廈門吉宏科技股份有限公司

XIAMEN JIHONG CO., LTD

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 2603

GLOBAL OFFERING

Joint Sponsors, Sponsor-Overall Coordinators,
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

CICC 中金公司　　CMBI 招銀国际

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

中銀國際 BOCI　　中國銀河國際證券 CHINA GALAXY INTERNATIONAL SECURITIES　　ICBC 工银国际　　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.

Xiamen Jihong Co., Ltd
廈門吉宏科技股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**67,910,000 H Shares**
Number of Hong Kong Offer Shares	:	**6,791,000 H Shares (subject to reallocation)**
Number of International Offer Shares	:	**61,119,000 H Shares (subject to reallocation)**
Maximum Offer Price	:	**HK$10.68 per H Share (plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%, payable in full in Hong Kong dollars on application and subject to refund)**
Nominal value	:	**RMB1.00 per H Share**
Stock code	:	**2603**

Joint Sponsors, Sponsor-Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers (in alphabetical order)

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Joint Bookrunners and Joint Lead Managers

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 "Appendix VII – Documents Delivered to the Registrar of Companies and Available on Display" 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 and the Registrar of Companies in Hong Kong take no responsibility for the contents of this Prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date or such later date as may be agreed by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company but in any event no later than 12:00 noon on Friday, May 23, 2025. The Offer Price will be not more than HK$10.68 per H Share and is currently expected to be not less than HK$7.48 per H Share. Applicants for Hong Kong Offer Shares are required to pay, on application, the Maximum Offer Price of HK$10.68 per H Share together with brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price should be less than HK$10.68 per H Share. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for itself and on behalf of the Hong Kong Underwriters) and our Company on or before 12:00 noon on Friday, May 23, 2025, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering 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, an announcement will be published on the websites of our Company at **www.jihong.cn** and the Stock Exchange at **www.hkexnews.hk** not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to Apply for the 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 risks as set out in the section headed "Risk Factors".

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 Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Further details of such circumstances are set out in "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Offer Shares are being offered and sold to non-U.S. persons outside the United States in offshore transactions in accordance with Regulation S.

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.jihong.cn** and the 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.

May 19, 2025

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 in relation to the Hong Kong Public Offering.

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.jihong.cn**. You may download and print from these website addresses if you want a printed copy of this Prospectus.

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

(1) apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf 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 prospectus 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 stated above.

Please refer to the section headed "How to Apply for the 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 **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 500 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

If you are applying through the **White Form eIPO** 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 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 pre-fund 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	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application	No. of Hong Kong Offer Shares applied for	Amount payable[(2)] on application
	HK$		*HK$*		*HK$*		*HK$*
500	5,393.85	7,000	75,513.95	50,000	539,385.39	700,000	7,551,395.45
1,000	10,787.71	8,000	86,301.67	60,000	647,262.47	800,000	8,630,166.25
1,500	16,181.56	9,000	97,089.37	70,000	755,139.55	900,000	9,708,937.02
2,000	21,575.42	10,000	107,877.07	80,000	863,016.62	1,000,000	10,787,707.80
2,500	26,969.27	15,000	161,815.62	90,000	970,893.70	1,500,000	16,181,561.70
3,000	32,363.13	20,000	215,754.16	100,000	1,078,770.78	2,000,000	21,575,415.60
3,500	37,756.98	25,000	269,692.70	200,000	2,157,541.55	2,500,000	26,969,269.50
4,000	43,150.82	30,000	323,631.23	300,000	3,236,312.35	3,000,000	32,363,123.40
4,500	48,544.69	35,000	377,569.77	400,000	4,315,083.12	3,395,500[(1)]	36,629,661.84
5,000	53,938.54	40,000	431,508.31	500,000	5,393,853.90		
6,000	64,726.25	45,000	485,446.85	600,000	6,472,624.68		

Notes:

(1) Maximum number of Hong Kong Offer Share you may apply for.

(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) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

If there is any change in the following expected timetable of the Hong Kong Public Offering, our Company will issue an announcement to be published on the website of the Stock Exchange at ***http://www.hkexnews.hk*** *and the website of our Company* ***www.jihong.cn****.*

	Date[1]
Hong Kong Public Offering commences	9:00 a.m. on Monday, May 19, 2025
Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2]	11:30 a.m. on Thursday, May 22, 2025
Application lists of the Hong Kong Public Offering open[3]	11:45 a.m. on Thursday, May 22, 2025
Latest time to (a) complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) give **electronic application instructions** to HKSCC[4]	12:00 noon on Thursday, May 22, 2025

If you are instructing 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, you are advised to contact your **broker** or **custodian** for the earliest and latest time for giving such instructions, as this may vary by **broker** or **custodian**.

