer Price would be set at HK$13.50 per Offer Share (being the low-end of the Offer Price range), up to 38,261,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to up to 76,522,000 Offer Shares, representing twice the number of the Offer Shares initially available under the Hong Kong Public Offering (before any exercise of the Over-allotment Option).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators in their sole discretion consider appropriate.

If the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate. However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

Any such clawback and reallocation between the International Offering and the Hong Kong Public Offering will be completed prior to any adjustments of the number of the Offer Shares pursuant to the exercise of the Over-allotment Option, if any.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$14.50 per Offer Share in addition to the brokerage, SFC transaction levy, AFRC transaction levy and the Hong Kong Stock Exchange trading fee payable on each Offer Share. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares".

THE INTERNATIONAL OFFERING

Number of International Offer Shares Initially Offered

The International Offering will consist of an initial offering of 309,565,200 Offer Shares, representing approximately 89.0% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of the Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 13.2% of the total number of Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of the Offer Shares to QIBs in the United States and institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the International Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of the Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of the Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the reallocation arrangement described in "— The Hong Kong Public Offering — Reallocation" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

Over-allotment Option

Our Company expects to grant to the International Underwriters, exercisable in whole or in part by the Overall Coordinators at their sole and absolute discretion (for themselves and on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue, up to an aggregate of 52,173,800 Offer Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional International Offer Shares will represent approximately 2.2% of our Company's enlarged issued share capital immediately following completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, we will make an announcement in due course.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to reduce and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date, to the extent permitted by applicable laws of Hong Kong or elsewhere. However, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Offer Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Offer Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Offer Shares, (v) selling or agreeing to sell any Offer Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;

- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, or any person acting for it, will maintain such a long position;

- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the Shares;

- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of the Shares in connection with the Global Offering, the Overall Coordinators, their affiliates or any person acting for them may cover such over-allocation by, amongst other methods, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, or through the stock borrowing arrangement mentioned below or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. The number of Shares which can be over-allocated will not exceed the number of the Shares which may be allotted and/or issued pursuant to the exercise in full of the Over-allotment Option, being 52,173,800 Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it) may choose to borrow up to 52,173,800 Shares (being the maximum number of Shares which may be sold pursuant to the exercise of the Over-allotment Option and representing approximately 15.0% of the number of Offer Shares initially available under the Global Offering) from CRH Beverage, pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilizing Manager (or its affiliates or any person acting for it) and CRH Beverage on or about the Price Determination Date. If the Stock Borrowing Agreement with CRH Beverage is entered into, the borrowing of Shares will only be effected by the Stabilizing Manager (or its affiliates or any person acting for it) for the settlement of over-allocations in the International Offering and such borrowing arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of Shares so borrowed must be returned to CRH Beverage within the third business day following the earlier of (a) the last day the Over-allotment Option may be exercised and (b) the day on which the Over-allotment Option is exercised in full. The Shares borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to CRH Beverage by the Stabilizing Manager (or its affiliates or any person acting for it) in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Monday, October 21, 2024 and, in any event, not later than 12:00 noon on Monday, October 21, 2024, by agreement among the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company. The number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$14.50 per Offer Share and is expected to be not less than HK$13.50 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$14.50 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015%, and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$2,929.24 for one board lot of 200 Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus**.

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, publish on the website of our Company (**www.crbeverage.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) an announcement to cancel the Global Offering. Our Company will then relaunch the offer at the revised number of Offer Shares and/or the revised Offer Price with a supplemental or new prospectus as required under Rule 11.13 of the Listing Rules, and complete the requisite settlement processes on the FINI platform afresh. The Global Offering must first be canceled and subsequently relaunched on the FINI platform pursuant to the supplemental or new prospectus. In the absence of any such announcement or supplemental or new prospectus, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Overall Coordinators, will under no circumstances be set outside the Offer Price range stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Overall Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering in accordance with Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange and paragraph 4.2 of Practice Note 18 of the Listing Rules, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinators.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Tuesday, October 22, 2024 on the website of our Company (**www.crbeverage.com**) and the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**).

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to agreement on the Offer Price between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date.

We expect that our Company will enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting."

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

(a) the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Hong Kong Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

(b) the Offer Price having been agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective Underwriting Agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us by 12:00 noon on Monday, October 21, 2024, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering on the website of our Company (**www.crbeverage.com**) and the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**). In such eventuality, all application monies will be returned, without interest, on the terms set forth in the section headed "How to Apply for Hong Kong Offer Shares — D. Dispatch/Collection of Share Certificates and Refund of Application Monies". In the meantime, all application monies will be held in a separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended.

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, October 23, 2024, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Wednesday, October 23, 2024.

The Shares will be traded on the Main Board of the Hong Kong Stock Exchange in board lots of 200 Shares each. The stock code of the Shares will be 2460.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.crbeverage.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address *(for the **HK eIPO White Form** service only)*.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Tuesday, October 15, 2024 and end at 12:00 noon on Friday, October 18, 2024 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	www.hkeipo.hk.	Investors who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Tuesday, October 15, 2024 to 11:30 a.m. on Friday, October 18, 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Friday, October 18, 2024, Hong Kong time.
HKSCC EIPO channel.	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.	Investors who would not like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the HKSCC EIPO channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through the HKSCC EIPO channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:

  i. HKID card; or

  ii. National identification document; or

  iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:

  i. LEI registration document; or

  ii. Certificate of incorporation; or

  iii. Business registration certificate; or

  iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint account holders on FINI is capped at 4 in accordance with market practice.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through the HKSCC EIPO channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	200
Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below. The maximum Offer Price is HK$14.50 per Share. If you are applying through the HKSCC EIPO channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
200	2,929.24	6,000	87,877.40	100,000	1,464,623.26	5,000,000	73,231,162.50
400	5,858.50	7,000	102,523.62	200,000	2,929,246.50	6,000,000	87,877,395.00
600	8,787.73	8,000	117,169.85	300,000	4,393,869.76	7,000,000	102,523,627.50
800	11,716.99	9,000	131,816.09	400,000	5,858,493.00	8,000,000	117,169,860.00
1,000	14,646.23	10,000	146,462.33	500,000	7,323,116.26	9,000,000	131,816,092.50
1,200	17,575.48	20,000	292,924.66	600,000	8,787,739.50	10,000,000	146,462,325.00
1,400	20,504.73	30,000	439,386.98	700,000	10,252,362.76	12,000,000	175,754,790.00
1,600	23,433.97	40,000	585,849.30	800,000	11,716,986.00	14,000,000	205,047,255.00
1,800	26,363.21	50,000	732,311.63	900,000	13,181,609.26	16,000,000	234,339,720.00
2,000	29,292.46	60,000	878,773.96	1,000,000	14,646,232.50	19,130,400(1)	280,188,286.22
3,000	43,938.70	70,000	1,025,236.28	2,000,000	29,292,465.00		
4,000	58,584.94	80,000	1,171,698.60	3,000,000	43,938,697.50		
5,000	73,231.17	90,000	1,318,160.93	4,000,000	58,584,930.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed *"— A. Application for Hong Kong Offer Shares — 3. Information Required to Apply*" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) HKSCC EIPO channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares in the Global Offering.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or HKSCC EIPO channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the HKSCC EIPO channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the HKSCC EIPO channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any parties included in the Global Offering (the "**Relevant Persons**"), the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "— G. Personal Data — 3. Purposes" and "— G. Personal Data — 4. Transfer of personal data" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** Service Provider or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and the **HK eIPO White Form** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through the **HK eIPO White Form** service or HKSCC EIPO channel:		
Website	From the "Allotment Results" page in **www.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**) with a "search by ID" function.	24 hours, from 11:00 p.m. on Tuesday, October 22, 2024 to 12:00 midnight on Monday, October 28, 2024 (Hong Kong time).
	The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**.	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.crbeverage.com** which will provide links to the above mentioned websites of the Hong Kong Share Registrar.	No later than 11:00 p.m. on Tuesday, October 22, 2024 (Hong Kong time).

Platform		Date/Time
Telephone	+852 3691 8488 — the allocation results telephone enquiry line provided by the Hong Kong Share Registrar.	between 9:00 a.m. and 6:00 p.m., from Wednesday, October 23, 2024 to Monday, October 28, 2024 (Hong Kong time) on a business day.

For those applying through the HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Monday, October 21, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Monday, October 21, 2024 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.crbeverage.com** by no later than 11:00 p.m. on Tuesday, October 22, 2024 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the receiving banks will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the Global Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the Hong Kong Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the HKSCC EIPO channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid at 8:00 a.m. on Wednesday, October 23, 2024 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Dispatch/collection of Share certificate[1]		
For application of 1,000,000 Hong Kong Offer Shares or more	Collection in person at the Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong **Time:** 9:00 a.m. to 1:00 p.m. on Wednesday, October 23, 2024 (Hong Kong time)	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account

	HK eIPO White Form service	HKSCC EIPO channel
	If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop	No action by you is required
	Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar	
	Note: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk	
For application of less than 1,000,000 Hong Kong Offer Shares	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk	
	Date: Tuesday, October 22, 2024	

Refund mechanism for surplus application monies paid by you

Date	Wednesday, October 23, 2024	Subject to the arrangement between you and your broker or custodian
Responsible party	Hong Kong Share Registrar	Your broker or custodian

	HK eIPO White Form service	HKSCC EIPO channel
Application monies paid through single bank account	**HK eIPO White Form** e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund check(s) will be dispatched to the address as specified in your application instructions by ordinary post at your own risk	

[1] Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an "extreme conditions" announcement issued after a super typhoon in force in Hong Kong in the morning on Tuesday, October 22, 2024 rendering it impossible for the relevant Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the Hong Kong Share Registrar to arrange for delivery of the supporting documents and Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— E. Bad Weather Arrangements" in this section.

E. BAD WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Friday, October 18, 2024 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions

(collectively, "**Bad Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, October 18, 2024.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Bad** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.crbeverage.com** of the revised timetable.

If a **Bad** Weather Signal is hoisted on Tuesday, October 22, 2024, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the Share certificates to the CCASS Depository's service counter so that they would be available for trading on Wednesday, October 23, 2024.

If a **Bad** Weather Signal is hoisted on Tuesday, October 22, 2024, for application of less than 1,000,000 Hong Kong Offer Shares, the dispatch of physical Share certificate(s) will be made by ordinary post when the post office re-opens after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, October 22, 2024 or on Wednesday, October 23, 2024).

If a **Bad** Weather Signal is hoisted on Wednesday, October 23, 2024, for application of 1,000,000 Hong Kong Offer Shares or more, physical Share certificate(s) will be available for collection in person at the Hong Kong Share Registrar's office after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, October 23, 2024 or on Thursday, October 24, 2024).

Prospective investors should be aware that if they choose to receive physical Share certificates issued in their own name, there may be a delay in receiving the Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;

- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the Hong Kong Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;

- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and

- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-65, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHINA RESOURCES BEVERAGE (HOLDINGS) COMPANY LIMITED AND UBS SECURITIES HONG KONG LIMITED, BOCI ASIA LIMITED, CITIC SECURITIES (HONG KONG) LIMITED AND MERRILL LYNCH (ASIA PACIFIC) LIMITED

Introduction

We report on the historical financial information of China Resources Beverage (Holdings) Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-65, which comprises the consolidated statements of financial position of the Group as at 31 December 2021, 2022 and 2023 and 30 April 2024, the statements of financial position of the Company as at 31 December 2021, 2022 and 2023 and 30 April 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2023 and four months ended 30 April 2024 (the "Track Record Period") and a summary of material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-65 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 15 October 2024 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified

Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at 31 December 2021, 2022 and 2023 and 30 April 2024, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended 30 April 2023 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company is responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends declared by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
15 October 2024

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Four months ended 30 April	
	NOTES	**2021**	**2022**	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue	*6*	11,339,881	12,622,776	13,514,728	3,939,597	4,149,831
Cost of sales		(6,368,515)	(7,363,672)	(7,479,514)	(2,231,815)	(2,194,689)
Gross profit		4,971,366	5,259,104	6,035,214	1,707,782	1,955,142
Other income	*7*	295,956	340,172	367,246	83,939	76,291
Other gains and losses	*8*	(10,577)	(3,187)	(14,622)	(1,468)	1,060
Impairment losses under expected credit loss model, net of reversal		9,480	(27,222)	(3,817)	(4,421)	(745)
Distribution and selling expenses		(3,756,727)	(3,877,617)	(4,086,510)	(1,152,763)	(1,274,481)
Administrative expenses		(253,238)	(265,029)	(300,562)	(109,413)	(97,784)
Research and development costs		(48,979)	(49,179)	(61,510)	(9,954)	(13,065)
Finance costs	*9*	(1,782)	(1,617)	(42,516)	(15,150)	(731)
Listing expense		–	–	(14,490)	–	(14,066)
Profit before taxation		1,205,499	1,375,425	1,878,433	498,552	631,621
Income tax expense	*10*	(347,358)	(386,704)	(547,063)	(142,766)	(170,955)
Profit for the year/period	*11*	858,141	988,721	1,331,370	355,786	460,666
Profit (loss) attributable to:						
– Owners of the Company		858,141	989,808	1,329,341	356,654	446,679
– Non-controlling interests		–	(1,087)	2,029	(868)	13,987
		858,141	988,721	1,331,370	355,786	460,666
Other comprehensive (expense) income:						
Item that will not be reclassified subsequently to profit or loss:						
Exchange differences on translation from functional currency to presentation currency		(134,320)	443,543	95,270	(67,463)	14,636
Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations		135,759	(443,557)	(95,318)	67,571	(14,730)
Total comprehensive income for the year/period		859,580	988,707	1,331,322	355,894	460,572
Total comprehensive income (expense) attributable to:						
– Owners of the Company		859,580	989,794	1,329,293	356,762	446,585
– Non-controlling interests		–	(1,087)	2,029	(868)	13,987
		859,580	988,707	1,331,322	355,894	460,572
Earnings per share, in RMB:						
Basic	*13*	0.43	0.49	0.66	0.18	0.22

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 April
	NOTES	**2021**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current Assets					
Property, plant and equipment	*15*	1,383,153	2,007,978	4,809,703	5,506,292
Right-of-use assets	*16*	182,254	463,799	518,035	554,192
Deferred tax assets	*18*	256,894	310,179	243,463	205,570
Deposits for acquisition of property, plant and equipment and leasehold land		66,295	189,325	292,566	161,179
Fixed bank deposits	*21*	–	–	1,577,055	1,594,003
Other non-current assets		760	3,069	2,955	2,776
		1,889,356	2,974,350	7,443,777	8,024,012
Current Assets					
Inventories	*19*	414,089	588,120	377,380	366,898
Trade and other receivables	*20*	505,343	563,601	682,869	679,445
Income tax recoverable		136,937	119,633	102,705	84,694
Amounts due from fellow subsidiaries	*30*	4,231,684	3,536,591	–	–
Amount due from immediate holding company	*30*	19,928	21,875	22,192	22,237
Amount due from intermediate holding company	*30*	736	741	742	–
Fixed bank deposits	*21*	207,557	292,302	2,297,391	2,306,773
Cash and cash equivalents	*21*	1,682,810	2,507,631	2,074,698	2,189,873
		7,199,084	7,630,494	5,557,977	5,649,920

	NOTES	As at 31 December			As at 30 April
		2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
Current Liabilities					
Trade and other payables	23	3,869,233	4,029,081	5,022,065	5,068,704
Contract liabilities	24	268,912	246,660	139,355	146,031
Bank borrowing – due within one year	25	–	–	–	6,007
Amount due to immediate holding company	30	1,742	1,903	1,931	1,935
Amount due to intermediate holding company	30	1,075	1,259	1,158	–
Amounts due to non-controlling shareholder of a subsidiary	26	–	–	–	46,055
Income tax payable		28,971	33,370	7,670	27,308
Lease liabilities – due within one year	27	15,909	17,169	16,178	12,445
		4,185,842	4,329,442	5,188,357	5,308,485
Net Current Assets		3,013,242	3,301,052	369,620	341,435
Total Assets Less Current Liabilities		4,902,598	6,275,402	7,813,397	8,365,447
Capital and Reserves					
Share capital	28	7	7	7	7
Reserves		4,583,964	5,573,758	6,903,051	7,349,636
Equity attributable to owners of the Company		4,583,971	5,573,765	6,903,058	7,349,643
Non-controlling interests		–	322,013	469,715	553,622
Total Equity		4,583,971	5,895,778	7,372,773	7,903,265
Non-current Liabilities					
Deferred tax liabilities	18	188,989	240,998	310,072	329,157
Bank borrowing – due after one year	25	–	–	–	8,566
Lease liabilities – due after one year	27	16,789	10,377	19,811	19,498
Deferred income	22	112,849	128,249	110,741	104,961
		318,627	379,624	440,624	462,182
		4,902,598	6,275,402	7,813,397	8,365,447

COMPANY'S STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 April
	NOTES	**2021**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current Asset					
Investment in a subsidiary	*17*	685,718	685,718	685,718	685,718
Current Assets					
Other receivables	*20*	29	102	2,270	4,002
Amount due from immediate holding company	*30*	19,892	21,825	22,142	22,186
Fixed bank deposits		7,557	8,301	8,819	–
Cash and cash equivalents		63	69	69	318
		27,541	30,297	33,300	26,506
Current Liabilities					
Amounts due to subsidiaries	*30*	7,477	8,232	25,231	33,490
Amount due to intermediate holding company	*30*	922	1,100	986	–
		8,399	9,332	26,217	33,490
Net Current Assets		19,142	20,965	7,083	(6,984)
Total Assets Less Current Liabilities		704,860	706,683	692,801	678,734
Capital and Reserves					
Share capital	*28*	7	7	7	7
Reserves	*29*	704,853	706,676	692,794	678,727
Total Equity		704,860	706,683	692,801	678,734

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital	Capital reserve	Exchange reserve	Retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000* *(note a)*	*RMB'000*	*RMB'000* *(note b)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	7	500,000	(21,047)	3,245,431	3,724,391	–	3,724,391
Profit for the year	–	–	–	858,141	858,141	–	858,141
Exchange differences	–	–	1,439	–	1,439	–	1,439
Total comprehensive income for the year	–	–	1,439	858,141	859,580	–	859,580
At 31 December 2021	7	500,000	(19,608)	4,103,572	4,583,971	–	4,583,971
Profit (loss) for the year	–	–	–	989,808	989,808	(1,087)	988,721
Exchange differences	–	–	(14)	–	(14)	–	(14)
Total comprehensive (expense) income for the year	–	–	(14)	989,808	989,794	(1,087)	988,707
Acquisition of a subsidiary *(note 32)*	–	–	–	–	–	323,100	323,100
At 31 December 2022	7	500,000	(19,622)	5,093,380	5,573,765	322,013	5,895,778
Profit for the year	–	–	–	1,329,341	1,329,341	2,029	1,331,370
Exchange differences	–	–	(48)	–	(48)	–	(48)
Total comprehensive (expense) income for the year	–	–	(48)	1,329,341	1,329,293	2,029	1,331,322
Acquisition of a subsidiary *(note 32)*	–	–	–	–	–	83,983	83,983
Capital contribution of subsidiaries from non-controlling interest	–	–	–	–	–	61,690	61,690
At 31 December 2023	7	500,000	(19,670)	6,422,721	6,903,058	469,715	7,372,773
Profit for the period	–	–	–	446,679	446,679	13,987	460,666
Exchange differences	–	–	(94)	–	(94)	–	(94)
Total comprehensive (expense) income for the period	–	–	(94)	446,679	446,585	13,987	460,572

	Attributable to owners of the Company						
	Share capital	Capital reserve	Exchange reserve	Retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000* *(note a)*	*RMB'000*	*RMB'000* *(note b)*	*RMB'000*	*RMB'000*	*RMB'000*
Acquisition of a subsidiary *(note 32)*	–	–	–	–	–	69,920	69,920
At 30 April 2024	7	500,000	(19,764)	6,869,400	7,349,643	553,622	7,903,265
(Unaudited)							
At 1 January 2023	7	500,000	(19,622)	5,093,380	5,573,765	322,013	5,895,778
Profit for the period	–	–	–	356,654	356,654	(868)	355,786
Exchange differences	–	–	108	–	108	–	108
Total comprehensive income (expense) for the period	–	–	108	356,654	356,762	(868)	355,894
At 30 April 2023	7	500,000	(19,514)	5,450,034	5,930,527	321,145	6,251,672

Notes:

(a) Capital reserve represented the additional paid up capital injected by a former shareholder of the Company in 2011.

(b) Amounts of RMB525,401,000, RMB701,770,000, RMB828,432,000 and RMB828,432,000 of statutory surplus reserve are included in the retained profits as at 31 December 2021, 2022 and 2023 and 30 April 2024, respectively. The statutory surplus reserve represents the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China (the "PRC") in accordance with the relevant PRC laws until the statutory surplus reserve reaches 50% of the registered capital of the subsidiaries. The statutory surplus reserve cannot be reduced except either use to set off the accumulated losses or increase capital.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Four months ended 30 April	
	NOTE	2021	2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
OPERATING ACTIVITIES						
Profit before taxation		1,205,499	1,375,425	1,878,433	498,552	631,621
Adjustments for:						
Interest income		(179,045)	(148,702)	(193,579)	(37,792)	(51,999)
Finance costs		1,782	1,617	42,516	15,150	731
Investment income from financial assets at fair value through profit or loss ("FVTPL")		(11,060)	(69,559)	(63,551)	(29,077)	(230)
Impairment losses under expected credit loss model, net of reversal		(9,480)	27,222	3,817	4,421	745
Depreciation of property, plant and equipment		248,464	302,698	440,107	121,361	149,382
Depreciation of right-of-use assets		23,690	23,045	23,737	7,805	9,324
Amortisation of other non-current assets		104	349	537	133	179
Loss on disposal of property, plant and equipment		6,780	3,365	13,840	780	2,565
Amortisation of government grants		(19,944)	(17,010)	(17,508)	(5,836)	(5,780)
Reversal of long outstanding payables		(9,606)	(12,916)	(10,906)	–	–
Gain on bargain purchase of a subsidiary		–	–	–	–	(5,442)
Operating cash flows before movements in working capital		1,257,184	1,485,534	2,117,443	575,497	731,096
(Increase) decrease in inventories		(160,220)	(174,031)	210,740	53,061	31,876
(Increase) decrease in trade and other receivables		(111,693)	(75,718)	(62,821)	(13,487)	104,222
Increase (decrease) in contract liabilities		99,072	(22,252)	(107,305)	(60,331)	6,615
Increase (decrease) in trade and other payables		213,169	(2,596)	(19,829)	341,893	(35,223)
Cash generated from operations		1,297,512	1,210,937	2,138,228	896,633	838,586
Income taxes paid		(470,320)	(366,008)	(420,045)	(150,993)	(86,950)
NET CASH FROM OPERATING ACTIVITIES		827,192	844,929	1,718,183	745,640	751,636
INVESTING ACTIVITIES						
Interest received		41,454	51,569	121,266	8,028	17,099
Proceeds from disposal of financial assets at FVTPL		4,011,060	10,349,559	5,863,551	2,521,567	200,230
Proceeds of disposal of property, plant and equipment		2,475	2,293	8,450	220	2,428
Purchases of financial assets at FVTPL		(4,000,000)	(10,280,000)	(5,800,000)	(5,000,000)	(200,000)
Purchases of property, plant and equipment		(314,678)	(722,889)	(2,250,873)	(524,912)	(517,514)
Purchases of right-of-use assets		–	(136,458)	(60,867)	(17,400)	(2,269)
Purchases of other non-current assets		–	(2,658)	(423)	–	–
Net cash inflow (outflow) from acquisitions of subsidiaries	32	–	35	–	–	(150,923)

	NOTE	Year ended 31 December			Four months ended 30 April	
		2021	2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Advances to fellow subsidiaries		(7,500,000)	(3,700,000)	–	–	–
Repayment from fellow subsidiaries		8,333,745	4,492,226	3,551,429	3,551,429	–
Advance to intermediate holding company		(16)	(7)	–	–	–
Repayment from intermediate holding company		3	2	–	–	–
Advance to immediate holding company		(25)	(115)	–	–	–
Placement of fixed deposit with original maturity over three months		(214,374)	(504,301)	(4,233,569)	(1,533,341)	–
Withdrawal of fixed deposit with original maturity over three months		221,198	419,556	710,585	12,304	8,571
Receipt of government grants relating to assets		101,112	32,410	–	–	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		681,954	1,222	(2,090,451)	(982,105)	(642,378)
FINANCING ACTIVITIES						
Additions of bank borrowings		–	–	5,900,000	5,900,000	14,566
Repayment of bank borrowings		–	–	(5,900,000)	–	–
Repayment to intermediate holding company		(50)	(16)	(6)	(6)	(416)
Repayment of lease liabilities		(17,635)	(19,568)	(17,027)	(8,879)	(7,542)
Interest paid		(1,782)	(1,617)	(42,516)	(7,406)	(360)
Issue costs paid		–	–	(1,049)	–	(232)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(19,467)	(21,201)	(60,598)	5,883,709	6,016
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,489,679	824,950	(432,866)	5,647,244	115,274
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		191,662	1,682,810	2,507,631	2,507,631	2,074,698
Effect of foreign exchange rate changes		1,469	(129)	(67)	119	(99)
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY						
Cash and cash equivalents		1,682,810	2,507,631	2,074,698	8,154,994	2,189,873

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

China Resources Beverage (Holdings) Company Limited (formerly known as China Resources Beverages (Greater China) Company Limited, China Resources Kirin Beverages (Greater China) Company Limited and Hua Yao Investments Limited (the "Company")) is a British Virgin Islands ("BVI") business company with limited liability incorporated in the BVI on 4 July 1995 and was re-domiciled from the BVI to the Cayman Islands on 16 April 2024. Its immediate holding company is CRH (Beverage) Limited (incorporated in BVI) and the directors of the Company consider the ultimate holding company to be China Resources Company Limited, a company established in the PRC.

The address of the registered office of the Company is 4th Floor, Harbour Place, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and principal place of business of the Company is High-tech Industrial Park (North District), No. 22 Langshan Road, Nanshan District, Shenzhen, PRC.

The Company acts as an investment holding company. Its subsidiaries are primarily engaged in manufacturing and distribution of packaged drinking water, and the particulars of the Company's subsidiaries are set out in note 38.

The Company's functional currency is Hong Kong dollars ("HK$"). The Group's revenue and cash flows are primarily generated from the operation of manufacturing and distribution of packaged drinking water of the subsidiaries of which the functional currency is RMB. In order to reduce the impact of foreign exchange movements on reported results so as to better reflect the underlying performance of the Group, the Historical Financial Information is presented in RMB.

2. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA").

In preparing for the initial listing of the shares of the Company on the Stock Exchange, the Company is re-domiciled from the BVI to Cayman Islands and the re-domiciliation is completed on 16 April 2024. The registered office of the Company is changed from Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, the BVI to 4th Floor, Harbour Place, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The name of the Company has been changed to China Resources Beverage (Holdings) Company Limited on 11 September 2023. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis since the Company maintained control over the subsidiaries during the Track Record Period or from the acquisition date for the acquired entities as detailed in note 32.

3. APPLICATION OF HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with Hong Kong Accounting Standards ("HKAS"), HKFRSs, amendments to interpretations issued by the HKICPA, which are effective for the accounting period beginning on 1 January 2024 throughout the Track Record Period.

New and amendments to HKFRSs in issue but not yet effective

At the date of this report, the Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRSs	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments:

- amend the application guidance in HKFRS 9 Financial Instruments to clarify the date of initial recognition or derecognition of financial assets and financial liabilities, and permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if, and only if specified criteria are met;

- amend the application guidance in HKFRS 9 to provide guidance on how an entity assesses whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance concerns;

- amend the disclosure requirements in HKFRS 7 Financial Instruments: Disclosures in respect of investments in equity instruments designated as at fair value through other comprehensive income; and

- introduce disclosure requirements for financial instruments that include contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs (such as the time value of money or credit risk).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. An entity is required to apply the amendments retrospectively, subject to specified transition requirements.

The application of the amendments will not have material impact on the financial position of the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 replaces HKAS 1, carrying forward many of the requirements in HKAS 1 unchanged and complementing them with new requirements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Furthermore, minor amendments have been made to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share.

HKFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply HKFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to HKAS 7 and HKAS 33, as well as the revised HKAS 8 and HKFRS 7, become effective when an entity applies HKFRS 18. HKFRS 18 requires retrospective application with specific transition provisions.

The application of the new standard will not have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of HKFRS 18 on the Group's consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies which conform with HKFRSs issued by the HKICPA. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these Historical Financial Information is determined on such a basis, except for leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value of inventories that are accounted for in accordance with HKFRS 2 *Share-based Payment* or value in use in impairment of assets that are accounted for in accordance with HKAS 36 *Impairment of Assets*.

The principal accounting policies are set out below:

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date of the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owner of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries or business is attributed to the owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21 Levies, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

Investment in a subsidiary

Investment in a subsidiary is stated in the statements of financial position of the Company at cost less any identified impairment loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings and machinery in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Variable consideration

For contracts that contain variable consideration volume-based rebates, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Sale with a right of return

For a sale of products with a right of return for dissimilar products, the Group recognises all of the following:

- revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned);
- a refund liability; and
- an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

Impairment on property, plant and equipment, right-of-use assets and other non-current assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment, right-of-use assets and other non-current assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit ("CGU")) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or the group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or the group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of land and buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year/profit. Taxable profit differs from profit before taxation because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant tax authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI"〉 or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income" line item in profit or loss.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, amounts due from fellow subsidiaries, intermediate holding company, immediate holding company and bank balances and cash) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables (including trade related amounts due from fellow subsidiaries).

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivable are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and amounts due from fellow subsidiaries where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities of the Group (including trade and other payables, bank borrowing, amount due to immediate holding company, amount due to intermediate holding company and amounts due to non-controlling shareholder of a subsidiary) are subsequently measured at amortised cost using effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Variable consideration for volume rebates

The Group estimates variable consideration to be included in the transaction price for the sales of products with volume rebates.

The Group's volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will likely be entitled to a rebate depends on the customer's accumulated purchases to date.

The Group updates its assessment of expected volume rebates on a monthly basis and the sales discount and rebate payables are adjusted accordingly. Estimates of expected volume rebates are sensitive to changes in circumstances and the Group's experience regarding rebate entitlements may not be representative of a customer's actual rebate entitlements in the future.

Provision of ECL for trade receivables

The Group estimates the amount of loss allowance for ECL on trade receivables that are measured at amortised cost based on their respective credit risks. The measurement of ECL requires the application of significant judgment which include the expected future cash flows and forward-looking macroeconomic factors. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

As at 31 December 2021, 2022 and 2023 and 30 April 2024, the carrying amounts of trade receivables are RMB267,887,000, RMB240,072,000, RMB230,704,000 and RMB361,956,000 net of allowance of RMB9,885,000, RMB30,496,000, RMB36,622,000 and RMB37,364,000, respectively.

Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the current conditions and the historical replacement rate of the property, plant and equipment, the market practice and relevant industrial norm. If the actual or expected useful lives of property, plant and equipment is less than the original estimate useful lives or revision of estimated useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining period. As at 31 December 2021, 2022 2023 and 30 April 2024, the carrying amounts of property, plant and equipment was approximately RMB1,383,153,000, RMB2,007,978,000, RMB4,809,703,000 and RMB5,506,292,000, respectively.

Deferred tax asset

The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than or more than expected, a reversal or a recognition of deferred tax assets would be recognised in profit or loss in the year in which such a reversal or recognition takes place. As at 31 December 2021, 2022 2023 and 30 April 2024, the carrying amount of deferred tax assets was approximately RMB256,894,000, RMB310,179,000, RMB243,463,000 and RMB205,570,000, respectively.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from sale of packaged drinking water and beverages net of return and allowance during the Track Record Period.

Disaggregation of revenue

	Year ended 31 December			Four months ended 30 April	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Types of goods					
Sales of packaged drinking water	10,817,805	11,905,738	12,446,560	3,624,024	3,720,746
Sales of beverages	522,076	717,038	1,068,168	315,573	429,085
Total	11,339,881	12,622,776	13,514,728	3,939,597	4,149,831
Timing of revenue recognition					
At a point in time	11,339,881	12,622,776	13,514,728	3,939,597	4,149,831
Geographical markets*					
Southern region	4,368,373	4,333,433	4,391,811	1,150,782	1,246,935
Eastern region	2,809,599	3,635,992	4,006,147	1,228,515	1,203,660
Southwestern region	1,463,676	1,719,123	1,897,664	604,889	620,934
Central region	1,655,698	1,854,867	1,864,426	535,200	527,993
Other regions	1,042,535	1,079,361	1,354,680	420,211	550,309
Total	11,339,881	12,622,776	13,514,728	3,939,597	4,149,831

* Southern, eastern, southwestern and central regions are in Mainland China whereas other regions include other regions in Mainland China, Hong Kong and Macau.

Performance obligations for contracts with customers

The Group recognises the revenue at a point in time when the control of products is transferred to the customer, i.e. when the goods have been placed at or delivered to customer's specific location. The Group requires certain customers to provide deposits. When the Group receives a deposit before delivery of goods, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

Some contracts for the sale of goods provide customers with rights of return and volume rebates, which give rise to variable consideration.

Rights of return

For contracts which provide a customer with a right of return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. The amount of sales return is insignificant to the Group during the Track Record Period.

Variable consideration: volume-based rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the year exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a liability for the expected future rebates is recognised.

Transaction price allocated to the remaining performance obligation for contracts with customers

The performance obligation under the contract for the sales of packaged drinking water and beverages has original expected duration of less than one year and as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

For the purpose of resources allocation and performance assessment, the chief operating decision maker ("CODM") reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 4. Therefore, the management considers that the Group only has one operating segment.

Segment assets and liabilities

No assets and liabilities are included in the measures of the Group's segment reporting that are used by the CODM. Accordingly, no segment assets and liabilities are presented.

Information about major customers

There was no customer who accounted for over 10% of the total revenue of the Group during the Track Record Period.

7. OTHER INCOME

	Year ended 31 December			Four months ended 30 April	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest income					
– bank deposits	41,454	51,569	178,740	22,953	51,999
– cash advance to a fellow subsidiary	62,858	–	–	–	–
– loans to related parties	74,733	97,133	14,839	14,839	–
Investment income from financial assets at FVTPL	11,060	69,559	63,551	29,077	230
Government grants *(note)*	82,938	87,812	61,264	8,729	16,936
Sales of recycled packaging materials	6,618	9,669	30,556	3,693	6,521
Others	16,295	24,430	18,296	4,648	605
	295,956	340,172	367,246	83,939	76,291

Note: During the years ended 31 December 2021, 2022 and 2023 and four months ended 30 April 2024 , the government grants include subsidies received to reward for the contribution by the subsidiaries to the local economic growth amounting to RMB62,994,000, RMB70,802,000, RMB43,756,000 and RMB11,156,000, respectively which was recognised in the consolidated statement of profit or loss upon receipt of these rewards and the related conditions associated with the rewards are met, if any. There are no unfulfilled conditions or contingencies relating to these grants.

The remaining portion of government grants related to subsidies received for the investments in production facilities in the PRC which were recognised in the statement of profit or loss over the useful lives of relevant assets as detailed in note 22.

8. OTHER GAINS AND LOSSES

	Year ended 31 December			Four months ended 30 April	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Loss on disposal of property, plant and equipment, net	(6,780)	(3,365)	(13,840)	(780)	(2,565)
Gain on bargain purchase of a subsidiary	–	–	–	–	5,442
Net foreign exchange (loss) gain	(2,201)	2,814	917	(251)	63
Others	(1,596)	(2,636)	(1,699)	(437)	(1,880)
	(10,577)	(3,187)	(14,622)	(1,468)	1,060

9. FINANCE COSTS

	Year ended 31 December			Four months ended 30 April	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest on bank borrowings and loan from non-controlling shareholder of a subsidiary	–	–	(41,053)	(14,697)	(371)
Interest on lease liabilities	(1,782)	(1,617)	(1,463)	(453)	(360)
	(1,782)	(1,617)	(42,516)	(15,150)	(731)

10. INCOME TAX EXPENSE

	Year ended 31 December			Four months ended 30 April	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
PRC Enterprise Income Tax ("EIT"):					
Current tax	350,405	384,874	409,117	65,224	124,598
Under provision in the prior years	1,134	3,106	2,156	–	–
	351,539	387,980	411,273	65,224	124,598
Deferred tax *(note 18)*	(4,181)	(1,276)	135,790	77,542	46,357
	347,358	386,704	547,063	142,766	170,955

During the Track Record Period, no provision for Hong Kong Profits Tax has been made as the Group does not have assessable profit which arises in, or derived from, Hong Kong.

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the Track Record Period except that certain subsidiaries are eligible for preferential taxation of paying EIT at a rate of 20% during the Track Record Period.

The income tax expense for the Track Record Period can be reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Four months ended 30 April	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit before taxation	1,205,499	1,375,425	1,878,433	498,552	631,621
Tax at the statutory income tax rate of 25%	301,375	343,856	469,608	124,638	157,906
Tax effect of income tax super deduction granted to subsidiaries for research and development costs	(4,550)	(5,946)	(5,766)	(1,156)	(1,487)
Tax effect of expenses not deductible for tax purpose *(note a)*	3,674	1,391	10,082	20	5,319
Tax effect of tax losses not recognised	1,108	1,573	2,307	1,053	1,056
Tax effect of income not taxable for tax purpose	–	–	–	–	(1,361)
Under provision in the prior years	1,134	3,106	2,156	–	–
Utilisation of tax losses previously not recognised	(1,063)	(2,118)	(2,775)	(663)	–
Withholding tax *(note b)*	45,680	44,842	71,451	18,874	9,522
Income tax expense	347,358	386,704	547,063	142,766	170,955

Notes:

(a) During the Track Record Period, expenses not deductible mainly included listing expense, employee commercial insurance and sponsorship expense which is not eligible for the tax deduction under the EIT Law.

(b) Under the PRC EIT law, withholding income tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards and 5% dividend withholding tax rate is applicable. The amount represents the withholding income tax provided on the undistributed profits of certain PRC subsidiaries during the Track Record Period.

11. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			Four months ended 30 April	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit for the year/period has been arrived at after charging:					
Cost of inventories recognition as an expense	6,277,659	7,265,516	7,394,539	2,214,214	2,166,907
Auditors' remuneration	1,500	1,187	2,668	1,468	675
Directors' remuneration	4,599	6,409	7,654	1,058	1,087
Other staffs' salaries and other benefits	1,780,237	1,770,752	1,825,147	562,884	598,558
Other staff's retirement benefit contributions	207,461	222,275	245,144	80,574	87,817
Total staff costs	1,992,297	1,999,436	2,077,945	644,516	687,462
Depreciation of property, plant and equipment	248,464	302,698	440,107	121,361	149,382
Depreciation of right-of-use assets	23,690	23,045	23,737	7,805	9,324

12. DIVIDENDS

In April 2024, the Company declared a dividend of RMB2.5 billion to the existing shareholders prior to the listing ("Dividend Declaration") based on the consolidated retained profits as of 31 December 2023, which is conditional upon the global offering being completed and will become payable thereafter. Save for the Dividend Declaration, no other dividend was paid or declared by the Company or the group entities comprising the Group during the Track Record Period.