Application lists of the Hong Kong Public Offering close[3]	12:00 noon on Thursday, May 22, 2025
Expected Price Determination Date[5]	12:00 noon on Friday, May 23, 2025
Announcement of the Final Offer Price, the results of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.jihong.cn**[6]	at or before 11:00 p.m. on Monday, May 26, 2025

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:

(1) A full announcement of the Hong Kong Public Offering to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.jihong.cn**(6) . . . . at or before 11:00 p.m. on Monday, May 26, 2025

(2) Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** (alternatively, **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function on a 24-hour basis from . . . . 11:00 p.m. on Monday, May 26, 2025 to 12:00 midnight on Sunday, June 1, 2025

(3) Allocation results telephone enquiry by calling +852 2862 8555 . . . . between 9:00 a.m. and 6:00 p.m. from Tuesday, May 27, 2025 to Friday, May 30, 2025

Deposit of H Share certificates into CCASS in respect of wholly or partially successful application under the Hong Kong Public Offering on(7)(9) . . . . Monday, May 26, 2025

Dispatch of H Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before(7)(9). . . . . Monday, May 26, 2025

Dispatch/collection of refund cheques and **White Form** e-Refund payment instructions in respect of (i) wholly or partially successful applications (if applicable) and (ii) wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before(8)(9) . . . . Tuesday, May 27, 2025

Dealings in H Shares on the Stock Exchange expected to commence at . . . . 9:00 a.m. on Tuesday, May 27, 2025

Notes:

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

(2) You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.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 on or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, May 22, 2025, the application lists will not open or close on that day. See "How to Apply for the Hong Kong Offer Shares – E. Severe Weather Arrangements" in this Prospectus.

(4) Applicants who instructing your **broker** or **custodian** to apply for Hong Kong Offer Shares on your behalf via FINI should see "How to Apply for the Hong Kong Offer Shares – A. Application for Hong Kong Offer Shares – 2. Application Channels" in this Prospectus.

(5) The Price Determination Date is expected to be on or before Friday, May 23, 2025. 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 by 12:00 noon on Friday, May 23, 2025, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this Prospectus.

(7) H Share certificates for the Offer Shares will become valid evidence of title at 8:00 a.m. on Tuesday, May 27, 2025 provided that (i) the Global Offering has become unconditional in all respects and (ii) none of the Underwriting Agreements have been terminated in accordance with its terms.

(8) **White Form** e-Refund payment instructions/refund cheques 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 Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.

(9) Applicants who have applied for Hong Kong Offer Shares through **HKSCC EIPO** channel should refer to the section headed "How to Apply for the Hong Kong Offer Shares – D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this Prospectus.

For applicants who, apply through the **White Form eIPO** service and paid the application monies from a single bank account, **White Form** e-Refund payment instructions (if any) will be dispatched to their application payment bank account in the form of White Form e-Refund payment instructions on Tuesday, May 27, 2025. For applicants who apply through the **White Form eIPO** service and used multi-bank accounts to pay the application monies, refund cheque (if any) will be dispatched to the address specified in their electronic application instructions in the form of refund checks by ordinary post on or before Tuesday, May 27, 2025 at their own risk.

Further information is set out in the sections headed "How to Apply for the Hong Kong Offer Shares – D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this Prospectus.

The above expected timetable is a summary only. See the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this Prospectus for details of the structure and conditions of the Global Offering, as well as the application procedures for Hong Kong Public Offering.

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 buy any security other than the Hong Kong Offer Shares offered by this Prospectus pursuant to the Hong Kong Public Offering. This Prospectus may not be used for the purpose of marketing, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit 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 made in this Prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering.

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This summary aims to give you an overview of the information contained in this Prospectus and should be read in conjunction with the full text of this Prospectus. As this is only a summary, it does not contain all the information that may be important to you. You should read this Prospectus in its entirety 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". You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined or explained in "Definitions" and "Glossary of Technical Terms" in this Prospectus.

OVERVIEW

Our operations span across our cross-border social e-commerce business and FMCG paper packaging business. Founded in 2003, we set out on providing one-stop paper packaging products and services to FMCG enterprise customers, focusing on providing marketing strategies, product design, process design, technology planning, transportation and logistics. As the core of our paper packaging business is essentially grounded in product design and marketing that ultimately center around addressing end consumers' needs and spur their purchase desires, we have accumulated deep understanding and experience in both product marketing and discerning consumer demands. Seeking to expand our business beyond our decades-long paper packaging business, we seized the business opportunities from the burgeoning of cross-border e-commerce driven by the development of the mobile Internet by building our cross-border social e-commerce business in 2017, which has become our major source of revenue.