13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Year ended 31 December			Four months ended 30 April	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
<u>Earnings</u>					
Earnings for the purpose of basic earnings per share (profit for the year/period attributable to equity owners of the Company)	858,141	989,808	1,329,341	356,654	446,679
<u>Number of shares</u>					
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000

The number of ordinary shares for the purpose of basic earnings per share has been determined on the assumption that the share subdivision as detailed in note 28 has been effective on 1 January 2021.

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid/payable to the individuals who were appointed as the directors and chief executive of the Company (including emoluments for the services as employees/directors of the group entities prior to becoming the directors of the Company) during the Track Record Period are as follow:

	Director's Fee	Salaries, allowance and benefits in kind	Performance related bonus	Retirement benefit	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021					
Executive directors					
Mr. Zhang Weitong *(note i)*	–	1,482	2,705	116	4,303
Ms. Feng Jing *(note v)*	–	173	–	23	196
	–	1,655	2,705	139	4,499
Non-executive directors					
Mr. Ding Xiaobing *(note vi)*	–	–	–	–	–
Mr. Liu Hongji *(note ii)*	–	–	–	–	–
Mr. Jian Yi *(note iii)*	–	–	–	–	–
Mr. Chen Ying *(note vii)*	–	–	–	–	–
Mr. Lai Po Sing *(note viii)*	–	–	–	–	–
Mr. Nishimura Keisuke *(note iv)*	–	–	–	–	–
Mr. Otsuka Masamitsu *(note iv)*	–	96	–	4	100
	–	96	–	4	100
	–	1,751	2,705	143	4,599
Year ended 31 December 2022					
Executive directors					
Mr. Zhang Weitong *(note i)*	–	1,535	2,680	127	4,342
Ms. Feng Jing *(note v)*	–	1,373	309	146	1,828
	–	2,908	2,989	273	6,170
Non-executive directors					
Mr. Ding Xiaobing *(note vi)*	196	–	–	–	196
Dr. Zhao Dian *(note ix)*	–	–	–	–	–
Mr. Chen Ying *(note vii)*	–	–	–	–	–
Mr. Nishimura Keisuke *(note iv)*	–	–	–	–	–
Mr. Otsuka Masamitsu *(note iv)*	–	40	–	3	43
Ms. Zhuang Lei *(note x)*	–	–	–	–	–
	196	40	–	3	239
	196	2,948	2,989	276	6,409
Year ended 31 December 2023					
Executive directors					
Mr. Zhang Weitong *(note i)*	–	1,566	2,688	129	4,383
Ms. Feng Jing *(note v)*	–	1,361	1,755	155	3,271
	–	2,927	4,443	284	7,654
Non-executive directors					
Mr. Ding Xiaobing *(note vi)*	–	–	–	–	–
Dr. Zhao Dian *(note ix)*	–	–	–	–	–
Ms. Zhuang Lei *(note x)*	–	–	–	–	–
Ms. Cao Yue *(note xi)*	–	–	–	–	–
	–	–	–	–	–
	–	2,927	4,443	284	7,654

	Director's Fee	Salaries, allowance and benefits in kind	Performance related bonus	Retirement benefit	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Four months ended 30 April 2024					
Executive directors					
Mr. Zhang Weitong *(note i)*	–	521	–	43	564
Ms. Feng Jing *(note v)*	–	470	–	53	523
Ms. Wu Xia *(note xii)*	–	–	–	–	–
	–	991	–	96	1,087
Non-executive directors					
Dr. Zhao Dian *(note ix)*	–	–	–	–	–
Ms. Cao Yue *(note xi)*	–	–	–	–	–
Mr. Sun Yongqiang *(note xiii)*	–	–	–	–	–
Mr. Lin Guolong *(note xiii)*	–	–	–	–	–
Mr. Xiao Ning *(note xiii)*	–	–	–	–	–
	–	–	–	–	–
	–	991	–	96	1,087
(Unaudited)					
Four months ended 30 April 2023					
Executive directors					
Mr. Zhang Weitong *(note i)*	–	524	–	43	567
Ms. Feng Jing *(note v)*	–	440	–	51	491
	–	964	–	94	1,058
Non-executive directors					
Mr. Ding Xiaobing *(note vi)*	–	–	–	–	–
Dr. Zhao Dian *(note ix)*	–	–	–	–	–
Ms. Zhuang Lei *(note x)*	–	–	–	–	–
	–	–	–	–	–
	–	964	–	94	1,058

Notes:

(i) Mr. Zhang Weitong acts as chief executive of the Company and a director of the Company throughout the Track Record Period and his emoluments disclosed above included those for services rendered by him as the chief executive in management of the affairs of the group entities and has been redesignated as an executive director on 22 April 2024. He no longer acted as chief executive of the Company since 25 June 2024.

(ii) Mr. Liu Hongji was resigned on 3 February 2021.

(iii) Mr. Jian Yi was resigned on 28 September 2021.

(iv) Mr. Nishimura Keisuke and Mr. Otsuka Masamitsu were resigned on 5 August 2022.

(v) Ms. Feng Jing was appointed as a director of the Company on 27 July 2022 and has been redesignated as an executive director on 22 April 2024 and was resigned on 7 August 2024.

(vi) Mr. Ding Xiaobing was appointed as a director of the Company on 28 September 2021 and resigned on 21 April 2024.

(vii) Mr. Chen Ying was appointed on 28 September 2021 and resigned on 27 July 2022.

(viii) Mr. Lai Po Sing was appointed on 3 February 2021 and resigned on 28 September 2021.

(ix) Dr. Zhao Dian was appointed as a director of the Company on 5 August 2022 and has been redesignated as a non-executive director on 22 April 2024.

(x) Ms. Zhuang Lei was appointed on 5 August 2022 and resigned on 28 April 2023.

(xi) Ms. Cao Yue was appointed as a director of the Company on 10 August 2023 and has been redesignated as a non-executive director on 22 April 2024.

(xii) Ms. Wu Xia was appointed as an executive director of the Company on 22 April 2024.

(xiii) Mr. Sun Yongqiang, Mr. Lin Guolong and Mr. Xiao Ning were appointed as non-executive directors on 22 April 2024.

(xiv) Dr. Chow Wing Kin, Mr. Li Yinquan, Dr. Yao Yang, and Ms. Cheng Po Chuen were appointed as independent non-executive directors of the Company on 8 October 2024. During the years ended 31 December 2021, 2022 and 2023 and four months ended April 30 2024, the independent non-executive directors have not yet been appointed and did not receive directors' remuneration in the capacity of independent non-executive directors.

(xv) Mr. Li Shuqing acts as chief executive of the Company since 25 June 2024 and was appointed as an executive director of the Company on 7 August 2024.

The discretionary bonus is determined based on the performance of individual and market trend during the Track Record Period.

During the years ended 31 December 2021, 2022 and 2023 and four months ended 30 April 2023 and 2024, the five highest paid individuals of the Group include one, one, two, nil and nil directors, respectively. The remunerations of the remaining individuals during the Track Record Period are set out below:

	Year ended 31 December			Four months ended 30 April	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Employees					
– salaries and other benefits	3,700	3,681	3,188	979	941
– performance related bonus	7,025	6,687	4,737	4,216	5,029
– contributions to retirement benefit scheme	478	524	439	194	217
	11,203	10,892	8,364	5,389	6,187

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Four months ended 30 April	
	2021	2022	2023	2023	2024
HKD1,000,001 to HKD1,500,000	–	–	–	5	5
HKD2,000,001 to HKD2,500,000	–	–	1	–	–
HKD2,500,001 to HKD3,000,000	1	2	–	–	–
HKD3,000,001 to HKD3,500,000	2	1	1	–	–
HKD3,500,001 to HKD4,000,000	1	1	1	–	–

During the Track Record Period, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no directors waived any emoluments during the Track Record Period.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Construction in progress	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At 1 January 2021	990,153	14,313	23,280	1,487,073	27,811	374,497	2,917,127
Additions	286	1,121	27,608	163,267	4,699	18,630	215,611
Disposals	–	–	–	(75,178)	(3,118)	(16,614)	(94,910)
Transfers	681	5,189	(20,820)	5,735	–	9,215	–
Exchange difference	–	(13)	(11)	–	(4)	(3)	(31)
At 31 December 2021	991,120	20,610	30,057	1,580,897	29,388	385,725	3,037,797
Additions	600	1,659	402,885	350,665	7,259	11,926	774,994
Acquired on acquisition of a subsidiary	156,972	–	–	1,101	–	–	158,073
Disposals	(433)	(4,118)	–	(26,665)	(1,761)	(3,800)	(36,777)
Transfers	9,252	10,396	(276,596)	215,279	3,860	37,809	–
Exchange difference	–	86	–	–	27	22	135
At 31 December 2022	1,157,511	28,633	156,346	2,121,277	38,773	431,682	3,934,222
Additions	–	7,830	2,758,966	393,388	4,453	8,920	3,173,557
Acquired on acquisition of a subsidiary	–	–	90,546	–	–	–	90,546
Disposals	(1,412)	(354)	–	(126,267)	(3,117)	(8,942)	(140,092)
Transfers	468,677	8,479	(1,196,399)	682,374	5,668	31,201	–
Exchange difference	–	15	–	–	9	5	29
At 31 December 2023	1,624,776	44,603	1,809,459	3,070,772	45,786	462,866	7,058,262
Additions	753	1,085	583,486	30,131	468	2,956	618,879
Acquired on acquisition of a subsidiary	136,160	1,615	467	92,317	197	1,325	232,081
Disposals	(89)	(611)	–	(14,348)	(1,304)	(2,301)	(18,653)
Transfers	402,793	1,236	(655,754)	250,014	90	1,621	–
Exchange difference	–	2	–	–	2	1	5
At 30 April 2024	2,164,393	47,930	1,737,658	3,428,886	45,239	466,468	7,890,574

	Buildings	Leasehold improvements	Construction in progress	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
DEPRECIATION AND IMPAIRMENT							
At 1 January 2021	333,103	9,716	–	909,460	18,282	221,275	1,491,836
Provided for the year	41,839	2,741	–	170,237	4,846	28,801	248,464
Eliminated on disposals	–	–	–	(67,729)	(2,928)	(14,998)	(85,655)
Exchange difference	–	(1)	–	–	–	–	(1)
At 31 December 2021	374,942	12,456	–	1,011,968	20,200	235,078	1,654,644
Provided for the year	45,189	5,241	–	219,364	3,191	29,713	302,698
Eliminated on disposals	(161)	(3,172)	–	(22,944)	(1,583)	(3,259)	(31,119)
Exchange difference	–	14	–	–	1	6	21
At 31 December 2022	419,970	14,539	–	1,208,388	21,809	261,538	1,926,244
Provided for the year	59,450	8,742	–	332,010	5,162	34,743	440,107
Eliminated on disposals	(308)	(249)	–	(106,821)	(2,775)	(7,649)	(117,802)
Exchange difference	–	6	–	–	2	2	10
At 31 December 2023	479,112	23,038	–	1,433,577	24,198	288,634	2,248,559
Provided for the period	27,611	3,336	–	103,826	1,939	12,670	149,382
Eliminated on disposals	(38)	(606)	–	(9,960)	(930)	(2,126)	(13,660)
Exchange difference	–	1	–	–	–	–	1
At 30 April 2024	506,685	25,769	–	1,527,443	25,207	299,178	2,384,282
CARRYING VALUES							
At 31 December 2021	616,178	8,154	30,057	568,929	9,188	150,647	1,383,153
At 31 December 2022	737,541	14,094	156,346	912,889	16,964	170,144	2,007,978
At 31 December 2023	1,145,664	21,565	1,809,459	1,637,195	21,588	174,232	4,809,703
At 30 April 2024	1,657,708	22,161	1,737,658	1,901,443	20,032	167,290	5,506,292

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis over their estimated useful lives and after taking into account of their estimated residual value at the following rates per annum:

Buildings	4.50%
Leasehold improvements	Over the shorter of the lease term, or 20.00% – 66.67%
Plant and machinery	9.00% – 30.00%
Motor vehicles	18.00%
Furniture, fixtures and office equipment	18.00% – 30.00%

The Group has not obtained property certificates of certain buildings with amount of RMB124,914,000, RMB121,196,000 and RMB305,212,000 and RMB420,015,000 as at 31 December 2021, 2022 and 2023 and 30 April 2024.

The Group had pledged property, plant and equipment with carrying amount of RMB90,652,000 to secure bank borrowing of the Group as at 30 April 2024.

16. RIGHT-OF-USE ASSETS

	Leasehold land	Leased properties	Machinery and vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2021				
Carrying Amount	151,146	29,679	1,429	182,254
As at 31 December 2022				
Carrying Amount	437,459	25,263	1,077	463,799
As at 31 December 2023				
Carrying Amount	482,676	35,142	217	518,035
As at 30 April 2024				
Carrying Amount	521,628	32,478	86	554,192
For the year ended 31 December 2021				
Depreciation charge	3,464	19,118	1,108	23,690
For the year ended 31 December 2022				
Depreciation charge	5,236	16,615	1,194	23,045
For the year ended 31 December 2023				
Depreciation charge	11,001	16,166	851	28,018
For the period ended 30 April 2024				
Depreciation charge	4,058	6,161	130	10,349

	Year ended 31 December			Four months ended 30 April	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Expenses relating to short-term leases and low-value assets	2,489	859	1,338	288	373
Total cash outflow for leases	21,906	158,502	80,695	27,020	10,544
Additions to right-of-use assets	22,385	306,295	82,998	39,482	46,474

The Group leases pieces of land, properties, machinery and vehicles for its operations during the Track Record Period. Lease contracts are entered into for fixed term of 12 months to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold land. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group has obtained the land use right certificates for all leasehold lands as at 31 December 2021, 2022 and 2023 and 30 April 2024.

The Group regularly entered into short-term leases for properties and carparks. As at 31 December 2021, 2022 and 2023 and 30 April 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of RMB32,698,000, RMB27,546,000, RMB35,989,000 and RMB31,943,000 are recognised with related right-of-use assets of RMB31,108,000, RMB26,340,000, RMB35,359,000 and RMB32,564,000 as at 31 December 2021, 2022 and 2023 and 30 April 2024, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in note 27.

The Group had pledged leasehold land with carrying amount of RMB28,949,000 to secure bank borrowing of the Group as at 30 April 2024.

17. INVESTMENT IN A SUBSIDIARY

The Company

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments	685,718	685,718	685,718	685,718

18. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	256,894	310,179	243,463	205,570
Deferred tax liabilities	(188,989)	(240,998)	(310,072)	(329,157)
	67,905	69,181	(66,609)	(123,587)

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

	Impairment of trade and other receivables	Withholding tax on undistributed profit of PRC subsidiaries	Deferred income	Accrual expenses	Accelerated tax deduction for capital expenditure	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021 . . .	9,511	(143,265)	7,920	184,934	–	4,624	63,724
(Charge) credit for the year *(note 10)*	(4,227)	(45,680)	20,292	35,279	–	(1,483)	4,181
At 31 December 2021 .	5,284	(188,945)	28,212	220,213	–	3,141	67,905
Credit (charge) for the year *(note 10)*	6,483	(44,842)	3,850	39,361	(7,171)	3,595	1,276
At 31 December 2022 .	11,767	(233,787)	32,062	259,574	(7,171)	6,736	69,181
Charge for the year *(note 10)*	(2,528)	(71,451)	(4,376)	(46,259)	(7,774)	(3,402)	(135,790)
At 31 December 2023 .	9,239	(305,238)	27,686	213,315	(14,945)	3,334	(66,609)
Credit (charge) for the period *(note 10)* . . .	186	(9,522)	(1,445)	(30,400)	(5,635)	459	(46,357)
Acquisition of a subsidiary	–	–	–	–	(1,265)	(9,356)	(10,621)
At 30 April 2024. . . .	9,425	(314,760)	26,241	182,915	(21,845)	(5,563)	(123,587)

At 31 December 2021, 2022, 2023 and 30 April 2024, the Group has unused tax losses of RMB41,237,000, RMB42,297,000, RMB45,738,000 and RMB51,948,000 available for offset against future profit and no deferred tax asset has been recognised in respect of all the unused tax losses. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of each reporting period will expire in the following years and tax losses which arises in, or derived from, Hong Kong may be carried forward indefinitely:

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2023	19,013	10,541	–	–
2029	–	–	–	366
Indefinitely	22,224	31,756	45,738	51,582
	41,237	42,297	45,738	51,948

19. INVENTORIES

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw material and consumables	245,707	320,113	262,067	235,649
Finished goods	168,382	268,007	115,313	131,249
	414,089	588,120	377,380	366,898

20. TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
– Third parties	241,975	245,538	254,116	375,509
– fellow subsidiaries	35,797	25,030	13,210	23,811
	277,772	270,568	267,326	399,320
Less: Allowance for credit losses	(9,885)	(30,496)	(36,622)	(37,364)
	267,887	240,072	230,704	361,956
Other receivables	22,682	28,863	97,002	29,997
Less: Allowance for credit losses	(240)	(335)	(335)	(335)
	22,442	28,528	96,667	29,662
Note receivables	6,894	–	–	85,000
Deferred issue costs	–	–	2,270	4,002
Advances to suppliers	40,927	18,145	36,776	15,764
Value-added Tax recoverable	167,193	276,856	316,452	183,061
	505,343	563,601	682,869	679,445

The Company

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred issue costs	–	–	2,270	4,002
Others	29	102	–	–
	29	102	2,270	4,002

As at 1 January 2021, trade receivables from contracts with customers amounted to RMB209,295,000.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the dates of delivery of goods at the end of the reporting period:

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 – 90 days	223,047	194,655	202,402	337,769
91 – 180 days	34,316	30,533	26,954	21,914
181 – 365 days	6,660	13,665	798	1,667
Over 365 days	3,864	1,219	550	606
	267,887	240,072	230,704	361,956

The note receivables are all aged within 90 days at the end of each reporting period.

The Group's policy is to allow a credit period of 60 to 90 days to its trade customers. A longer credit period may be granted to large or long-established customers with good repayment history.

Before accepting any new customers with credit limit, the Group assesses their historical background and credibility which are available in the market. The credit limit will be determined with reference to the result of research and will be reviewed once a year.

As at 31 December 2021, 2022 and 2023 and 30 April 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB54,035,000, RMB52,230,000, RMB34,157,000 and RMB74,121,000 which are past due as at the reporting date. Out of the past due balances, RMB14,000,000, RMB14,936,000, RMB1,586,000 and RMB6,651,000 have been past due 90 days or more and is not considered as in default due to the good repayment history for those customers and continuous business with the Group.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach.

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
Balance as at 1 January 2021	2,950	23,570	26,520
Changes due to financial instruments recognised			
– Impairment losses recognised	7,578	–	7,578
– Impairment losses reversed	(7,459)	(10,507)	(17,966)
– Written off	–	(7,428)	(7,428)
New financial assets originated	1,181	–	1,181
Balance at 31 December 2021	4,250	5,635	9,885
Changes due to financial instruments recognised			
– Transfer to credit-impaired	(894)	894	–
– Impairment losses recognised	4,610	16,128	20,738
– Impairment losses reversed	(378)	–	(378)
– Written off	–	(791)	(791)
New financial assets originated	1,042	–	1,042
Balance at 31 December 2022	8,630	21,866	30,496
Changes due to financial instruments recognised			
– Transfer to credit-impaired	(6)	6	–
– Impairment losses recognised	2,922	13,707	16,629
– Impairment losses reversed	(8,189)	–	(8,189)
– Written off	(2,917)	(499)	(3,416)
New financial assets originated	1,102	–	1,102
Balance at 31 December 2023	1,542	35,080	36,622
Changes due to financial instruments recognised			
– Transfer to credit-impaired	(1)	1	–
– Impairment losses recognised	2	47	49
– Impairment losses reversed	(890)	–	(890)
– Written off	–	(3)	(3)
New financial assets originated	1,586	–	1,586
Balance at 30 April 2024	2,239	35,125	37,364

Details of impairment assessment of trade and other receivables are set out in note 36.