After our listing on the SZSE in 2016, supported by the leadership and industry experience of our management team, we successfully transformed and diversified our business while attaining achievements from both business and financial perspectives. As a leading cross-border social e-commerce company strategically focusing on the Asian market, we ranked second among China's B2C outbound e-commerce players based on revenue generated through social media e-commerce business in Asia in 2024, with a market share of 1.3%, according to CIC. Furthermore, we are a leading FMCG paper packaging company in Mainland China, and ranked first among FMCG paper consumer packaging companies in Mainland China based on revenue in 2024, with a market share of 1.2%, according to CIC. For each year of the Track Record Period, our total revenue amounted to RMB5,375.9 million, RMB6,694.7 million and RMB5,529.3 million, respectively. For each year of the Track Record Period, our profit amounted to RMB171.6 million, RMB332.1 million and RMB184.5 million, respectively.

The following table sets forth a breakdown of revenue by business segments for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	Revenue	%	Revenue	%	Revenue	%
	RMB'000		*RMB'000*		*RMB'000*	
Cross-border social e-commerce	3,106,601	57.8	4,256,637	63.6	3,365,903	60.9
Paper packaging	1,982,591	36.9	2,096,606	31.3	2,099,461	38.0
Others(1)	286,692	5.3	341,438	5.1	63,895	1.1
Total	**5,375,884**	**100.0**	**6,694,681**	**100.0**	**5,529,259**	**100.0**

Note:

(1) Others mainly comprise our marketing and advertising business and incidental trading business. For further details, see "Business – Our Other Businesses".

Our Cross-Border Social E-Commerce Business

Empowered by data insights and technology and capitalizing on a new era of cross-border e-commerce through the mobile Internet, we adopt a social e-commerce business model that discovers target customers actively and precisely. Under this model, we deploy our dynamic data analytical capabilities to perform precise product discovery and recommendation, place targeted advertisements online to attract consumers from social media traffic to our landing pages, which are transactional web pages that pop up in response to a user's click on a link or advertisement displayed on a social media platform, and ultimately market and sell affordable and high-quality products from Mainland China to overseas consumers around the world. We primarily place advertisements on social media platforms to attract customers, without operating our own platform or mobile apps. We provide a wide array of products, including household products, apparel products, electronic products, footwear products, luggage and bag products, cosmetic and personal care products, healthcare products, maternity and baby products, and watches and accessories. For each year of the Track Record Period, revenue generated from sales of (i) household products was RMB834.0 million, RMB1,111.4 million and RMB932.0 million, representing 26.8%, 26.1% and 27.7% of our total revenue of cross-border social e-commerce business, respectively; (ii) electronic products was RMB381.7 million, RMB766.3 million and RMB790.5 million, representing 12.3%, 18.0% and 23.5% of our total revenue of cross-border social e-commerce business, respectively; (iii) apparel products was RMB549.2 million, RMB1,033.1 million and RMB615.3 million, representing 17.7%, 24.3% and 18.3% of our total revenue of cross-border social e-commerce business, respectively; and (iv) cosmetic and personal care products was RMB356.7 million, RMB334.9 million, and RMB328.2million, representing 11.5%, 7.9% and 9.8% of our total revenue of cross-border social e-commerce business, respectively.

We also sell products ranging from electric bikes, lingerie, UV umbrellas and pet accessories under our own brands including SENADA BIKES, Veimia, Konciwa and PETTENA, on our designated brand websites and e-commerce platforms. For each year of the Track Record Period, revenue generated from our own brands accounted for less than 4% of our total revenue. Our cross-border social e-commerce business connects suppliers in Mainland China with consumers across Asia, as well as Europe and North America. For each year of the Track Record Period, revenue from our cross-border social e-commerce business accounted for 57.8%, 63.6% and 60.9% of our total revenue, with its gross profit margin amounting to 59.1%, 63.1% and 60.5%, respectively. The high gross profit margin of our cross-border social e-commerce business has become the key driver of our gross profit margin, as a whole, which, for each year of the Track Record Period, reached 40.5%, 46.4% and 43.8%, respectively.

The following table sets forth a breakdown of our revenue generated from our cross-border social e-commerce business by categories of products for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Household products	834,008	26.8%	1,111,352	26.1%	932,038	27.7%
Electronic products	381,699	12.3%	766,283	18.0%	790,468	23.5%
Apparel products	549,151	17.7%	1,033,065	24.3%	615,316	18.3%
Cosmetic and personal care products	356,667	11.5%	334,930	7.9%	328,192	9.8%
Healthcare products	174,979	5.6%	302,523	7.1%	336,999	10.0%
Footwear products	491,022	15.8%	423,233	9.9%	156,734	4.7%
Luggage and bag products	181,931	5.9%	126,251	3.0%	71,699	2.1%
Watches and accessories	118,708	3.8%	131,623	3.1%	75,627	2.2%
Maternity and baby products	18,436	0.6%	27,377	0.6%	58,830	1.7%
Total	**3,106,601**	**100.0%**	**4,256,637**	**100.0%**	**3,365,903**	**100.0%**

Leveraging AI algorithms and models, we self-developed our Giikin system specifically for our cross-border social e-commerce business. Through the AI applications integrated into our Giikin system, we seamlessly connect every stage of our business process with limited human intervention, from product discovery, advertisement placement, product procurement to transportation and logistics. During the Track Record Period, we had fulfilled more than 41 million orders for approximately 17.0 million consumers, and had more than 611,000 SKUs. In 2024, our ROI was 191.1%, which was higher than the industry average, according to CIC. For each year of the Track Record Period, our order fulfillment rate ranged from 84.9% to 88.4%. We maintain close cooperation with well-known enterprises to conduct R&D in AI applications in e-commerce. As of March 31, 2025, we owned 4 patents and 140 software copyrights in relation to the development of algorithms, software systems, and other technology for our cross-border social e-commerce business. We are among the first companies empowering their business with AI technology in Mainland China, according to CIC. As testament to our industry recognition, we were awarded Global Pioneer (全球領航獎) by TikTok for Business in 2023.

Our cross-border social e-commerce business is equipped with excellent operation and inventory management capabilities. For each year of the Track Record Period, the inventory to sales ratios of our cross-border social e-commerce business amounted to 3.7%, 3.2% and 4.0%, respectively, which were below the industry average, according to CIC.

	For the year ended December 31,		
	2022	2023	2024
Countries/regions sold	36	41	47
Number of consumers(1)	6,537,096	7,331,841	6,545,100(8)
Number of SKUs(2)	265,696	304,494	256,645(8)
Inventory to sales ratio(3) *(%)*	3.7	3.2	4.0(9)
Number of total fulfilled orders(4)	11,654,192	16,404,431	13,834,281(8)
Order fulfillment rate(5) *(%)* (簽收率)	86.3	88.4	84.9(10)
Average selling price per order(6) *(RMB)*	266.6	259.5	243.3
ROI(7) *(%)*	208.3	189.8	191.1

Notes:

(1) Number of consumers represents the number of consumers who placed orders and accepted our products during a given year, excluding consumers on e-commerce platforms.

(2) SKUs represent stock keeping units of products which have been ordered during a given year.

(3) Inventory to sales ratio is calculated by using the average balance of inventories of our cross-border social e-commerce business at the beginning and the end of the year divided by revenue of our cross-border social e-commerce business for such year.

(4) Number of fulfilled orders represents the total number of orders during a given year, which were accepted by consumers and not returned.

(5) Order fulfillment rate is calculated by dividing the number of fulfilled orders by the number of new orders during a given year. For the avoidance of doubt, fulfilled orders do not include orders that are canceled or returned after being placed.

(6) Average selling price per order is calculated by dividing revenue of our cross-border social e-commerce business by the total number of fulfilled orders during a given year.

(7) ROI represents the return on investment for our advertisement placement for our cross-border social e-commerce business. It is calculated by dividing revenue for our cross-border social e-commerce business by advertising cost during a given year. According to CIC, ROI is a common performance metric embraced across the digital advertising industry and social media e-commerce industry, as the sales of both markets stem directly from the advertising efforts of market players. The calculation of ROI of social media e-commerce business reflects the efficacy of the social media advertisements as demonstrated by the conversion rate into sales and thus a higher ROI suggests that a company garners greater revenue with equivalent advertising expenses.

(8) In 2024, the number of our customers, SKU and total fulfillment orders of our cross-border social e-commerce business decreased compared with that in 2023, as we reduced advertising expenses in certain key markets in response to the unpredictability of exchange rate fluctuations. For further details, see "Financial Information – Review of Historical Results of Operations – Year Ended December 31, 2023 Compared to Year Ended December 31, 2024."

(9) In 2024, the inventory to sales ratio of our cross-border social e-commerce business increased compared with that in 2023, which primarily resulted from the decrease in revenue of our cross-border social e-commerce business in 2024. For further details, see "Financial Information – Review of Historical Results of Operations – Year Ended December 31, 2023 Compared to Year Ended December 31, 2024."