21. CASH AND CASH EQUIVALENTS AND FIXED BANK DEPOSITS

Cash and cash equivalents include demand deposits with original maturity less than three months for the purpose of meeting the Group's short-term cash commitments, which carry interest at market rates range from 0.01% to 1.90%, 0.01% to 1.90%, 0.01% to 1.80% and 0.01% to 1.80% per annum at 31 December 2021, 2022 and 2023 and 30 April 2024.

Fixed bank deposits with original maturity over 3 months carry interest rate from 0.54% to 2.10%, 1.75% to 3.15%, 2.90% to 4.15% and 1.6% to 3.35% per annum at 31 December 2021, 2022 and 2023 and 30 April 2024.

The Group's bank balances that are denominated in the following currencies other than the functional currencies of the relevant group entities are set out below:

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
United States Dollars ("USD")	529	618	720	793
RMB	17,977	4,985	85	1,474
	18,506	5,603	805	2,267

Details of impairment assessment of bank balances are set out in note 36.

22. DEFERRED INCOME

	RMB'000
Balance at 1 January 2021	31,681
Addition	101,112
Recognised in profit or loss	(19,944)
Balance at 31 December 2021	112,849
Addition	32,410
Recognised in profit or loss	(17,010)
Balance at 31 December 2022	128,249
Recognised in profit or loss	(17,508)
Balance at 31 December 2023	110,741
Recognised in profit or loss	(5,780)
Balance at 30 April 2024	104,961

Note: Government grants of RMB101,112,000, RMB32,410,000, RMB nil and RMB nil have been received during each of the years ended 31 December 2021, 2022 and 2023 and the period ended 30 April 2024 which are mainly related to investments in production facilities. The amounts have been treated as deferred income and is transferred to income over the useful lives of the relevant assets. Government grant income related to assets amounting to RMB19,944,000, RMB17,010,000, RMB17,508,000 and RMB5,780,000 was recognised in profit or loss during each of the years ended 31 December 2021, 2022 and 2023 and the period ended 30 April 2024, respectively.

23. TRADE AND OTHER PAYABLES

The Group

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables *(note)*				
– Third parties	371,648	509,446	744,350	857,119
– fellow subsidiaries	18,048	53,597	72,564	159,343
	389,696	563,043	816,914	1,016,462
Sales rebate and promotion expense payables	2,330,405	1,997,549	1,693,251	1,503,085
Payroll payables	376,307	440,492	459,233	263,451
Deposit payables	272,933	315,847	346,529	355,806
Advertising payables	224,741	128,453	154,858	177,075
Transportation payables	133,407	277,292	251,992	397,157
Accrued listing expenses	–	–	7,496	18,870
Accrued issue costs	–	–	1,221	2,647
Other payables and accruals				
– Third parties	130,596	211,662	820,063	949,710
– fellow subsidiaries	11,148	94,743	470,508	384,441
	141,744	306,405	1,290,571	1,334,151
	3,869,233	4,029,081	5,022,065	5,068,704

Note: The credit period granted by suppliers to the Group ranges from 15 days to 60 days during the Track Record Period. The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 – 90 days	385,583	559,742	815,329	1,012,657
91 – 180 days	–	59	195	556
181 – 365 days	150	53	189	3,187
Over 365 days	3,963	3,189	1,201	62
	389,696	563,043	816,914	1,016,462

The trade payables are unsecured and non-interest bearing.

The credit terms for other payables ranged from 30 days to 90 days and aged within 1 year.

24. CONTRACT LIABILITIES

The contract liabilities represented the advance payment, received from the customers while the underlying services are yet to be provided.

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers:				
Packaged drinking water and beverages	268,912	246,660	139,355	146,031

At 1 January 2021, contract liabilities amounted to RMB169,840,000.

The amount of contract liabilities includes the revenue to be recognised. The contract liabilities balance varies in accordance with the number of contracts outstanding at the end of reporting period. The following table shows how much of the revenue recognised during the Track Record Period relates to carried-forward contract liabilities.

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	169,840	268,912	246,660	139,355

The Group requires a deposit on acceptance of orders from certain customers. When the Group receives a deposit before the delivery of packaged drinking water and beverages, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

Pursuant to the sales agreements, the customers are entitled to receive sales rebates from the Group based on the actual sales volume to the customers. After the delivery of goods to the customers, the Group would determine the sales rebates payable to the customers based on the actual sales volume on a monthly basis and the payable amount is included in the other payables (note 23). Subsequently, the Group would confirm with the customers the settlement method of the sales rebates (either by cash or inventory) on a regular basis. If the customers confirm with the Group to settle the sales rebates by inventory, the payables to customers would be reclassified to contract liabilities.

The Group has no revenue contract that has an original expected duration more than one year, thus management applied practical expedient under HKFRS 15 and are not disclosing the aggregate amount of the transaction price allocated to the performance obligation that are unsatisfied or partially satisfied as of the end of the reporting period.

25. BANK BORROWING

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans, secured	–	–	–	14,573

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The carrying amounts of the above borrowings are repayable*:				
Within one year	–	–	–	6,007
Within a period of more than one year but not more than two years	–	–	–	6,000
Within a period of more than two years but not more than five years	–	–	–	2,566
	–	–	–	14,573
Less: Amount due for settlement within one year shown under current liabilities	–	–	–	6,007
Amount due for settlement after one year shown under non-current liabilities	–	–	–	8,566

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

A bank borrowing denominated in RMB is arranged at variable-rate linked to the lending rate stipulated by the People's Bank of China ("LPR") with effective interest rate of 2.71% per annum as at 30 April 2024 and exposes the Group to cash flow interest rate risk.

The borrowing as at 30 April 2024 was secured by property, plant and equipment and leasehold land as set out in note 15 and note 16, respectively.

26. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amounts due to non-controlling shareholder of a subsidiary is non-trade related and unsecured. The amount of RMB39,409,000 is interest-bearing at variable-rate linked to the LPR with effective interest rate of 3.45% per annum with no fixed repayment term and has been fully settled in May 2024 and the remaining amount of RMB6,646,000 is interest-free with no fixed repayment term as set out in note 32.

27. LEASE LIABILITIES

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	15,909	17,169	16,178	12,445
Within a period of more than one year but not more than two years	10,344	8,471	7,347	6,773
Within a period of more than two years but not more than five years	6,445	1,906	12,464	12,725
	32,698	27,546	35,989	31,943
Less: Amount due for settlement within one year shown under current liabilities	(15,909)	(17,169)	(16,178)	(12,445)
Amount due for settlement after one year shown under non-current liabilities	16,789	10,377	19,811	19,498

The incremental borrowing rates applied to lease liabilities range from 2.22% to 4.35%, 2.22% to 4.35%, 2.22% to 4.35% and 2.22% to 4.35 % at 31 December 2021, 2022 and 2023 and 30 April 2024, respectively.

28. SHARE CAPITAL

Details of movements of authorised and issued share capital of the Company are as follows:

	Number of shares	Share capital
		USD
Authorised:		
At 1 January 2021, 31 December 2021, 2022 and 2023	1,000	1,000
Increase on 21 April 2024 *(note)*	99,999,999,000	49,000
At 30 April 2024	100,000,000,000	50,000
Issued and fully paid:		
At 1 January 2021, 31 December 2021, 2022 and 2023	1,000	1,000
Share subdivision *(note)*	1,999,999,000	–
At 30 April 2024	2,000,000,000	1,000
Shown in the Historical Financial Information		
At 1 January 2021, 31 December 2021, 2022 and 2023 and 30 April 2024	RMB'000 equivalent	7

Note: On 21 April 2024, the shareholders resolved, among others, that each issued and unissued ordinary share then of US$1.00 par value be subdivided into 2,000,000 shares of US$0.0000005 par value each ("Share Subdivision"). As a result of the Share Subdivision, the authorized share capital of our Company became US$50,000 divided into 100,000,000,000 ordinary shares of par value of US$0.0000005 par value each, of which 2,000,000,000 ordinary shares are issued and fully paid-up.

All new shares issued rank pari passu with the then existing shares in all respects.

29. RESERVES OF THE COMPANY

	Share capital	Capital reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	7	500,000	205,414	705,421
Loss and total comprehensive expense	–	–	(561)	(561)
At 31 December 2021	7	500,000	204,853	704,860
Profit and total comprehensive income	–	–	1,823	1,823
At 31 December 2022	7	500,000	206,676	706,683
Loss and total comprehensive expense	–	–	(13,882)	(13,882)
At 31 December 2023	7	500,000	192,794	692,801
Loss and total comprehensive expense	–	–	(14,067)	(14,067)
At 30 April 2024	7	500,000	178,727	678,734

30. RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

The Group

		As at/For the year ended 31 December			As at/For the period ended 30 April
Relationships	**Nature of transactions/balances**	**2021**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fellow subsidiaries	Sales of goods *(note a)*	86,192	81,894	62,160	20,404
	Amounts due from fellow subsidiaries	4,267,481	3,561,621	13,210	23,811
	– trade nature (included in trade and other receivables)	35,797	25,030	13,210	23,811
	– non-trade nature *(note b)*	4,231,684	3,536,591	–	–
	Fixed bank deposits placed in a fellow subsidiary	200,000	281,582	786,329	794,352
	Cash and cash equivalents advanced to a fellow subsidiary	303,781	1,505,747	1,000,331	5,947
	Purchase of raw materials and other consumables *(note a)*	557,787	840,294	940,209	285,832

Relationships	Nature of transactions/balances	As at/For the year ended 31 December			As at/For the period ended 30 April
		2021	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Purchase of construction and other services *(note a)*	45,712	211,210	1,120,678	73,415
	Amounts due to fellow subsidiaries				
	– trade nature (included in trade and other payables) *(note a)*	29,196	148,340	543,072	543,784
	Interest income	141,090	103,481	34,187	8,348
	– cash advance to a fellow subsidiary	62,858	–	–	–
	– bank deposits and cash and cash equivalents placed in a fellow subsidiary	3,499	6,348	19,348	8,348
	– loans due from fellow subsidiaries	74,733	97,133	14,839	–
Immediate holding company	Amount due from immediate holding company *(note c)*	19,928	21,875	22,192	22,237
	Amount due to immediate holding company *(note c)*	1,742	1,903	1,931	1,935
Intermediate holding company	Amount due from intermediate holding company *(note c)*	736	741	742	–
	Amount due to intermediate holding company *(note c)*	1,075	1,259	1,158	–

Notes:

(a) The prices of these transactions were determined between the parties with reference to the agreements signed.

(b) As at 31 December 2021 and 2022, the non-trade amounts due from fellow subsidiaries mainly include certain loans receivable from fellow subsidiaries of RMB3,931,427,000, RMB3,536,591,000 which are unsecured and bearing interest at fixed interest rate of 3.50% to 3.85% and 3.10% to 3.60% per annum as at 31 December 2021 and 2022, respectively, and have fixed repayment terms of less than one year. The amounts of RMB300,257,000 included represent capital advance to a fellow subsidiary, unsecured and bearing floating interest as at 31 December 2021. The entire balance of non-trade amounts due from fellow subsidiaries have been settled as at 31 December 2023.

(c) The amounts are with non-trade nature, unsecured, interest-free and repayable on demand. The balance of amount due from and due to immediate holding company will not be settled prior to the listing.

(d) The Group itself is a part of a larger group of companies under China Resources Company Limited ("CRC") which is controlled by the Chinese State government. Apart from the transactions with CRC group, the Group also conducts businesses with other state controlled entities. The directors are of the opinion that those entities other than the CRC group do not have the power to govern or participate in the financial and operating policies of the Group. The transactions including sales and purchases of goods and services and bank deposits and corresponding interest income, with these entities are conducted in the ordinary course of the Group's business. The Group believes that it has provided, at the best of its knowledge, adequate and appropriate disclosure of related party transactions as summarised above.

The Company

Relationships	Nature of balances/transactions	As at/For the year ended 31 December 2021	2022	2023	As at/For the period ended 30 April 2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Immediate holding company	Amount due from immediate holding company *(note)*	19,892	21,825	22,142	22,186
Subsidiaries	Amounts due to subsidiaries *(note)*	7,477	8,232	25,231	33,490
Intermediate holding company	Amount due to intermediate holding company *(note)*	922	1,100	986	–

Note: The amounts are with non-trade nature, unsecured, interest-free and repayable on demand. The balance of amount due from immediate holding company will not be settled prior to the listing.

31. RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Scheme (the "MPF Scheme") for employees who are eligible to participate in the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group, in fund under the control of trustees. The Group contributes certain percent of relevant payroll costs to the MPF Scheme, which contribution is matched by employees.

The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specific contributions.

The total expense recognised in profit or loss of RMB207,604,000, RMB222,551,000 and RMB245,428,000 and RMB87,913,000 represents contributions payable to these schemes by the Group during each of the year ended 31 December 2021, 2022 and 2023 and the period ended 30 April 2024.

32. ACQUISITION OF SUBSIDIARIES

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries

For the year ended 31 December 2022

During the year ended 31 December 2022, the Group acquired 70% interest in 華潤怡寶飲料(宜興)有限公司 ("怡寶宜興") through capital injection of RMB753,900,000 to the subsidiary. The above transaction is accounted for as acquisition of assets and liabilities through acquisition of subsidiaries because 怡寶宜興 mainly holds several industrial buildings, the underlying leasehold land without significant processes applied to the properties. Upon completion of the acquisitions, 怡寶宜興 became a subsidiary of the Company. The principal activities of acquired subsidiaries will be engaged in the manufacturing and distribution of packaged drinking water in the future.

Details of the assets acquired and liabilities assumed are as below:

	2022
	RMB'000
Property, plant and equipment	158,073
Right-of-use assets	155,092
Deferred tax asset	269
Other receivables	9,762
Bank balances and cash	35
Other payables	(131)
	323,100
Capital injection by the Group	753,900
	1,077,000

	2022
	RMB'000
Consideration transferred, satisfied by:	
Capital injection by the Group to the subsidiary	753,900
Net assets attributable to non-controlling interests	323,100
	1,077,000
Net cash inflows arising on acquisition of 怡寶宜興	
Bank balances and cash acquired	35

For the year ended 31 December 2023

During the year ended 31 December 2023, the Group acquired 79% interest in 河源市碧優選飲用水有限公司 (“碧優選”) (currently known as 華潤怡寶飲料(河源)有限公司) through capital injection of RMB313,719,000 to the subsidiary. The above transaction is accounted for as acquisition of assets and liabilities through acquisition of subsidiaries because 碧優選 mainly holds several industrial buildings, the underlying leasehold land and certain equipment without significant processes applied to the properties. Upon completion of the acquisitions, 碧優選 became a subsidiary of the Company. The principal activities of acquired subsidiaries will be engaged in the manufacturing and distribution of packaged drinking water in the future.

Details of the assets acquired and liabilities assumed are as below:

	2023
	RMB'000
Property, plant and equipment	90,546
Right-of-use assets	20,101
Deposits for acquisition of property, plant and equipment	34,319
Other payables	(60,983)
	83,983
Capital injection by the Group	313,719
	397,702
Consideration transferred, satisfied by:	
Capital injection by the Group to the subsidiary	313,719
Net assets attributable to non-controlling interests	83,983
	397,702
Net cash inflows arising on acquisition of 碧優選	
Bank balances and cash acquired	–

(b) Acquisition of businesses

For the period ended 30 April 2024

On 15 January 2024, the Group acquired 70% equity interests of 武漢華新達飲品技術有限公司(“武漢華新達”) (currently known as 華潤怡寶飲料(武漢)有限公司) which is engaged in the manufacturing and distribution of packaged drinking water for business expansion. According to the acquisition agreement, the consideration includes a cash consideration of RMB151,060,000 and a contingent consideration payable to the vendor of RMB6,646,000 by reference to the profit of 武漢華新達 for the period from 1 August 2023 to date of completion of acquisition. Upon the completion of this acquisition, 武漢華新達 became a subsidiary of the Company. The acquisition has been accounted for as acquisition of business using the acquisition method.

Details of the assets acquired and liabilities assumed are as below:

	2024
	RMB'000
Property, plant and equipment	232,081
Right-of-use assets	40,575
Deposits for acquisition of property, plant and equipment	8,840
Inventories	21,394
Trade and other receivables	34,790
Bank balances and cash	137
Trade and other payables	(55,050)
Contract liabilities	(61)
Deferred tax liabilities	(10,621)
Amounts due to non-controlling shareholder	(39,017)
	233,068
Consideration transferred, satisfied by:	
Cash	151,060
Amount due to non-controlling shareholder	6,646
Net assets attributable to non-controlling interests	69,920
	227,626
Gain on bargain purchase of 武漢華新達	5,442
	233,068
Acquisition-related costs (included in administrative expenses in the Historical Financial Information for the period ended 30 April 2024)	864
Net cash inflows arising on acquisition of 武漢華新達	
Cash consideration paid	(151,060)
Bank balances and cash acquired	137
	(150,923)

Bargain purchase gain amounting to RMB5,442,000 on acquisition of 武漢華新達, after reassessment, is recognised in profit or loss within other gains and losses in the consolidated statements of profit or loss and other comprehensive income.

The directors of the Company consider that the fair value of trade and other receivables acquired approximate the carrying amounts of respective financial assets by reference to the cash flows that the Group expects to receive in the future.

The non-controlling interest arising from the acquisition of the subsidiary was measured by reference to the proportionate share of the fair value of the acquiree's net assets at the acquisition date.

Included in the profit for the period ended 30 April 2024 is RMB9,276,000 attributable to the additional business generated by 武漢華新達. Revenue for the period ended 30 April 2024 includes RMB84,053,000 generated from 武漢華新達.

Had the acquisition of 武漢華新達 been completed on 1 January 2024, revenue for the period ended 30 April 2024 of the Group would have been RMB4,152,762,000, and profit for the period ended 30 April 2024 would have been RMB461,173,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had 武漢華新達 been acquired on 1 January 2024, the directors of the Company calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flow will be, classified in the Group's consolidated financial statements of cash flows from financing activities.

	Bank borrowings	Amount due to immediate holding company	Amount due to intermediate holding company	Amount due to non-controlling shareholder of a subsidiary	Lease liabilities	Accrued issue cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021	–	1,793	1,104	–	28,923	–	31,820
Financing cash flows	–	–	(50)	–	(19,417)	–	(19,467)
New leases entered	–	–	–	–	21,410	–	21,410
Interest expenses	–	–	–	–	1,782	–	1,782
Exchange difference	–	(51)	(25)	–	–	–	(76)
Other non-cash changes	–	–	46	–	–	–	46
As at 31 December 2021	–	1,742	1,075	–	32,698	–	35,515
Financing cash flows	–	–	(16)	–	(21,185)	–	(21,201)
New leases entered	–	–	–	–	14,416	–	14,416
Interest expenses	–	–	–	–	1,617	–	1,617
Exchange difference	–	161	94	–	–	–	255
Other non-cash changes	–	–	106	–	–	–	106
As at 31 December 2022	–	1,903	1,259	–	27,546	–	30,708
Financing cash flows	(41,053)	–	(6)	–	(18,490)	(1,049)	(60,598)
New leases entered	–	–	–	–	25,470	–	25,470
Interest expenses	41,053	–	–	–	1,463	–	42,516
Exchange difference	–	28	65	–	–	–	93
Share issue costs accrued	–	–	–	–	–	2,270	2,270
Other non-cash changes	–	–	(160)	–	–	–	(160)
As at 31 December 2023	–	1,931	1,158	–	35,989	1,221	40,299
Financing cash flows	14,566	–	(416)	–	(7,902)	(232)	6,016
Acquisition of a subsidiary	–	–	–	45,663	–	–	45,663
New leases entered	–	–	–	–	3,496	–	3,496
Interest expenses	7	–	–	364	360	–	731
Exchange difference	–	4	–	–	–	–	4
Share issue costs accrued	–	–	–	–	–	1,658	1,658
Other non-cash changes	–	–	(742)	28	–	–	(714)
As at 30 April 2024	14,573	1,935	–	46,055	31,943	2,647	97,153
(Unaudited)							
As at 1 January 2023	–	1,903	1,259	–	27,546	–	30,708
Financing cash flows	5,893,047	–	(6)	–	(9,332)	–	5,883,709
New leases entered	–	–	–	–	21,412	–	21,412
Interest expenses	14,697	–	–	–	453	–	15,150
Exchange difference	–	(24)	(9)	–	–	–	(33)
As at 30 April 2023	5,907,744	1,879	1,244	–	40,079	–	5,950,946

34. MAJOR NON-CASH TRANSACTIONS

During the years ended 31 December 2021, 2022 and 2023 and the periods ended 30 April 2023 and 2024, the Group entered into certain new lease agreements for the use of office premises. On the date of commencement of leases, the Group recognised RMB21,410,000 right-of-use assets and RMB21,410,000 lease liabilities, RMB14,416,000 right-of-use assets and RMB14,416,000 lease liabilities, RMB25,470,000 right-of-use assets and RMB25,470,000 lease liabilities, RMB 21,412,000 right-of-use assets and RMB21,412,000 lease liabilities and RMB3,496,000 right-of-use assets and RMB3,496,000 lease liabilities, respectively.

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debts, which includes, where appropriate, bank borrowing, amount due to immediate holding company, intermediate holding company, non-controlling shareholder of a subsidiary, net of cash and cash equivalents and fixed bank deposits and equity attributable to owners of the Company, comprising share capital, retained profits and other reserves.

The directors of the Company review the capital structure periodically. As part of the review, the directors consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues as well as the issue of the new debt or the redemption of existing debt.

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost	6,439,938	6,627,740	6,299,449	6,589,504
Financial liabilities				
Financial liabilities at amortised cost	3,872,050	4,032,243	5,025,154	5,131,267

The Company

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost	27,541	30,297	33,300	26,506
Financial liabilities				
Financial liabilities at amortised cost	8,399	9,332	26,217	33,490

(b) Financial risk management objectives and policies

The Group's and the Company's major financial instruments include bank balances and cash, trade and other receivables, amount due from immediate holding company, amount due from intermediate holding company, amounts due from fellow subsidiaries, trade and other payables, bank borrowing, amount due to immediate holding company, amount due to intermediate holding company and amounts due to non-controlling shareholder of a subsidiary. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates and currency rates.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

(i) Currency risk

The Group collects most of its revenue and incurs most of the expenditures in RMB. The subsidiaries of the Group are operating in the Mainland China and Hong Kong, and have their local currencies as their functional currencies, RMB and HKD respectively.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposures and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets (mainly including bank balances and cash and trade receivables) and monetary liabilities (mainly including other payables) at the reporting date are as follows:

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
RMB	17,977	4,985	85	1,474
USD	529	618	720	793
Liabilities				
RMB *(note)*	49,272	49,189	65,721	86,354
USD	961	1,139	986	465

Note: Included in liabilities dominated in RMB as foreign currency, amounts payable of RMB49,272,000, RMB49,189,000, RMB65,721,000 and RMB86,354,000 as at 31 December 2021, 2022 and 2023 and 30 April 2024 is intra-group balances which group entities with functional currency as HK$ due to a subsidiary in PRC mainland which also expose the Group to foreign currency risk.

Sensitivity analysis

The following table details the Group's sensitivity to a reasonably possible change of 5% in exchange rate of the relevant foreign currencies against the functional currency of respective group entities, while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates.

	Year ended 31 December			Four months ended 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(Decrease) increase in post-tax profit for the year				
– if RMB weakens against USD	(25)	(30)	(19)	10
– if RMB strengthens against USD	25	30	19	(10)
– if RMB weakens against HKD	1,307	1,846	2,879	3,802
– if RMB strengthens against HKD	(1,307)	(1,846)	(2,879)	(3,802)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during each of the year ended 31 December 2021, 2022 and 2023 and the period ended 30 April 2024.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed bank deposits (see note 21), fixed-rate loans receivable from fellow subsidiaries (see note 30) and lease liabilities (see note 27 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 21 for details), variable-rate bank borrowing (see note 25 for details) and variable-rate loan from non-controlling shareholder of a subsidiary (see note 26 for details). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and LPR arising from the Group's RMB denominated borrowings and loan from non-controlling shareholder of a subsidiary. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

Interest rate sensitivity

The sensitivity analyses below have been prepared based on the exposure to interest rates for non-derivative instruments (bank balances, bank borrowing and loan from non-controlling shareholder of a subsidiary). The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point increase or decrease for bank borrowings and loan from non-controlling shareholder of a subsidiary and a 50 basis point increase or decrease for bank balances are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the possible change in interest rate in respect of bank borrowing and bank deposits.

At the end of the reporting period, if interest rates had been increased/decreased by 100 and 50 basis points in respect of bank borrowings and loan from non-controlling shareholder of a subsidiary and bank deposits respectively and all other variables were held constant, the Group's post-tax profit would increase/decrease by approximately RMB12,621,000, RMB18,807,000, RMB16,017,000 and RMB16,223,000 for each of the year ended 31 December 2021, 2022 and 2023 and the period ended 30 April 2024, respectively.

Credit risk and impairment assessment

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position at the end of each reporting period.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated the responsible personnel for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group may require a deposit to be received from most of the customers before acceptance of orders. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In addition, the Group performs impairment assessment under ECL model on trade receivables which are credit-impaired individually. The remaining trade receivables are grouped and assessed on collective basis based on customers' aging of outstanding balances. (Gains on reversal of impairment)/impairment losses of RMB(9,207,000), RMB21,402,000 and RMB9,542,000 and RMB745,000 are recognised in profit or loss for each of the year ended 31 December 2021, 2022 and 2023 and the period ended 30 April 2024, respectively. Details of the quantitative disclosures are set out below in this note.

Other receivables, note receivables, amount due from immediate holding company, amount due from intermediate holding company, amounts due from fellow subsidiaries and bank balances

The credit risk of other receivables, note receivables, amount due from immediate holding company, amount due from intermediate holding company and amounts due from fellow subsidiaries are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC. In the opinion of the directors of the Company, the risk of default by these counterparties is not significant and the Group assessed that the ECL on these balances are insignificant.

For other receivables, amount due from immediate holding company, amount due from intermediate holding company and amounts due from fellow subsidiaries, the directors of the Company consider the counterparties with good credit worthiness based on their past repayment history and subsequent settlement. In the opinion of the directors of the Company, the risk of default by these counterparties is not significant and the Group assessed that the ECL on these balances are insignificant.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description
Low risk	The counterparty has a low risk of default and does not have any past-due amounts.
Watch list	Debtor frequently repays after due dates but usually settle in full.
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.
Loss	There is evidence indicating the asset is credit-impaired.
Write-off	There is evidence indicating the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	External credit rating	Internal credit rating	12 m or life-time ECL	Gross carrying amount 31/12/2021	31/12/2022	31/12/2023	30/04/2024
				RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables							
Third parties	N/A	*(i)*	Life-time ECL (not credit-impaired)	236,340	212,233	219,036	340,384
		Loss	Credit-impaired	5,635	33,305	35,080	35,125
Fellow subsidiaries	N/A	Low risk	Life-time ECL (collective basis)	35,797	25,030	13,210	23,811
				277,772	270,568	267,326	399,320
Other receivables, note receivables, amounts due from immediate holding company, intermediate holding company and fellow subsidiaries	N/A	*(ii)*	12m ECL	4,281,924	3,588,070	119,936	137,234
Bank balances	AAA	Low risk	12m ECL	1,890,367	2,799,933	5,949,144	6,090,649

Notes:

(i) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors credit-impaired, the Group determines the ECL on these items on a collective basis, grouped by internal credit rating.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers. Set out below is the information about the credit risk exposure on the Group's trade receivables using a collective basis:

	Less than 1 year	1 – 2 years	2 – 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2021					
Average loss rate	0.45%	29.83%	49.38%	100.00%	1.56%
Total gross carrying amount	265,204	1,827	5,101	5	272,137
Lifetime ECL	(1,181)	(545)	(2,519)	(5)	(4,250)
	264,023	1,282	2,582	–	267,887
As at 31 December 2022					
Average loss rate	1.49%	29.60%	50.15%	92.66%	3.64%
Total gross carrying amount	230,861	963	333	5,106	237,263
Lifetime ECL	(3,447)	(285)	(167)	(4,731)	(8,630)
	227,414	678	166	375	228,633
As at 31 December 2023					
Average loss rate	0.47%	3.33%	35.96%	55.73%	0.66%
Total gross carrying amount	231,232	150	114	750	232,246
Lifetime ECL	(1,078)	(5)	(41)	(418)	(1,542)
	230,154	145	73	332	230,704
As at 30 April 2024					
Average loss rate	0.47%	29.82%	34.51%	56.03%	0.61%
Total gross carrying amount	363,042	285	113	755	364,195
Lifetime ECL	(1,692)	(85)	(39)	(423)	(2,239)
	361,350	200	74	332	361,956

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at 31 December 2021, 2022 and 2023 and 30 April 2024, the Group provided RMB4,250,000, RMB8,630,000, RMB1,542,000 and RMB2,239,000 impairment allowance for trade receivables which is not credit-impaired respectively. Impairment allowance of RMB5,635,000, RMB21,866,000, RMB35,080,000 and RMB35,125,000 were made on credit-impaired debtors respectively.

(ii) For the purposes of internal credit risk management, the Group uses debtors' aging information to assess whether credit risk has increased significantly since initial recognition. The balances of amounts due from immediate holding company, intermediate holding company and fellow subsidiaries as at 31 December 2021, 2022 and 2023 and 30 April 2024 are all with aging less than one year. In the opinion of the directors of the Company, the risk of default by these counterparties is not significant and the Group assessed that the ECL on these balances are insignificant.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

Liquidity table

	Weighted average interest rate	On demand or less than 6 months	6 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2021						
Trade payables	N/A	389,696	–	–	389,696	389,696
Other payables and accruals	N/A	3,479,537	–	–	3,479,537	3,479,537
Amount due to immediate holding company	N/A	1,742	–	–	1,742	1,742
Amount due to intermediate holding company	N/A	1,075	–	–	1,075	1,075
Lease liabilities	2.22 to 4.35	8,666	8,493	18,309	35,468	32,698
		3,880,716	8,493	18,309	3,907,518	3,904,748

	Weighted average interest rate	On demand or less than 6 months	6 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022						
Trade payables	N/A	563,043	–	–	563,043	563,043
Other payables and accruals	N/A	3,466,038	–	–	3,466,038	3,466,038
Amount due to immediate holding company	N/A	1,903	–	–	1,903	1,903
Amount due to intermediate holding company	N/A	1,259	–	–	1,259	1,259
Lease liabilities	2.22 to 4.35	9,183	8,997	11,077	29,257	27,546
		4,041,426	8,997	11,077	4,061,500	4,059,789

	Weighted average interest rate	On demand or less than 6 months	6 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023						
Trade payables	N/A	816,914	–	–	816,914	816,914
Other payables and accruals	N/A	4,205,151	–	–	4,205,151	4,205,151
Amount due to immediate holding company	N/A	1,931	–	–	1,931	1,931
Amount due to intermediate holding company	N/A	1,158	–	–	1,158	1,158
Lease liabilities	2.22 to 4.35	8,872	8,696	22,300	39,868	35,989
		5,034,026	8,696	22,300	5,065,022	5,061,143

	Weighted average interest rate	On demand or less than 6 months	6 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 30 April 2024						
Trade payables	N/A	1,016,462	–	–	1,016,462	1,016,462
Other payables and accruals	N/A	4,052,242	–	–	4,052,242	4,052,242
Bank borrowing	2.71	3,212	3,190	8,770	15,172	14,573
Amount due to immediate holding company	N/A	1,935	–	–	1,935	1,935
Amount due to non-controlling shareholder of a subsidiary	nil to 3.45	46,055	–	–	46,055	46,055
Lease liabilities	2.22 to 4.35	6,735	6,619	21,523	34,877	31,943
		5,126,641	9,809	30,293	5,166,743	5,163,210

37. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

At the date of this report, the Company has direct and indirect interest in the following subsidiaries:

Name of companies	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group: As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 30 April 2024	As at the date of this report	Legal form	Principal activities	*Notes*
Directly held:										
華潤怡寶飲料(控股)有限公司 China Resources C'estbon Beverage (Holdings) Company Limited	Hong Kong 23 November 2009	Authorised HK$771,484,000 Paid up capital HK$771,484,000	100%	100%	100%	100%	100%	Limited liability company	Investment holding	*(a)*
Interests held indirectly:										
華潤怡寶飲料(中國)投資有限公司 China Resources C'estbon Beverage (China) Investment Co., Ltd.	Mainland China 26 August 2011	Authorised US$83,290,000 Paid up capital US$83,290,000	100%	100%	100%	100%	100%	Limited liability company	Investment holding	*(b)*
華潤食品飲料(深圳)有限公司 China Resources Food & Beverage (Shenzhen) Co., Ltd.	Mainland China 8 April 1998	Authorised US$19,000,000 Paid up capital US$19,000,000	100%	100%	100%	100%	100%	Limited liability company	Manufacturing and distribution of purified water	*(b)*
華潤怡寶飲料(中國)有限公司 China Resources C'estbon Beverage (China) Co., Ltd	Mainland China 1 August 1996	Registered RMB650,000,000 Paid up capital RMB650,000,000	100%	100%	100%	100%	100%	Limited liability company	Manufacturing and distribution of purified water and beverage	*(b)*
珠海市永隆加林山礦泉水有限公司 Zhuhai City Yonglong Jialinshan Mineral Water Co., Ltd.	Mainland China 27 June 1984	Registered RMB14,000,000 Paid up capital RMB14,000,000	100%	100%	100%	100%	100%	Limited liability company	Manufacturing and distribution of purified water and mineral water	*(b)*
珠海市永隆飲品有限公司 Zhuhai Yonglong Beverage Co., Ltd.	Mainland China 21 October 1992	Registered RMB12,000,000 Paid up capital RMB12,000,000	100%	100%	100%	100%	100%	Limited liability company	Manufacturing and distribution of purified water and mineral water	*(b)*

Name of companies	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group — As at 31 December 2021	2022	2023	As at 30 April 2024	As at the date of this report	Legal form	Principal activities	*Notes*
上海怡寶食品有限公司 Shanghai C'estbon Food Co., Ltd.	Mainland China 20 September 2007	Registered US$38,045,000 Paid up capital US$38,045,000	100%	100%	100%	100%	100%	Limited liability company	Manufacturing and distribution of purified water and beverage	*(b)*
華潤怡寶飲料(長沙)有限公司 China Resources C'estbon Beverage (Changsha) Co., Ltd	Mainland China 17 October 2012	Registered US$20,000,000 Paid up capital US$20,000,000	100%	100%	100%	100%	100%	Limited liability company	Manufacturing and distribution of packaged drinking water	*(b)*
華潤怡寶飲料(六安)有限公司 China Resources C'estbon Beverage (Lu'an) Co., Ltd*	Mainland China 12 March 2013	Registered RMB161,880,000 Paid up capital RMB161,880,000	100%	100%	100%	100%	100%	Limited liability company	Manufacturing and distribution of purified water	*(b)*
華潤怡寶飲料(肇慶)有限公司 China Resources C'estbon Beverage (Zhaoqing) Co., Ltd	Mainland China 16 May 2013	Registered RMB199,190,000 Paid up capital RMB199,190,000	100%	100%	100%	100%	100%	Limited liability company	Manufacturing and distribution of purified water and beverage	*(b)*
華潤怡寶飲料(成都)有限公司 China Resources C'estbon Beverage (Chengdu) Co., Ltd.	Mainland China 1 September 2014	Registered RMB166,670,000 Paid up capital RMB166,670,000	100%	100%	100%	100%	100%	Limited liability company	Manufacturing and distribution of purified water	*(b)*
華潤怡寶飲料(南寧)有限公司 China Resources C'estbon Beverage (Nanning) Co., Ltd	Mainland China 14 August 2014	Registered RMB212,000,000 Paid up capital RMB212,000,000	100%	100%	100%	100%	100%	Limited liability company	Manufacturing and distribution of purified water	*(b)*
華潤怡寶飲料(武夷山)有限公司 China Resources C'estbon Beverage (Wuyishan) Co., Ltd	Mainland China 20 June 2022	Registered RMB124,820,000 Paid up capital RMB124,820,000	–	100%	100%	100%	100%	Limited liability company	Manufacturing and distribution of purified water	*(b)/(c)*

Name of companies	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group							
			As at 31 December			As at 30 April	As at the date of this report	Legal form	Principal activities	*Notes*
			2021	2022	2023	2024				
華潤怡寶(河源)萬綠湖飲料有限公司 China Resources C'estbon (Heyuan) Wanlvhu Beverage Co., Ltd	Mainland China 16 June 2022	Registered RMB356,670,000 Paid up capital RMB356,670,000	–	100%	100%	100%	100%	Limited liability company	Manufacturing and distribution of purified water	*(b)/(c)*
怡寶宜興 China Resources C'estbon Beverage (Yixing) Co., Ltd	Mainland China 10 February 2022	Registered RMB450,000,000 Paid up capital RMB450,000,000	–	70%	70%	70%	70%	Limited liability company	Manufacturing and distribution of purified water	*(b)/(d)*
華潤怡寶飲料(河源)有限公司 (formerly known as 碧優選) China Resources C'estbon Beverage (Heyuan) Co., Ltd. (formerly known as Heyuan Biyouxuan Drinking Water Co., Ltd.)	Mainland China 4 November 2020	Registered RMB132,363,000 Paid up capital RMB132,363,000	–	–	79%	79%	79%	Limited liability company	Manufacturing and distribution of purified water	*(b)/(d)*
華潤怡寶飲料(溫州)有限公司 China Resources C'estbon Beverage (Wenzhou) Co., Ltd.	Mainland China 16 October 2023	Registered RMB200,550,000 Paid up capital RMB200,550,000	–	–	100%	100%	100%	Limited liability company	Manufacturing and distribution of purified water	*(b)/(e)*
華潤怡寶飲料(武漢)有限公司 (formerly known as 武漢華新達) China Resources C'estbon Beverage (Wuhan) Co., Ltd. (formerly known as Wuhan Huaxinda Beverage Technology Co., Ltd.)	Mainland China 27 June 2017	Registered RMB110,000,000 Paid up capital RMB110,000,000	–	–	–	70%	70%	Limited liability company	Manufacturing and distribution of purified water	*(d)*

Notes:

(a) The statutory financial statements of these subsidiaries for the years ended 31 December 2021, 2022 and 2023 were prepared in accordance with HKFRSs and audited by Deloitte Touche Tohmatsu, Certified Public Accountants.