(10) In 2024, the order fulfillment rate of our cross-border social e-commerce business decreased compared with that in 2023, as our sales expansion activities in certain under-penetrated market were at early stage in early 2024. For further details, see "Financial Information – Review of Historical Results of Operations – Year Ended December 31, 2023 Compared to Year Ended December 31, 2024."

Our Paper Packaging Business

We are among a limited number of FMCG paper packaging companies in Mainland China that have the capability to provide one-stop paper packaging products and services covering the entire production process. With process design and technology planning at the crux of our competence, we integrate marketing strategies, product design, process design, technology planning, transportation and logistics into our all-inclusive paper packaging products and services, and continuously pre-empt consumer needs by innovating in materials, designs and products. Exemplifying our commitment to environmental protection and ESG principles, we prospectively invested in developing environmentally friendly packaging, following the global prevalence of restrictions on plastic use. Over the years, we have established and maintained long-term cooperation with leading FMCG companies, laying a solid foundation for generating stable revenue and cashflows through our paper packaging business.

Leveraging our professional service, our paper packaging business continued to exhibit steady growth during the Track Record Period. We have established close cooperation with well-known FMCG enterprises, such as Yili and Luckin Coffee, and a number of QSR (quick-service restaurant) companies with operations in Mainland China. Our production volume of paper packaging business witnessed a continuously increasing trend during the Track Record Period, from 846.7 million sq.m. for 2022 to 925.3 million sq.m. for 2023, and further to 1,026.1 million sq.m. for 2024. For each year of the Track Record Period, we achieved production utilization rates of approximately 63.2%, 55.7% and 56.2%, respectively, for our packaging products. We are also capable of managing our packaging inventory in an efficient manner. For each year of the Track Record Period, the inventory turnover days of our paper packaging business amounted to 58.7 days, 57.4 days and 54.5 days, respectively, which were below the industry average, according to CIC. As of March 31, 2025, we owned 362 patents and 17 software copyrights in relation to the design and manufacture of packaging for our paper packaging business. As testament to our industry recognition, we ranked fifth in the "Top 100 Chinese Printing and Packaging Enterprises" published by Printing Manager Magazine in 2022.

	For the year ended December 31,		
	2022	**2023**	**2024**
Production volume *(million sq.m.)*	846.7	925.3	1,026.1
Inventory turnover days*(Note)*	58.7	57.4	54.5

Note: Inventory turnover days is calculated by dividing the average of the beginning and ending balances of inventories of our paper packaging business for the relevant year by the corresponding cost of sales of our paper packaging business for the same year, multiplied by 365 days.

The table below sets forth a breakdown of our revenue generated from our paper packaging business by type of paper packaging products:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Color Packaging Carton/Box	1,382,807	69.7	1,346,220	64.2	1,198,392	57.1
Eco-Friendly Paper Bag	203,308	10.3	325,787	15.6	387,593	18.5
Food Packaging	292,062	14.7	323,437	15.4	423,067	20.2
Others *(Note)*	104,414	5.3	101,162	4.8	90,409	4.2
Total	**1,982,591**	**100.0**	**2,096,606**	**100.0**	**2,099,461**	**100.0**

Note: Others primarily consist of revenue generated from sales of materials and scrap paper.

The table below sets forth a breakdown of our gross profit and gross profit margin generated from our paper packaging business by type of paper packaging products:

	For the year ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Color Packaging Carton/Box	164,365	11.9	210,389	15.6	175,938	14.7
Eco-Friendly Paper Bag	55,464	27.3	98,321	30.2	110,700	28.6
Food Packaging	28,443	9.7	44,681	13.8	50,291	11.9
Others *(Note)*	52,255	50.0	39,765	39.3	38,252	42.3
Total	**300,527**	**15.2**	**393,156**	**18.8**	**375,181**	**17.9**

Note: Others primarily consist of gross profit generated from sales of materials and scrap paper.

OUR COMPETITIVE STRENGTHS

Committed to continuously adapting, discovering and developing popular products and services, and empowering Chinese brands to reach the world through digitalization, we believe the following competitive strengths have contributed to our success:

- we are an industry leader among B2C outbound social media e-commerce companies selling products in Asia;
- our integrated AI technologies permeate our comprehensive, effective and scalable operating system;
- our dynamic data analytical capabilities provide a solid foundation for our social e-commerce business model;
- we possess effective and sophisticated supply chain management capabilities for our cross-border social e-commerce business to enhance consumers satisfaction and optimize cost control;
- through breakthroughs in marketing designs and R&D, we provide paper packaging products that continuously maintain our long-term relationship with leading FMCG enterprise customers; and
- our resilient organizational structure is led by visionary senior management team.

See "Business – Our Competitive Strengths" in this Prospectus for further details.