(b) The statutory financial statements of these subsidiaries for the years ended 31 December 2021, 2022 and 2023 or for the period ended since corporation/acquisition date were prepared in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP.

(c) The companies were established in June 2022.

(d) The companies were acquired during the Track Record Period. Details are set out in note 32.

(e) The company was established in October 2023.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Details of non-wholly owned subsidiaries that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests			(Loss) profit allocated to non-controlling interests for the			Accumulated non-controlling interests at		
					Period from the acquisition date to	Year ended	Four months ended			
		31/12/2022	31/12/2023	30/04/2024	31/12/2022	31/12/2023	30/04/2024	31/12/2022	31/12/2023	30/04/2024
		%	*%*	*%*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
怡寶宜興	Mainland China	30	30	30	(1,087)	1,845	12,186	322,013	384,843	397,029
Individually immaterial subsidiaries with non-controlling interests								–	84,872	156,593
								322,013	469,715	553,622

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intra-group eliminations.

怡寶宜興

	As at 31 December		As at 30 April
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current assets	698,720	395,203	431,195
Non-current assets	457,699	1,189,940	1,211,471
Current liabilities	(82,867)	(302,530)	(319,432)
Non-current liabilities	–	–	–
Equity attributable to owners of the Company	751,539	897,770	926,205
Non-controlling interests of 怡寶宜興	322,013	384,843	397,029

	The period from the acquisition date to 31 December 2022	Year ended 31 December 2023	Four months ended 30 April 2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue	–	138,832	210,781
(Loss) profit for the period/year	(3,623)	6,152	40,622
(Loss) profit attributable to the Group	(2,536)	4,307	28,436
(Loss) profit attributable to the non-controlling interests of 怡寶宜興	(1,087)	1,845	12,186
(Loss) profit and total comprehensive (expense) income for the period/year	(3,623)	6,152	40,622
Dividend paid to non-controlling interests of 怡寶宜興	–	–	–
Net cash (outflow) inflow from operating activities	(1,713)	39,360	57,686
Net cash outflow from investing activities	(63,883)	(659,894)	(84,661)
Net cash inflow (outflow) from financing activities	750,596	(64,466)	26,975
Net cash inflow (outflow)	685,000	(685,000)	–

39. CAPITAL AND OTHER COMMITMENTS

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	149,465	1,279,132	817,730	736,617

40. EVENTS AFTER THE REPORTING PERIOD

There have been no material events subsequent to the Track Record Period, which require adjustment or disclosure in accordance with HKFRS.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the Companies comprising the Group in respect of any period subsequent to 30 April 2024.

The following information set out in this Appendix does not form part of the accountants' report on the historical financial information of the Group for the three years ended 31 December 2023 and four months ended 30 April 2024 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I, to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report as set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared by the directors of the Company in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of Global Offering (as defined in this prospectus) on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 April 2024 as if the Global Offering had taken place on 30 April 2024.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the audited consolidated net tangible assets of the Group attributable to the owners of the Company had the Global Offering been completed as at 30 April 2024 or at any future dates.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2024 as shown in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2024	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2024**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2024 per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on Offer Price of HK$13.50 per Offer Share . .	7,349,643	4,166,135	11,515,778	4.90	5.39
Based on Offer Price of HK$14.50 per Offer Share . .	7,349,643	4,476,655	11,826,298	5.04	5.55

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2024 is based on the audited consolidated net assets of the Group attributable to owners of the Company as of 30 April 2024 of RMB7,349,643,000 as extracted from the Accountants' Report of the Group set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on 347,826,200 new shares at indicative Offer Price of HK$13.50 per Offer Share and HK$14.50 per Offer Share, respectively, being the low-end and high-end of the indicative Offer Price range, respectively, after deduction of the estimated underwriting fees and other listing related expenses to be incurred by the Group (excluding listing expenses charged to profit or loss prior to 30 April 2024). It does not take into account of any shares which may be issued pursuant to the exercise of the Over-allotment Option as described in the section headed "Share Capital" in this prospectus, or any shares which may be allotted and issued or repurchased by the Company under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company. The estimated net proceeds from the Global Offering are converted from Hong Kong Dollars to Renminbi based on the exchange rate as detailed in note 4 below.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at on the basis that a total of 2,347,826,200 shares were in issue assuming that the Global Offering had been completed on 30 April 2024. It does not take into account any shares which may be issued pursuant to the exercise of the Over-allotment Option as described in the section headed "Share Capital" in this prospectus, or any shares which may be allotted and issued or repurchased by the Company under the general mandates for the allotment and issue or repurchase of shares granted to the directors of the Company. The amounts of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share are converted from Hong Kong Dollars to Renminbi based on the exchange rate as detailed in note 4 below.

4. These amounts are converted from Renminbi to Hong Kong dollars or Hong Kong dollars to Renminbi at an exchange rate of RMB1.00 to HK$1.10100. No representation is made that Renminbi/Hong Kong dollars amount have been, could have been or may be converted to Hong Kong dollars/Renminbi at that rate or at all.

5. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company does not take into account the effect of any trading results or other transaction of the Group entered into subsequent to 30 April 2024.

6. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as shown on page II-1 have not been adjusted to illustrate the effect of the following:

   In April 2024, the Company declared a dividend of RMB2.5 billion to the existing shareholders prior to the Listing based on the consolidated retained profits as of 31 December 2023, which is conditional upon the Global Offering being completed and will become payable thereafter. Had the payment of the declared dividend been made on 30 April 2024, the unaudited pro forma adjusted consolidated net tangible assets of the Group would decrease from RMB11,515,778,000 to RMB9,015,778,000 based on Offer Price of HK$13.50 per Share, or from RMB11,826,298,000 to RMB9,326,298 ,000 based on Offer Price of HK$14.50 per Share. Had the Global Offering and the Dividend Declaration been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2024 per Share would be RMB3.84 (equivalent to HK$4.23) based on an Offer Price of HK$13.50 per Share and RMB3.97 (equivalent to HK$4.37) based on an Offer Price of HK$14.50 per Share, respectively, on the basis that a total of 2,347,826,200 shares were in issue assuming that the Global Offering had been completed on 30 April 2024. These amounts are converted from Renminbi to Hong Kong dollars or Hong Kong dollars to Renminbi at an exchange rate of RMB1.00 to HK$1.10100. No representation is made that Renminbi/Hong Kong dollars amount have been, could have been or may be converted to Hong Kong dollars/Renminbi at that rate or at all.

B. ASSURANCE REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of China Resources Beverage (Holdings) Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Resources Beverage (Holdings) Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 April 2024 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 15 October 2024 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Global Offering (as defined in the Prospectus) on the Group's financial position as at 30 April 2024 as if the proposed Global Offering had taken place at 30 April 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 31 December 2023 and four months ended 30 April 2024, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 April 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
15 October 2024

Set out below is a summary of certain provisions of the constitution of the Company and certain aspects of the company laws of the Cayman Islands.

The Company was registered by way of continuation in the Cayman Islands as an exempted company with limited liability on April 16, 2024 under the Companies Act. The Company's constitutional documents consist of the Memorandum and Articles of Association.

1. MEMORANDUM OF ASSOCIATION

The Memorandum and Articles provides, *inter alia*, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted (and therefore include acting as an investment holding company) and that the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on October 8, 2024 and will become effective on the Listing Date. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of Shares

The share capital of the Company consists of a single class of ordinary shares.

(b) Variation of Rights of Existing Shares or Classes of Shares

If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate meeting, except that the necessary quorum shall be two persons together holding (or, in the case of a member being a corporation, by its duly authorised representative), or representing by proxy, at least one-third of the issued Shares of that class. Every holder of Shares of the class shall be entitled on a poll to one vote for every such Share held by him, and any holder of Shares of the class present in person or by proxy may demand a poll.

For the purposes of a separate class meeting, the Board may treat two or more classes of Shares as forming one class of Shares if the Board considers that such classes of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

Any rights conferred upon the holders of Shares of any class shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

(c) Alteration of Capital

The Company may by ordinary resolution:

(i) increase its share capital by the creation of new Shares of such amount and with such rights, priorities and privileges attached to such Shares as it may determine;

(ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares. On any consolidation of fully paid Shares and division into Shares of a larger amount, the Board may settle any difficulty which may arise as it thinks expedient and, in particular (but without prejudice to the generality of the foregoing), may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a consolidated Share or Shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser(s) thereof and the validity of such transfer shall not be questioned, and the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated Share or Shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(iii) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum and Articles; and

(iv) cancel any Shares which, as at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

The Company may by special resolution reduce its share capital or any undistributable reserve, subject to the provisions of the Companies Act.

(d) Transfer of Shares

Subject to the terms of the Articles, any member of the Company may transfer all or any of his Shares by an instrument of transfer. If the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, the Board shall refuse to register the transfer of any such Share without evidence satisfactory to it of the like transfer of such right, option, warrant or unit.

Subject to the Articles and the requirements of the Stock Exchange, all transfers of Shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a recognised clearing house or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of members of the Company in respect of that Share.

Subject to the provisions of the Companies Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the Board thinks fit. The Board may, in its absolute discretion, at any time transfer any Share on the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.

The Board may, in its absolute discretion, decline to register a transfer of any Share (not being a fully paid Share) to a person of whom it does not approve or on which the Company has a lien, or a transfer of any Share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any Share to more than four joint holders. It may also decline to recognise any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the Listing Rules.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of Share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules and the relevant section of the Companies Ordinance, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid Shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Redemption of Shares

Subject to the provisions of the Companies Act, the Listing Rules and any rights conferred on the holders of any Shares or attaching to any class of Shares, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the members or the Company. The redemption of such Shares shall be effected in such manner and upon such other terms as the Company may by special resolution determine before the issue of such Shares.

(f) Power of the Company to Purchase its own Shares

Subject to the Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which includes redeemable Shares), provided that the manner and terms of purchase have first been authorised by ordinary resolution and that any such purchase shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force.

(g) Power of any Subsidiary of the Company to own Shares in the Company

There are no provisions in the Articles relating to the ownership of Shares in the Company by a subsidiary.

(h) Calls on Shares and Forfeiture of Shares

Subject to the terms of allotment and issue of any Shares (if any), the Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the Shares held by them (whether in respect of par value or share premium). A member who is the subject of the call shall (subject to receiving at least 14 clear days' notice specifying the time or times for payment) pay to the Company at the time or times so specified the amount called on his Shares. A call may be made payable either in one sum or by instalments, and shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed. The joint holders of a Share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such Share.

If a call remains unpaid after it has become due and payable, the member from whom the sum is due shall pay interest on the unpaid amount at such rate as the Board shall determine (together with any expenses incurred by the Company as a result of such non-payment) from the day it became due and payable until it is paid, but the Board may waive payment of such interest or expenses in whole or in part.

If a member fails to pay any call or instalment of a call after it has become due and payable, the Board may, for so long as any part of the call or instalment remains unpaid, give to such member not less than 14 clear days' notice requiring payment of the unpaid amount together with any interest which may have accrued and which may still accrue up to the date of payment (together with any expenses incurred by the Company as a result of such non-payment). The notice shall specify a further day on or before which the payment required by the notice is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the Shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any Share in respect of which the notice was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Board. Such forfeiture shall include all dividends, other distributions and other monies payable in respect of the forfeited Share and not paid before the forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, shall surrender to the Company for cancellation the certificate(s) for the Shares forfeited and shall remain liable to pay to the Company all monies which, as at the date of forfeiture, were payable by him to the Company in respect of the Shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of payment as the Board may determine and any expenses incurred by the Company as a result of such non-payment.

2.2 Directors

(a) Appointment, Retirement and Removal

The Company may by ordinary resolution of the members elect any person to be a Director. The Board may also appoint any person to be a Director at any time, either to fill a casual vacancy or as an additional Director subject to any maximum number fixed by the members in general meeting or the Articles. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The members may by ordinary resolution remove any Director (including a president or executive Director) before the expiration of his term of office, notwithstanding anything in the Articles or any agreement between the Company and such Director, and may by ordinary resolution elect another person in his stead. Nothing shall be taken as depriving a Director so removed of any compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to the Company that he resigns from his office as Director;

(ii) the Director is absent, without being represented by proxy or an alternate Director appointed by him, for a continuous period of 12 months without special leave of absence from the Board, and the Board passes a resolution that he has by reason of such absence vacated his office;

(iii) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(iv) the Director dies or an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(v) the Director is prohibited from being or ceases to be a Director by operation of law;

(vi) the Director has been required by the Stock Exchange to cease to be a Director or no longer qualifies to be a Director pursuant to the Listing Rules; or

(vii) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors, provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire at each annual general meeting shall be those who have been in office longest since their last re-election or appointment and, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(b) Power to Allot and Issue Shares and other Securities

Subject to the provisions of the Companies Act, the Memorandum and Articles and, where applicable, the Listing Rules, and without prejudice to any rights or restrictions for the time being attached to any Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no Shares shall be issued at a discount to their par value.

The Company may issue rights, options, warrants or convertible securities or securities of a similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company on such terms as the Board may from time to time determine.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer, option or Shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to Dispose of the Assets of the Company or any of its Subsidiaries

Subject to the provisions of the Companies Act, the Memorandum and Articles and any directions given by special resolution of the Company, the Board may exercise all powers and do all acts and things which may be exercised or done by the Company to dispose of the assets of the Company or any of its subsidiaries. No alteration to the Articles and no direction given by special resolution of the Company shall invalidate any prior act of the Board which would have been valid if such alteration or direction had not been made or given.

(d) Borrowing Powers

The Board may exercise all the powers of the Company to raise or borrow money, secure the payment of any sum or sums of money for the purposes of the Company, mortgage or charge all or any part of its undertaking, property and uncalled capital of the Company, and, subject to the Companies Act, issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) Remuneration

A Director shall be entitled to receive such sums as shall from time to time be determined by the Board or the Company in general meetings. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in connection with attendance at meetings of the Board or committees of the Board, or general meetings of the Company or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company and the discharge of their duties as Directors, and/or to receive fixed allowances in respect thereof as may be determined by the Board.

The Board or the Company in general meetings may also approve additional remuneration to any Director for any services which in the opinion of the Board or the Company in general meetings go beyond such Director's ordinary routine work as a Director.

(f) Compensation or Payments for Loss of Office

There are no provisions in the Articles relating to compensation or payment for loss of office.

(g) Loans to Directors

There are no provisions in the Articles relating to making of loans to Directors.

(h) Disclosure of Interest in Contracts with the Company or any of its Subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company.

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, nor shall any such contract or any other contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director is in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding such office or of the fiduciary relationship established by it, provided that the nature of interest of any Director or alternate Director in any such contract or transaction shall be disclosed by such Director or alternate Director at or prior to the consideration and vote thereon.

A Director shall not vote on (or be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or other proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum for such resolution. This prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of Shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub- underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of (A) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit or (B) any pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares, debentures or other securities of the Company by virtue only of his/their interest in those Shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise determined, two Directors shall be a quorum. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the Constitutional Documents and the Company's Name

The Memorandum and Articles may only be altered or amended, and the name of the Company may only be changed, by special resolution of the Company.

2.5 Meetings of Members

(a) Special and Ordinary resolutions

A special resolution must be passed by a majority of not less than two-thirds (other than in relation to any resolution approving changes to the Company's constitutional documents or a voluntary winding up of the Company, in which case a special resolution must be passed by a majority of not less than three-fourths) of the voting rights held by such members as, being entitled so to do, vote in person or by proxy or, in the case of any members which is a corporation, by its duly authorised representative(s) or by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. A special resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

An ordinary resolution, in contrast, is a resolution passed by a simple majority of the voting rights held by such members as, being entitled to do so, vote in person or by proxy or, in the case of any member which is a corporation, by its duly authorised representative(s) or by proxy, at a general meeting. An ordinary resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

The provisions of special resolutions and ordinary resolutions shall apply *mutatis mutandis* to any resolutions passed by the holders of any class of shares.

(b) Voting Rights and Right to Demand a Poll

Subject to any rights, restrictions or privileges as to voting for the time being attached to any class or classes of Shares, at any general meeting: (a) on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for every Share and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote.

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other join holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of the relevant Shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation or other non-natural person could exercise as if it were a natural person member of the Company.

If a recognised clearing house or its nominee(s) is a member of the Company, it may appoint proxies or authorise such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of the Company, provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such person is so authorised. A person so authorised shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house or its nominee(s) as if such person were a natural person member of the Company, including the right to speak and vote individually on a show of hands or on a poll.

All members of the Company (including a member which is a recognised clearing house (or its nominee(s))) shall have the right to (i) speak at a general meeting and (ii) and vote at a general meeting except where a member is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual General Meetings and Extraordinary General Meetings

The Company must hold a general meeting as its annual general meeting in each financial year. Such meeting shall be specified as such in the notices calling it, and must be held within six months after the end of the Company's financial year. A meeting of the members or any class thereof may be held by telephone, tele-conferencing or other electronic means, provided that all participants are able to communicate contemporaneously with one another, and participation in a meeting in such manner shall constitute presence at such meetings.

The Board may convene an extraordinary general meeting whenever it thinks fit. In addition, one or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per Share basis) in the share capital of the Company may make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition, which must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists, shall be deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office of the Company. If the Board does not within 21 days from the date of deposit of such requisition duly proceed to convene a general meeting to be held within the following 21 days, the requisitionists or any of them representing more than one-half of the total voting rights of all the requisitionists may themselves convene a general meeting, but any such meeting so convened shall be held no later than the day falling three months after the expiration of the said 21-day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board, and all reasonable expenses incurred by the requisitionists shall be reimbursed to the requisitionists by the Company.

(d) Notices of Meetings and Business to be Conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the date, time, place and agenda of the meeting, the particulars of the resolution(s) to be considered at the meeting and the general nature of the business to be considered at the meeting.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address, (to the extent permitted by the Listing Rules and all applicable laws and regulations) by electronic means or (in the case of a notice) by advertisement published in the manner prescribed under the Listing Rules and all applicable laws, rules and regulations, or by sending or otherwise making it available to the relevant person through such other means, whether electronically or otherwise, to the extent permitted by and in accordance with the Listing Rules and all applicable laws, rules and regulations.

Notwithstanding that a meeting of the Company is called by shorter notice than as specified above, if permitted by the Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights held by such members.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board in its absolute discretion consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Board also has the power to provide in every notice calling a general meeting that in the event of a gale warning, a black rainstorm warning or extreme conditions is/are in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(A) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning, a black rainstorm warning or extreme conditions being in force on the day of the general meeting;

(B) the Board shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting. Such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(C) only the business set out in the notice of the original meeting shall be considered at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be considered at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be considered at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles.

(e) Quorum for Meetings and Separate Class Meetings

No business shall be considered at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to approve the variation of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third of the issued Shares of that class.

(f) Proxies

Any member of the Company (including a member which is a recognised clearing house (or its nominee(s))) entitled to attend and vote at a meeting of the Company is entitled to appoint another person (being a natural person) as his proxy to attend and vote in his place. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is a natural person and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were a natural person member present in person at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation or other non-natural person, either under its seal or under the hand of a duly authorised representative.

The Board shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and time (being no later than the time appointed for the commencement of the meeting or adjourned meeting to which the instrument of proxy relates) at which such instrument shall be deposited.

Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the Listing Rules as the Board may from time to time approve. Any form issued to a member for appointing a proxy to attend and vote at a general meeting at which any business is to be considered shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise the discretion of the proxy in respect of) each resolution dealing with any such business.

2.6 Accounts and Audit

The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions in accordance with the Companies Act.

The books of accounts of the Company shall be kept at the principal place of business of the Company in Hong Kong or, subject to the provisions of the Companies Act, at such other place or places as the Board thinks fit and shall always be open to inspection by any Director. No member (not being a Director) or other person shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or as authorised by the Board or the Company in general meeting.

The Board shall cause to be prepared and laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law and the Listing Rules.

The members shall at each annual general meeting appoint auditor(s) to hold office by ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members at the annual general meeting at which they are appointed by ordinary resolution of the members or in any other manner as specified in such ordinary resolution. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in their place for the remainder of the term.

The accounts of the Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other Methods of Distribution

Subject to the Companies Act and the Articles, the Company may by ordinary resolution resolve to declare dividends and other distributions on Shares in issue in any currency and authorise payment of the dividends or distributions out of the funds of the Company lawfully available therefor, provided that (i) no dividends shall exceed the amount recommended by the Board, and (ii) no dividends or distributions shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or as otherwise permitted by law.

The Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the financial conditions and the profits of the Company. In addition, the Board may from time to time declare and pay special dividends on Shares of such amounts and on such dates as it thinks fit.

Except as otherwise provided by the rights attached to any Shares, all dividends and other distributions shall be paid according to the amounts paid up on the Shares that a member holds during the period in respect of which the dividends and distributions are paid. No amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share.

The Board may deduct from any dividends or other distributions payable to any member of the Company all sums of money (if any) then payable by him to the Company on account of calls or otherwise. The Board may retain any dividends or distributions payable on or in respect of a Share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividends or other distributions payable by the Company on or in respect of any Share shall carry interest against the Company.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may further resolve:

(a) that such dividend be satisfied in whole or in part in the form of an allotment of Shares credited as fully paid on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(b) that the members entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the dividend as the Board may think fit on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee.

Upon the recommendation of the Board, the Company may by ordinary resolution resolve in respect of any one particular dividend of the Company determine that notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividends, distributions or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder of such Shares or by cheque or warrant sent by post to the registered address of such holder, or in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company, or to such person and to such address as the holder or joint holders may in writing direct. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other monies payable in respect of the Shares held by them as joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied in whole or in part by the distribution of specific assets of any kind.

Any dividends or other distributions which remain unclaimed for six years from the date on which such dividends or distributions become payable shall be forfeited and shall revert to the Company.

2.8 Inspection of Corporate Records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed in accordance with the Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

2.9 Rights of Minorities in relation to Fraud or Oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Islands laws, as summarised in paragraph 3.6 below.

2.10 Procedures on Liquidation

Subject to the Companies Act, the members of the Company may by special resolution resolve to wind up the Company voluntarily or by the court.

Subject to any rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares:

(a) if the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed *pari passu* among such members in proportion to the amount paid up on the Shares held by them at the commencement of the winding up; and

(b) if the assets available for distribution among the members of the Company are insufficient to repay the whole of the Company's paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or ought to be paid up, on the Shares held by them at the commencement of the winding up.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the approval of a special resolution and any other approval required by the Companies Act, divide among the members in kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like approval, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

3. COMPANY LAWS OF THE CAYMAN ISLANDS

The Company was registered by way of continuation in the Cayman Islands as an exempted company on April 16, 2024 subject to the Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company Operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share Capital

Under the Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premium on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) any manner provided in section 37 of the Companies Act;

(d) writing-off the preliminary expenses of the company; and

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial Assistance to Purchase Shares of a Company or its Holding Company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of Shares and Warrants by a Company and its Subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of section 37A(1) of the Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and Distributions

Subject to a solvency test, as prescribed in the Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of Minorities and Shareholders' Suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of Assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and Auditing Requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange Control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to Directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of Corporate Records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of Members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

3.15 Register of Directors and Officers

Pursuant to the Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of the Company (and, where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Mergers and consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting members have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

3.18 Mergers and Consolidations involving a Foreign Company

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the directors of the Cayman Islands exempted company are required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; and (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the directors of the Cayman Islands exempted company are further required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

3.19 Reconstructions and Amalgamations

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, it can be expected that the court would approve the transaction if it is satisfied that (i) the company is not proposing to act illegally or beyond the scope of our corporate authority and the statutory provisions as to majority vote have been complied with, (ii) the members have been fairly represented at the meeting in question, (iii) the transaction is such as a businessman would reasonable approve and (iv) the transaction is not one that would more properly be sanctioned under some other provisions of the Companies Act or that would amount to a "fraud on the minority".

If the transaction is approved, no dissenting member would have any rights comparable to the appraisal rights (namely the right to receive payment in cash for the judicially determined value of his shares), which may be available to dissenting members of corporations in other jurisdictions.

3.20 Takeovers

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.21 Indemnification

The Cayman Islands laws do not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.22 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2021 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. The Company is required to comply with the economic substance requirements from 1 July 2019 and make an annual report in the Cayman Islands as to whether or not it is carrying on any relevant activities and if it is, it must satisfy an economic substance test.

4. GENERAL

Harney Westwood & Riegels, the Company's legal advisor on Cayman Islands laws, has sent to the Company a letter of advice summarising the aspects of the Companies Act set out in section 3 above. This letter, together with copies of the Companies Act, the Memorandum and Articles, is on display on the websites of the Stock Exchange and the Company as referred to in the subsection headed "Documents available on display" in Appendix V. Any person wishing to have a detailed summary of the Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in the BVI on July 4, 1995 a BVI business company with limited liability. On April 16, 2024, our Company was redomiciled to the Cayman Islands and discontinued as a company incorporated under BVI Business Companies Act 2004 (as amended). Accordingly, our Company's corporate structure and Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of certain provisions of our Memorandum and Articles of Association and relevant aspects of the Cayman Companies Act is set out in Appendix III to this prospectus.

Our registered office address is at 4th Floor, Harbour Place, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. We have been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance with the Registrar of Companies in Hong Kong and our Company's principal place of business in Hong Kong is at 37/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. Mr. CHUNG Ming Fai has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 37/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

As at the date of this prospectus, our Company's head office was located at Shenzhen High-tech Industrial Park (North District), 22 Langshan Road, Shenzhen, Guangdong Province, PRC.

2. Changes in Share Capital

On July 4, 1995, our Company was incorporated with an authorized share capital of US$50,000 divided into 50,000 shares of a par value of US$1.00 each.

The following changes in the share capital of our Company took place during the two years immediately preceding the date of this prospectus:

On April 21, 2024, our Shareholders resolved, among other things, that each issued and unissued ordinary share of US$1.00 par value be subdivided into 2,000,000 Shares of US$0.0000005 par value each ("**Share Subdivision**"), so that CRH Beverage holds 1,200,000,000 Shares of US$0.0000005 par value each, and Plateau holds 800,000,000 Shares of US$0.0000005 par value each.

Save as disclosed above, there has been no change in our share capital within two years immediately preceding the date of this prospectus.

3. Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants' Report as set out in Appendix I to this prospectus.

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this prospectus:

China Resources C'estbon Beverage (Heyuan) Co., Ltd.	On April 23, 2023, the registered capital of China Resources C'estbon Beverage (Heyuan) Co., Ltd. was increased from RMB10,000,000 to RMB132,363,067
China Resources C'estbon Beverage (Wuhan) Co., Ltd.	On July 28, 2023, the registered capital of China Resources C'estbon Beverage (Wuhan) Co., Ltd. was increased from RMB30,000,000 to RMB110,000,000
China Resources C'estbon Beverage (Wenzhou) Co., Ltd.	China Resources C'estbon Beverage (Wenzhou) Co., Ltd. was registered on October 16, 2023 with a registered capital of RMB200,550,000

Save as set out above, there has been no alteration in the registered capital of our subsidiaries which took place within two years immediately preceding the date of this prospectus.

4. Resolutions of the Shareholders of Our Company dated April 21, 2024 and October 8, 2024

On April 21, 2024, our Shareholders resolved, among other things, that the authorized share capital of our Company be changed from US$50,000 divided into 50,000 shares of a par value of US$1.00 each to US$50,000 divided into 100,000,000,000 Shares of a par value of US$0.0000005 each.

On October 8, 2024, the following resolutions of the Company were passed by the Shareholders that, among other things, conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "Structure of the Global Offering — Conditions of the Global Offering" and pursuant to the terms set out therein:

(i) the Company approved and adopted the amended and restated Memorandum and Articles of Association with effect from the Listing Date;

(ii) the Global Offering and the grant of the Over-allotment Option were approved and the Directors, were authorized to allot and issue new Shares pursuant to the Global Offering;

(iii) the Listing was approved and the Directors, or a committee of Directors duly authorized by the Directors or the Authorized Signatory, were authorized to implement the Listing;

(iv) subject to the "lock-up" provisions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to the Board of Directors pursuant to the Articles of Association to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers whether during or after the end of the Relevant Period (as defined below), provided that the aggregate number of Shares allotted or agreed to be allotted by the Board of Directors other than pursuant to a (i) rights issue, (ii) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares or (iii) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(A) 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering; and

(B) the aggregate number of Shares repurchased by the Company (if any) under the general mandate to repurchase Shares referred to in paragraph below, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of the Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, or (II) the expiration of the period within which the Company's next annual general meeting is required by the Memorandum and Articles of Association or any applicable laws to be held or (III) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**"), and the Board of Directors were authorized to exercise the powers of the Company referred to above in respect of the share capital of the Company referred to in paragraph (B) above; and

(v) a general unconditional mandate was granted to the Board of Directors to exercise all the powers of the Company to repurchase the Shares on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose) not exceeding in aggregate 10% of the total number of Shares in issue immediately following the completion of the Global Offering in accordance with all applicable laws and the requirements of the Listing Rules, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of the Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, (II) the expiration of the period within which our Company's next annual general meeting is required by the Memorandum and Articles of Association or any other applicable laws to be held and (III) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

5. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Hong Kong Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(a) Provision of the Listing Rules

The Listing Rules permit companies with a primary listing on the Hong Kong Stock Exchange to repurchase their own securities on the Hong Kong Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Hong Kong Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on October 8, 2024, the Repurchase Mandate was granted to the Board of Directors authorizing them to exercise all powers of our Company to repurchase Shares on the Hong Kong Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of Funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange as amended from time to time. As a matter of Cayman law, any purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles and subject to the Cayman Companies Act.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Hong Kong Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Hong Kong Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Hong Kong Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Hong Kong Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Hong Kong Stock Exchange such information with respect to the repurchase as the Hong Kong Stock Exchange may require.

(iv) Status of Repurchased Shares

The listing of all purchased securities (whether on the Hong Kong Stock Exchange or, otherwise) is automatically canceled and the relative certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as canceled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Companies Act.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Hong Kong Stock Exchange other than in exceptional circumstances. In addition, the Hong Kong Stock Exchange may prohibit a repurchase of securities on the Hong Kong Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Hong Kong Stock Exchange from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for the Board of Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will be in the interest of our Company and Shareholders.

(c) Funding of Repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands. The Board of Directors may not repurchase the Shares on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange. Subject to the foregoing, the Board of Directors may make repurchases with profits of the Company or out of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Articles and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of the Company or from sums standing to the credit of the share premium account of the Company.

However, the Board of Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of the Board of Directors, are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 2,347,826,200 Shares in issue immediately following the completion of the Global Offering, but assuming the Over-allotment Option is not exercised, could accordingly result in up to approximately 234,782,620 Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

- the expiration of the period within which our Company's next annual general meeting is required by the Articles or any other applicable laws to be held; or

- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

The Board of Directors will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to our Company.

No core connected person (as defined in the Listing Rules) has notified us that he/she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Hong Kong Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

(a) A cornerstone investment agreement dated October 9, 2024 entered into among our Company, UBS Asset Management (Singapore) Ltd., BOCI Asia Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited, Merrill Lynch (Asia Pacific) Limited, UBS Securities Hong Kong Limited, and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

(b) A cornerstone investment agreement dated October 9, 2024 entered into among our Company, China Travel Service (Holdings) Hong Kong Limited, BOCI Asia Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited, Merrill Lynch (Asia Pacific) Limited, UBS Securities Hong Kong Limited, and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

(c) A cornerstone investment agreement dated October 9, 2024 entered into among our Company, Wildlife Willow Limited, BOCI Asia Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited, Merrill Lynch (Asia Pacific) Limited, UBS Securities Hong Kong Limited, and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

(d) A cornerstone investment agreement dated October 10, 2024 entered into among our Company, China Post Life Insurance Company Limited, BOCI Asia Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited, Merrill Lynch (Asia Pacific) Limited, UBS Securities Hong Kong Limited, and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

(e) A cornerstone investment agreement dated October 10, 2024 entered into among our Company, Oaktree Capital Management, L.P., BOCI Asia Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited, Merrill Lynch (Asia Pacific) Limited, UBS Securities Hong Kong Limited, and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

(f) A cornerstone investment agreement dated October 9, 2024 entered into among our Company, PT Indadi Juver, BOCI Asia Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited, Merrill Lynch (Asia Pacific) Limited, UBS Securities Hong Kong Limited, and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

(g) A cornerstone investment agreement dated October 9, 2024 entered into among our Company, Athos Capital Limited, BOCI Asia Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited, Merrill Lynch (Asia Pacific) Limited, UBS Securities Hong Kong Limited, and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

(h) A cornerstone investment agreement dated October 9, 2024 entered into among our Company, Ghisallo Master Fund LP, BOCI Asia Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited, Merrill Lynch (Asia Pacific) Limited, UBS Securities Hong Kong Limited, and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this prospectus;

(i) A cornerstone investment agreement dated October 9, 2024 entered into among our Company, Pamalican Fund Ltd., BOCI Asia Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited, Merrill Lynch (Asia Pacific) Limited, UBS Securities Hong Kong Limited, and UBS AG Hong Kong Branch, details of which are included in the section headed "Cornerstone Investors" in this prospectus; and

(j) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Trademarks

(i) Trademarks registered in the PRC

As of the Latest Practicable Date, we had registered the following trademarks in the PRC which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date
1.	C'estbon	C'estbon China	30	34438947	March 6, 2030
2.	怡寶	C'estbon China	30	34449981	October 6, 2029
3.	怡寶	C'estbon China	32	1789131	June 13, 2032
4.	C'estbon	C'estbon China	32	1794139	June 20, 2032
5.	C'estbon	C'estbon China	32	6710077	April 6, 2030
6.	怡宝	C'estbon China	32	6616962	March 27, 2030
7.	怡寶	C'estbon China	32	6766352	April 13, 2030
8.	C'estbon	C'estbon China	32	6766353	April 13, 2030
9.	L'eau	C'estbon China	32	7527587	September 13, 2030
10.	C'estbon怡寶	C'estbon China	32	7584594	September 20, 2030
11.	你我的怡寶	C'estbon China	32	7584339	November 6, 2030
12.	怡寶	C'estbon China	32	8947843	December 20, 2031
13.		C'estbon China	32	13052155	December 27, 2034

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date
14.		C'estbon China	32	14635376	August 27, 2025
15.	心纯净 行至美	C'estbon China	32	17788812	October 13, 2026
16.	佐味茶事	C'estbon China	30	33310720	June 20, 2029
17.	愿事之茗	C'estbon China	30	33508030	May 13, 2029
18.	膳间の茶	C'estbon China	30	35652089	September 20, 2029
19.	至本清润	C'estbon China	30	68762195	June 20, 2033
20.	FeeL	C'estbon China	32	3144780	October 27, 2033
21.	魔力	C'estbon China	32	42742425	April 6, 2034
22.	加林山	C'estbon China	32	9624844	July 27, 2032
23.	Mulene	C'estbon China	32	44970425	November 20, 2030
24.	GRAPE Holiday 葡萄假日	C'estbon China	32	52373986	September 6, 2031
25.	PEACH Holiday 桃桃假日	C'estbon China	32	52978143	August 27, 2031
26.	蜜の水橙	C'estbon China	32	53676886	September 6, 2031
27.	蜜柠水檬	C'estbon China	32	32436901	February 6, 2030
28.	蜜白水柚	C'estbon China	32	46424885	June 6, 2031
29.	永隆	C'estbon China	32	56429323	January 20, 2033
30.	怡宝蜜百水香	C'estbon China	32	56965114	January 20, 2032

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date
31.	至本清润	C'estbon China	32	63506894	October 6, 2032
32.	怡宝橙橙假日	C'estbon China	32	65051629	November 27, 2032
33.	BON JOUR FORÊT	C'estbon China	32	66999870	March 13, 2033
34.	本优	C'estbon China	32	67004776	March 13, 2033
35.	FEEL	C'estbon China	32	63233196	September 6, 2034

(ii) Trademarks registered in Hong Kong

As of the Latest Practicable Date, we had registered the following trademarks in Hong Kong which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date
1.	怡寶	C'estbon China	32	300118377	November 26, 2033
2.	Cestbon	C'estbon China	11, 16, 20, 29, 30, 32, 33	301395216	July 29, 2029

(iii) Trademarks registered in Macau

As of the Latest Practicable Date, we had registered the following trademark in Macau which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Class	Registered Number	Expiry Date
1.	怡寶 Cestbon	C'estbon China	32	N/031005	February 25, 2029

(iv) Trademarks applications pending in the PRC

As of the Latest Practicable Date, we had not applied for the registration of any trademarks in the PRC which we consider to be or may be material to our business.

(v) Trademarks applications pending in Hong Kong

As of the Latest Practicable Date, we had not applied for the registration of any trademarks in Hong Kong which we consider to be or may be material to our business.