OUR STRATEGIES

Leveraging our competitive strengths and with access to more international resources upon Listing, we intend to pursue the following strategies:

- deepen penetration in existing markets and expand our global footprint;
- continue to invest in R&D to continuously enhance the application of AI;
- develop our own brands to build brand value and capitalize on our proven data analytical capabilities;
- continue to build GiiMall, our proprietary SaaS platform, to facilitate global expansion of local SMEs;
- optimize our supply chain management for our cross-border social e-commerce business; and
- continue to invest in green paper packaging.

See "Business – Our Strategies" in this Prospectus for further details.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

Our customers primarily consist of enterprise customers which are FMCG companies under our paper packaging business and individual consumers under our cross-border social e-commerce business. Due to the nature of our cross-border social e-commerce business, the customer base for this business is composed of a diverse group of individual consumers who purchase our products, each of whom contributed to a very small portion of revenue as compared to our total revenue during the Track Record Period.

For each year of the Track Record Period, sales from our five largest customers accounted for 28.7%, 24.3% and 27.2% of our total revenue, and sales from our largest customer accounted for 23.8%, 18.6% and 18.8% of our total revenue.

For details, see "Business – Our Customers – Major Customers".

Major Suppliers

During the Track Record Period, our major suppliers include marketing services providers, social media platforms, logistics companies and payment service suppliers for our cross-border social e-commerce business and product suppliers and raw material suppliers for our paper packaging business.

For each year of the Track Record Period, purchases from our five largest suppliers accounted for 34.6%, 39.6% and 38.1% of our total purchases, and purchases from our largest supplier accounted for 14.5%, 14.5% and 13.8% of our total purchases. For each year of the Track Record Period, the purchases from our five largest suppliers for our cross-border social e-commerce business accounted for 49.5%, 54.6% and 55.7% of our total purchases of our cross-border social e-commerce business. For each year of the Track Record Period, the purchases from our five largest suppliers for our paper packaging business accounted for 40.5%, 36.2% and 28.8% of our total purchases for our paper packaging business.

For more details, see "Business – Suppliers and Supply Chain Management – Major Suppliers".

OUR INDUSTRY AND COMPETITIVE LANDSCAPE

Cross-Border Social E-Commerce Business

We operate in the B2C outbound social media e-commerce market strategically focusing on the Asian market. According to CIC, the size of China's B2C outbound e-commerce market was approximately US$29.1 billion in terms of revenue generated in Asia in 2024 through social media e-commerce business. The total market share of the top five participants in this market was approximately 6.5% based on revenue generated through social media e-commerce business in Asia in 2024. According to CIC, we ranked second among China's B2C outbound e-commerce players based on revenue generated through social media e-commerce business in Asia in 2024, with a market share of 1.3%. In terms of revenue in 2024, China's B2C outbound social media e-commerce market accounted for 12.7% of China's B2C cross-border e-commerce market and 2.1% of the overseas B2C e-commerce market, according to the same source. We primarily compete based on a number of factors in this market: (i) digitalization and AI application capability; (ii) precision targeting capability; (iii) product selection capability; (iv) localization capability; (v) multi-platform management capability; and (vi) supply chain management capability. We believe we are well positioned to capitalize on the future industry growth, leveraging our leading market position and extensive market knowledge.

Paper Packaging Business

We operate in the FMCG paper consumer packaging market in Mainland China. The market size of FMCG paper consumer packaging market in Mainland China in 2024 was approximately RMB170.3 billion in terms of revenue. The total market share of the top five participants in China's FMCG paper consumer packaging industry was approximately 4.5% in 2024. This signifies an upward trend in market concentration. According to CIC, in 2024, we ranked first among FMCG paper consumer packaging companies in Mainland China, in terms of revenue, and our market share of FMCG paper consumer packaging market in Mainland China was 1.2% in 2024. In terms of revenue in 2024, FMCG paper consumer packaging market in Mainland China accounted for 68.6% of paper consumer packaging market in Mainland China, and the latter accounted for 10.6% of packaging market in Mainland China, according to the same source. We primarily compete based on a number of factors in this market: (i) one-stop service capability; (ii) top-tier client coverage; (iii) process design and technology planning capability; (iv) adaptability to the policy environment and emphasis on ESG; and (v) technology capability. We believe we can compete effectively by virtue of our advanced technologies, rich market experience and long-term relationship with leading FMCG enterprises.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary of consolidated financial information for the Track Record Period. We have derived this summary from our financial information set forth in the Accountants' Report set out in Appendix IA to this Prospectus. The summary financial data set forth below should be read together with our consolidated financial statements and the related notes, as well as the section headed "Financial Information".