(vi) Trademarks licensed

As of the Latest Practicable Date, we were licensed to use the following registered trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Place of registration
1.	KIRIN	KIRIN	PRC
2.	麒麟	KIRIN	PRC
3.	FIRE	KIRIN	PRC
4.	火咖	KIRIN	PRC
5.	午后奶茶	KIRIN	PRC
6.		China Resources Intellectual Property Limited	Hong Kong
7.	華潤	China Resources Intellectual Property Management Co., Ltd.	PRC
8.		China Resources Intellectual Property Management Co., Ltd.	PRC

(b) Copyrights

(i) Copyrights registered

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Registered Owner	Registration Number
1.	Green Ribbon (怡寶C'ESTBON.綠色飄帶)	C'estbon China	Guozuodengzi (國作登字)-2014-F-00134960
2.	C'estbon purified water bottle label (怡寶純淨水瓶標)	C'estbon China	Guozuodengzi (國作登字)-2015-F-00174270
3.	Grape Holiday logo (葡萄假日logo)	C'estbon China	Guozuodengzi (國作登字)-2021-F-00041295
4.	C'estbon FEEL bubble water bottle label (華潤怡寶FEEL氣泡水瓶標)	C'estbon China	Guozuodengzi (國作登字)-2021-F-00041297
5.	Peach Holiday fruit juice beverage label design (桃桃假日果汁飲料標籤設計)	C'estbon China	Guozuodengzi (國作登字)-2021-F-00111845
6.	C'estbon Mi Shui orange logo (怡寶蜜水橙logo)	C'estbon China	Guozuodengzi (國作登字)-2021-F-00111847
7.	C'estbon Zhi Ben Qing Run chrysanthemum tea label design (怡寶至本清潤菊花茶標籤設計)	C'estbon China	Guozuodengzi (國作登字)-2021-F-00217969
8.	Mi Shui lemonade bottle design (350ML) (蜜水檸檬水瓶設計(350ML))	C'estbon China	Guozuodengzi (國作登字)-2021-F-00285641
9.	Mi Shui lemonade bottle design (480ML) (蜜水檸檬水瓶設計(480ML))	C'estbon China	Guozuodengzi (國作登字)-2021-F-00285640
10.	C'estbon Pineapple Holiday fruit juice beverage label design (怡寶菠蘿假日果汁飲料標籤設計)	C'estbon China	Guozuodengzi (國作登字)-2022-F-10080986
11.	C'estbon Honeydew Melon Holiday fruit juice beverage label design (怡寶蜜瓜假日果汁飲料標籤設計)	C'estbon China	Guozuodengzi (國作登字)-2022-F-10080985
12.	C'estbon FEEL bubble soda water lime odor label (怡寶FEEL氣泡蘇打水青檸味標籤)	C'estbon China	Guozuodengzi (國作登字)-2022-F-10229721
13.	C'estbon FEEL bubble soda water original taste label (怡寶FEEL氣泡蘇打水原味標籤)	C'estbon China	Guozuodengzi (國作登字)-2022-F-10229722

No.	Copyright	Registered Owner	Registration Number
14.	C'estbon FEEL bubble soda water can bottling label series works (怡寶FEEL氣泡蘇打水CAN裝瓶標系列作品)	C'estbon China	Guozuodengzi (國作登字)-2022-F-10256101
15.	C'estbon Zhi Ben Qing Run chrysanthemum tea, lemonade label design (series of works) (怡寶至本清潤菊花茶、檸檬茶標籤設計(系列作品))	C'estbon China	Guozuodengzi (國作登字)-2023-F-00019058
16.	Series of works of Ben You (本優系列作品)	C'estbon China	Guozuodengzi (國作登字)-2023-F-00038534

(ii) Software Copyrights registered

As of the Latest Practicable Date, we had registered the following software copyrights which we consider to be or may be material to our business:

No.	Copyright	Registered Owner	Registration Number
1.	China Resources C'estbon Customer Management Delivery Management System Software [Delivery Management System] V 1.0 (華潤怡寶客戶管理收發貨管理系統軟件[簡稱:收發貨管理系統]V1.0)	C'estbon China	2017SR445025
2.	China Resources C'estbon Customer Management Scheduling System Software [Scheduling System] V 1.0 (華潤怡寶客戶管理排單調度系統軟件[簡稱:排單調度系統]V1.0)	C'estbon China	2017SR445047
3.	China Resources C'estbon Customer Management Plan Management System Software [Plan Management System] V 1.0 (華潤怡寶客戶管理計劃管理系統軟件[簡稱:計劃管理系統]V1.0)	C'estbon China	2017SR445058

No.	Copyright	Registered Owner	Registration Number
4.	China Resources C'estbon Customer Management and Purchase-Sale-Storage Reporting System Software [the purchase-sale-storage-extraction system] V 1.0 (華潤怡寶客戶管理進銷存提報系統軟件[簡稱:進銷存提報系統]V1.0)	C'estbon China	2017SR445156
5.	China Resources C'estbon Customer Management Order Management System Software [Order Management System] V 1.0 (華潤怡寶客戶管理訂單管理系統軟件[簡稱:訂單管理系統]V1.0)	C'estbon China	2017SR445157
6.	China Resources C'estbon Customer Management Contract Management System Software [Contract Management System] V 1.0 (華潤怡寶客戶管理合同管理系統軟件[簡稱:合同管理系統]V1.0)	C'estbon China	2017SR445170
7.	China Resources C'estbon Customer Management Ledger Reconciliation Management System Software [Account Reconciliation Management System] V 1.0 (華潤怡寶客戶管理查賬對賬管理系統軟件[簡稱:查賬對賬管理系統]V1.0)	C'estbon China	2017SR445174
8.	China Resources C'estbon Customer Management Price Management System Software [Price Management System] V 1.0 (華潤怡寶客戶管理價格管理系統軟件[簡稱:價格管理系統]V1.0)	C'estbon China	2017SR445753
9.	China Resources C'estbon Mobile Payment Platform Software [Mobile Payment] V 1.0 (華潤怡寶移動支付平台軟件[簡稱:移動支付]V1.0)	C'estbon China	2017SR520739

No.	Copyright	Registered Owner	Registration Number
10.	China Resources C'estbon PET Payment Information Management System Software [Payment Information Management System] 1.0 (華潤怡寶PET付款信息管理系統軟件[簡稱:付款信息管理系統]1.0)	C'estbon China	2020SR0144932
11.	China Resources C'estbon PET Contract Management System Software [Contract Management System] 1.0 (華潤怡寶PET合同管理系統軟件[簡稱:合同管理系統]1.0)	C'estbon China	2020SR0145715
12.	China Resources C'estbon PET Basic Data Management System Software [Basic Data Management System] 1.0 (華潤怡寶PET基礎數據管理系統軟件[簡稱:基礎數據管理系統]1.0)	C'estbon China	2020SR0144902
13.	China Resources C'estbon PET Approval Data Management System Software [Approval Data Management System] 1.0 (華潤怡寶PET批復數據管理系統軟件[簡稱:批復數據管理系統]1.0)	C'estbon China	2020SR0145137
14.	China Resources C'estbon PET Report Data Management System Software [Report Data Management System] 1.0 (華潤怡寶PET報表數據管理系統軟件[簡稱:報表數據管理系統]1.0)	C'estbon China	2020SR0145061
15.	China Resources C'estbon PET Reconciliation Management System Software [Accounting Management System] 1.0 (華潤怡寶PET調賬管理系統軟件[簡稱:調賬管理系統]1.0)	C'estbon China	2020SR0145127

No.	Copyright	Registered Owner	Registration Number
16.	China Resources C'estbon PET User Data Management System Software [User Data Management System] 1.0 (華潤怡寶PET用戶數據管理系統軟件[簡稱:用戶數據管理系統]1.0)	C'estbon China	2020SR0145046
17.	China Resources C'estbon PET Operation Management System Software [Operation Management System] 1.0 (華潤怡寶PET運營管理系統軟件[簡稱:運營管理系統]1.0)	C'estbon China	2020SR0145051
18.	China Resources C'estbon DMS Financial Collaborative Management Software [Financial Collaborative Management] V 1.0 (華潤怡寶DMS財務協同管理軟件[簡稱:財務協同管理]V1.0)	C'estbon China	2020SR0269738
19.	China Resources C'estbon DMS Order Management Software [Order Management Software] V 2.0 (華潤怡寶DMS訂單管理軟件[簡稱:訂單管理軟件]V2.0)	C'estbon China	2020SR0270072
20.	China Resources C'estbon DMS Customer Management Software V1.0 (華潤怡寶DMS客戶管理軟件V1.0)	C'estbon China	2020SR0270284
21.	China Resources C'estbon DMS Background Management Software [Background Management Software] V 1.0 (華潤怡寶DMS後台管理軟件[簡稱:後台管理軟件]V1.0)	C'estbon China	2020SR0526302
22.	China Resources C'estbon DMS Purchase-Sale-Storage Management Software [Purchase-Sale-Storage Management Software] V 2.0 for short) (華潤怡寶DMS進銷存管理軟件[簡稱:進銷存管理軟件]V2.0)	C'estbon China	2020SR0597614

No.	Copyright	Registered Owner	Registration Number
23.	Bottled Purified Water Quality Remote Monitoring System V 1.0 (瓶裝純淨水水質遠端監測系統V1.0)	China Resources C'estbon Beverage (Liu'an) Co., Ltd.	2019SR0553869
24.	High-efficiency Filtering for Producing Bottled Purified Water System V 1.0 (瓶裝純淨水生產用高效過濾系統V1.0)	China Resources C'estbon Beverage (Liu'an) Co., Ltd.	2019SR0552391
25.	Bottled Purified Water Pipeline Water Supply Reverse Osmosis System V 1.0 (瓶裝純淨水管道供水反滲透系統V1.0)	China Resources C'estbon Beverage (Liu'an) Co., Ltd.	2019SR0557792

(iii) Copyrights licensed

As of the Latest Practicable Date, we do not have any licensed copyrights which we consider to be or may be material to our business.

(c) Patents

(i) Patents registered

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Type	Registered Owner	Registration Number
1.	A method for detecting content of sodium d-isoascorbate (一種D–異抗壞血酸鈉的含量檢測方法)	Invention	C'estbon China	ZL201310478788.2
2.	A beverage additive and application thereof (一種飲料添加劑及其應用)	Invention	C'estbon China	ZL201310478972.7
3.	A flip-open container cover with anti-theft ring (一種帶防盜環的翻啟式容器蓋)	Utility Model	C'estbon China	ZL201420476253.1
4.	A rotary container cover with inner plug (一種帶有內塞的旋式容器蓋)	Utility Model	C'estbon China	ZL201420476254.6

No.	Patent	Type	Registered Owner	Registration Number
5.	A coffee bean direct fire baking device (一種咖啡豆直火烘焙設備)	Utility Model	C'estbon China	ZL201620124682.1
6.	A coffee bean direct fire baking machine (一種咖啡豆直火烘焙機)	Utility Model	C'estbon China	ZL201620124987.2
7.	Buckle (C'estbon 1.55L) (提扣(怡寶1.55L))	Design	C'estbon China	ZL201830105732.6
8.	Buckle (C'estbon 4.5L) (提扣(怡寶4.5L))	Design	C'estbon China	ZL201830105735.X
9.	A container handle (一種容器瓶提手)	Utility Model	C'estbon China	ZL201820419936.1
10.	Packaging bottle (Grape Holiday) (包裝瓶(葡萄假日))	Design	C'estbon China	ZL201930260704.6
11.	Packaging bottle (milk tea) (包裝瓶(奶茶))	Design	C'estbon China	ZL201930321885.9
12.	A sensitive detection method for microorganisms in packaged drinking water (一種包裝飲用水中微生物的靈敏檢測方法)	Invention	C'estbon China	ZL201910582662.7
13.	Packaging bottle (Jialinshan) (包裝瓶(加林山))	Design	C'estbon China	ZL201930393519.4
14.	Handle (12.8L) (提手(12.8L))	Design	C'estbon China	ZL201930455345.X
15.	A handle (一種提手)	Utility Model	C'estbon China	ZL201921474704.7
16.	Packaging bottle (fruit and vegetable juice) (包裝瓶(果蔬汁))	Design	C'estbon China	ZL201930507992.0
17.	A bottle cap capable of being pressed by powder (一種可加粉劑按壓式的瓶蓋)	Utility Model	C'estbon China	ZL201922272173.X
18.	A press-type bottle cap for large-package drinking water (一種大包裝飲用水按壓式瓶蓋)	Utility Model	C'estbon China	ZL201922274377.7
19.	A press-type bottle cap for large-package drinking water (一種大包裝飲用水按壓式瓶蓋)	Utility Model	C'estbon China	ZL201922301652.X
20.	Packaging bottle (包裝瓶)	Design	C'estbon China	ZL201930708036.9
21.	Packaging bottle (包裝瓶)	Design	C'estbon China	ZL202030173995.8

No.	Patent	Type	Registered Owner	Registration Number
22.	A tray (一種托盤)	Utility Model	C'estbon China	ZL202020086777.5
23.	Packaging bottle (Mulene) (包裝瓶(魔力))	Design	C'estbon China	ZL202030048443.4
24.	Suggested purchase amount calculation method and apparatus based on pet purchase model (基於PET採購模型的建議購買量計算方法和裝置)	Invention	C'estbon China	ZL202010200207.9
25.	A container handle (一種容器提手)	Utility Model	C'estbon China	ZL202022297220.9
26.	Packaging bottle (包裝瓶)	Design	C'estbon China	ZL202030611607.X
27.	Bottle body (瓶身)	Design	C'estbon China	ZL202030745889.2
28.	Bottle body (瓶身)	Design	C'estbon China	ZL202030792718.5
29.	Bottle body (瓶身)	Design	C'estbon China	ZL202030792719.X
30.	Water bottle (L'eau) (水瓶(怡寶露))	Design	C'estbon China	ZL202130758258.9
31.	Packaging bottle (fruit beverage) (包裝瓶(水果水))	Design	C'estbon China	ZL202130691384.7
32.	Packaging bottle (Mi Shui 480ML) (包裝瓶(蜜水480ML))	Design	C'estbon China	ZL202130691396.X
33.	Packaging bottle (Mi Shui 350ML) (包裝瓶(蜜水350ML))	Design	C'estbon China	ZL202130691401.7
34.	Bottles (chrysanthemum tea) (瓶子(菊花茶))	Design	C'estbon China	ZL202230053917.3
35.	Bottles (Kara Salty Litchi) (瓶子(海鹽荔枝))	Design	C'estbon China	ZL202230066099.0
36.	A large-packaging water tray (一種大包裝水托盤)	Utility Model	C'estbon China	ZL202221061329.5
37.	Water bottle (purified water 2022) (水瓶(純淨水2022))	Design	C'estbon China	ZL202230542122.9
38.	Flip-type bottle cap (翻蓋式瓶蓋)	Utility Model	C'estbon China	ZL202222304085.5
39.	Rotary open bottle cap (旋轉開啟式瓶蓋)	Utility Model	C'estbon China	ZL202222496979.9

(ii) Patents licensed

As of the Latest Practicable Date, we do not have any licensed patents which we consider to be or may be material to our business.

3. Domain names

As of the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1.	crbeverage.com.cn	C'estbon China	January 26, 2025
2.	crbeverage.com	C'estbon China	January 26, 2025

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which we consider to be material or may be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Directors' service contracts

Each of our Directors has entered into a service contract with our Company on October 8, 2024. The principal particulars of these service contracts are (a) for a term of three years commencing from the Listing Date until the day on which the next general meeting of the shareholders for re-election of Directors is held, and (b) are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles and the applicable laws, rules and regulations, including the Listing Rules.

Save as disclosed above, none of our Director has entered into, or has proposed to enter into, a service contract with us (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Remuneration of Directors

(a) Remuneration and benefits in kind of approximately RMB4.6 million, RMB6.4 million, RMB7.7 million and RMB1.1 million in aggregate were paid and granted by our Group to our Directors in respect of three years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024.

(b) Under the arrangement currently in force, we estimate the total fixed remuneration (before tax) payable to Directors for the year ending December 31, 2024 will be approximately RMB14.3 million.

(c) No remuneration was paid to our Directors or the five highest-paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or has been received by, our Directors, former Directors or the five highest-paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

(d) Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

3. Disclosure of interests

(a) Interests and short positions of our Directors and chief executive in the share capital of our Company and its associated corporations following completion of the Global Offering

Immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), saved as (i) Mr. Li Shuqing, our Executive Director who has interest in 160,000 shares in China Resources Medical Holdings Company Limited (a company listed on the Stock Exchange (stock code: 1515)), 4,000 shares in CR Mixc and 1,000 shares in China Resources Microelectronics Limited (華潤微電子有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688396)); (ii) Ms. Wu Xia, our Executive Director who has interest in 116,667 shares in JIANGZHONG PHARMACEUTICAL CO., LTD (江中藥業股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600750)); (iii) Mr. Sun Yongqiang, our Non-executive Director who has interest in 38,000 shares in CR Beer, 30,000 shares in CR Land, 92,000 shares in China Resources Medical Holdings Company Limited and 50,000 shares in CR Mixc; and (iv) Mr. Xiao Ning, our Non-executive Director who has interest in 76,555 shares in CR Chemical, none of our Directors or chief executives of our Company has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company, once the Shares are listed.

(b) Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who had and will have an interest and/or a short position in our Shares or the underlying shares of our Company which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company, please refer to the section headed "Substantial Shareholders" in this prospectus.

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering, be interested, directly or indirectly, in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

4. Disclaimers

Save as disclosed in this prospectus:

(a) none of the Directors or any experts named in the paragraph headed "D. Other Information — 4. Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(b) none of the Directors or any experts named in the paragraph headed "D. Other Information — 4. Consents of Experts" below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(c) none of our Directors or any of experts named in the paragraph headed "D. Other Information — 4. Consents of Experts" below has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(d) taking no account of any Shares which may be taken up under the Global Offering, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following completion of the Global Offering, have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part

XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group;

(e) none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Hong Kong Stock Exchange once the Shares are listed thereon; and

(f) so far as is known to our Directors, none of our Directors, their respective close associates or our Shareholders who are interested in more than 5% of the share capital of our Group has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in this prospectus and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option).

As of the Latest Practicable Date, Maxwish Limited, an indirectly wholly owned subsidiary of Bank of China Limited (a member of the sponsor group as defined under the Listing Rules and a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3988) and the Shanghai Stock Exchange (stock code: 601988)), was the largest limited partner and held approximately 36.8% limited partnership interest in Plateau Consumer Fund, L.P., a Controlling Shareholder of our Company which in turn indirectly held 40% of the total issued share capital of our Company through Plateau it wholly owned. In addition, all the shares held by Plateau in our Company were subject to pledges granted in favour of certain bank consortium (including BOCHK, a subsidiary of Bank of China Limited), for the purpose of a loan provided by the bank consortium to Plateau. BOCHK also acted as security agent for the pledge above.

Accordingly, BOCI Asia Limited does not satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules on the ground that (i) the sponsor group indirectly held more than 5% of the total issued shares of our Company as contemplated under Rule 3A.07(1) of the Listing Rules as of the Latest Practicable Date; and (ii) the sponsor group has a business relationship with Plateau (a Controlling Shareholder of our Company) falling under Rule 3A.07(9) of the Listing Rules.

Apart from BOCI Asia Limited, each of the other Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of HK$2.35 million for acting as a sponsor for the Listing.

4. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
UBS Securities Hong Kong Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of the regulated activities under the SFO
BOCI Asia Limited	A licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
CITIC Securities (Hong Kong) Limited .	A licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO

Name	Qualification
Merrill Lynch (Asia Pacific) Limited . . .	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants and Registered Public Interest Entity Auditor
Jingtian & Gongcheng	Legal advisor as to PRC laws
Harney Westwood & Riegels	Legal advisor as to Cayman Islands laws
China Insights Industry Consultancy Limited	Industry consultant

Save as disclosed above, as of the Latest Practicable Date, none of the experts named above has any legal or beneficial interest in our Shares or any shares of our subsidiaries or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

5. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

6. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Preliminary Expenses

The Company did not incur any material preliminary expenses.

8. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.

(b) There are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries.

(c) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus within the two years immediately preceding the date of this prospectus.

(d) No equity or debt securities of any company within our Group is presently listed on any stock exchange or traded on any trading system nor is any listing or permission to deal being or proposed to be sought.

(e) Our Company has no outstanding convertible debt securities or debentures.

(f) There is no arrangement under which future dividends are waived or agreed to be waived.

(g) There has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date this prospectus.

(h) There is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) the written consents referred to under the paragraph headed "Statutory and General Information — D. Other Information — 4. Consents of experts" in Appendix IV to this prospectus; and

(b) a copy of the material contracts referred to in the paragraph headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.crbeverage.com** during a period of 14 days from the date of this prospectus:

(a) the Articles;

(b) the Accountants' Report of our Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information of our Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;

(d) the audited combined financial statements of our Group for the three financial years ended December 31, 2023 and four months ended April 30, 2024;

(e) the legal opinion issued by Jingtian & Gongcheng, our legal advisor as to PRC laws, in respect of certain general corporate matters and property interests of the Group in the PRC;

(f) the letter of advice prepared by Harney Westwood & Riegels, our legal advisor as to Cayman Islands laws, summarizing certain aspects of the Cayman Companies Act referred to in Appendix III to this prospectus;

(g) the Cayman Companies Act;

(h) the report issued by China Insights Consultancy, the summary of which is set forth in the section headed "Industry Overview" in this prospectus;

(i) the written consents referred to under the paragraph headed "Statutory and General Information — D. Other Information — 4. Consents of Experts" in Appendix IV to this prospectus;

(j) the material contracts referred to in "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus; and

(k) the service contracts with our Directors referred to in "Statutory and General Information — C. Further Information about our Directors — 1. Directors' service contracts" in Appendix IV to this prospectus.

華潤飲料(控股)有限公司
China Resources Beverage (Holdings) Company Limited