Summary of Consolidated Statements of Comprehensive Income

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
REVENUE	**5,375,884**	**100.0**	**6,694,681**	**100.0**	**5,529,259**	**100.0**
Cost of sales	(3,197,031)	(59.5)	(3,590,378)	(53.6)	(3,109,944)	(56.2)
GROSS PROFIT	**2,178,853**	**40.5**	**3,104,303**	**46.4**	**2,419,315**	**43.8**
Other income and gains	36,214	0.7	53,381	0.8	61,114	1.1
Selling and marketing expenses	(1,575,180)	(29.3)	(2,342,146)	(35.0)	(1,849,611)	(33.5)
Administrative expenses	(170,652)	(3.2)	(240,642)	(3.6)	(264,591)	(4.8)
Research and development expenses	(148,512)	(2.8)	(141,980)	(2.1)	(124,429)	(2.3)
Impairment losses on financial assets	(76,680)	(1.4)	(25,367)	(0.4)	(9,037)	(0.2)
Share of (losses)/profits of associates	(4,865)	(0.1)	1,854	0.0	3,584	0.1
Foreign exchange gains/(losses), net	10,736	0.2	975	0.0	(3,512)	(0.1)
Finance costs	(21,627)	(0.4)	(13,412)	(0.2)	(12,250)	(0.2)
Other expenses and losses	(14,397)	(0.2)	(10,500)	(0.2)	(2,443)	(0.0)
PROFIT BEFORE TAX	**213,890**	**4.0**	**386,466**	**5.8**	**218,140**	**3.9**
Income tax expenses	(42,311)	(0.8)	(54,344)	(0.8)	(33,690)	(0.6)
PROFIT FOR THE YEAR	**171,579**	**3.2**	**332,122**	**5.0**	**184,450**	**3.3**
Attributable to:						
Owners of the parent	183,980		345,099		181,931	
Non-controlling interest	(12,401)		(12,977)		2,519	
	171,579		332,122		184,450	
Earnings per share						
Basic and diluted *(RMB)*	0.48		0.92		0.49	

NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that such non-IFRS measure facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items.

We believe that adjusted profit (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our consolidated statements of comprehensive income in the same manner as they help our management. However, our presentation of adjusted profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted profit (non-IFRS measure) has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute of, our consolidated statements of comprehensive income or financial condition as reported under IFRS.

We define adjusted profit (non-IFRS measure) as profit for the year, adjusted by adding back equity-settled share-based payment expenses.

The following table reconciles our adjusted profit for the year (non-IFRS measure) to profit for the year presented in accordance with IFRS:

	For the year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of profit to adjusted profit (non-IFRS measure):			
Profit for the year	**171,579**	**332,122**	**184,450**
Add back:			
Equity-settled share-based payment expenses*(Note)*	3,126	26,379	17,332
Adjusted profit for the year (non-IFRS measure)	**174,705**	**358,501**	**201,782**

Note: Equity-settled share-based payment expenses mainly represent the arrangement that we receive services from employees as consideration for our equity instruments and were non-cash in nature.

Our profit for the year increased by RMB160.5 million, or 93.5%, from RMB171.6 million in 2022 to RMB332.1 million in 2023, which was in line with the increase in our revenue in 2023. Our profit for the year decreased by RMB147.6 million, or 44.5%, from RMB332.1 million in 2023 to RMB184.5 million in 2024, mainly due to a decrease in the revenue derived from our cross-border social e-commerce business. See "Financial Information – Review of Historical Results of Operations – Year Ended December 31, 2023 Compared to Year Ended December 31, 2024 – Revenue."

Revenue breakdown by geographical market

The following table sets forth the breakdown of our total revenue by geographical market for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue						
Northeast Asia[1]	1,794,364	33.4	2,541,774	38.0	1,738,742	31.4
Mainland China[2]	2,190,291	40.7	2,309,038	34.5	2,037,028	36.8
Southeast Asia[3]	677,902	12.6	846,808	12.6	661,433	12.0
Middle East[4]	409,467	7.6	385,919	5.8	341,777	6.2
Europe[5] and North America[6]:						
– U.S.	171,880	3.2	121,008	1.8	126,935	2.3
– Europe and other countries in North America	83,819	1.6	388,533	5.8	520,899	9.4
Others[7]	48,161	0.9	101,601	1.5	102,445	1.9
Total	**5,375,884**	**100.0**	**6,694,681**	**100.0**	**5,529,259**	**100.0**

Notes:

(1) Northeast Asia primarily includes Japan, South Korea, Hong Kong SAR and Taiwan.

(2) Includes our paper packaging business and other businesses in Mainland China only. For details, see "Business – Our Paper Packaging Business" and "Business – Our Other Businesses".

(3) Southeast Asia primarily includes Thailand, Malaysia, Singapore and the Philippines.

(4) Middle East primarily includes Saudi Arabia and United Arab Emirates.

(5) Europe primarily includes Italy, Germany and Poland.

(6) North America primarily includes Canada and the United States.

(7) Includes revenues primarily generated from our paper packaging business in other countries or regions, such as Australia and New Zealand.

The following table sets forth the breakdown of our cost of sales by business segment for the periods indicated, both in actual terms and as a percentage of our total cost of sales:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cost of sales						
Cross-border social e-commerce	1,269,838	39.7	1,571,742	43.8	1,329,134	42.8
Paper packaging	1,682,064	52.6	1,703,450	47.4	1,724,280	55.4
Others	245,129	7.7	315,186	8.8	56,530	1.8
Total	**3,197,031**	**100.0**	**3,590,378**	**100.0**	**3,109,944**	**100.0**

The following table sets forth the breakdown of our gross profit and gross profit margin by business segment for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cross-border social e-commerce	1,836,763	59.1	2,684,895	63.1	2,036,769	60.5
Paper packaging	300,527	15.2	393,156	18.8	375,181	17.9
Other	41,563	14.5	26,252	7.7	7,365	11.5
Total	**2,178,853**	**40.5**	**3,104,303**	**46.4**	**2,419,315**	**43.8**

Our total revenue increased by RMB1,318.8 million, or 24.5%, from RMB5,375.9 million in 2022 to RMB6,694.7 million in 2023, primarily as a result of an increase in revenue derived from our cross-border social e-commerce business. Our total revenue decreased by RMB1,165.4 million, or 17.4%, from RMB6,694.7 million in 2023 to RMB5,529.3 million in 2024, primarily because in 2024, we adjusted personnel and resources to initiate our sales expansion into other under-penetrated areas within Europe, and to develop and promote our own brands under our cross-border social e-commerce business. As the development of such under-penetrated areas is in its early stages, we have not yet generated significant revenue from such adjustments. Furthermore, our strengthened effort to build traction for our own brands is aimed at laying a stronger foundation for future revenue growth, although this contributed to a temporary decrease in revenue for the period. Additionally, foreign exchange rate fluctuations in certain key markets, particularly in Japan and South Korea, adversely affected our revenue. In 2024, the depreciation of Japanese yen and South Korean won against Renminbi, and our reduced selling prices for certain products in such areas, led to our lower average selling price per order recognized in Renminbi in such markets. Furthermore, as a result of the unpredictability of exchange rate fluctuations, we strategically reduced the advertising expenses in these markets with significant exchange rate fluctuations in 2024, which also led to the decrease in our number of fulfilled orders and revenue in such markets. See "Financial Information – Review of Historical Results of Operations – Year Ended December 31, 2023 Compared to Year Ended December 31, 2024 – Revenue."

Our total gross profit increased by RMB925.5 million, or 42.5%, from RMB2,178.9 million in 2022 to RMB3,104.3 million in 2023. Our overall gross profit margin increased from 40.5% in 2022 to 46.4% in 2023, primarily as a result of the increase in the revenue contribution of our cross-border social e-commerce business, which has a higher gross profit margin compared to that of our paper packaging business. Our total gross profit decreased by RMB685.0 million, or 22.1%, from RMB3,104.3 million in 2023 to RMB2,419.3 million in 2024. Our overall gross profit margin decreased from 46.4% in 2023 to 43.8% in 2024, primarily as a result of the decrease in the revenue contribution of our cross-border social e-commerce business, which has a higher gross profit margin compared to that of our paper packaging business. See "Financial Information – Review of Historical Results of Operations – Year Ended December 31, 2023 Compared to Year Ended December 31, 2024 – Gross Profit and Gross Profit Margin."

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated balance sheet as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	1,135,997	1,330,874	1,529,001
Total current assets	2,106,389	2,255,702	1,974,093
TOTAL ASSETS	**3,242,386**	**3,586,576**	**3,503,094**
Total current liabilities	995,361	1,017,004	1,084,387
Total non-current liabilities	109,860	256,718	210,192
TOTAL LIABILITIES	**1,105,221**	**1,273,722**	**1,294,579**
Equity attributable to owners of the parent	2,095,216	2,280,398	2,202,024
Non-controlling interests	41,949	32,456	6,491
TOTAL EQUITY	**2,137,165**	**2,312,854**	**2,208,515**
TOTAL EQUITY AND LIABILITIES	**3,242,386**	**3,586,576**	**3,503,094**
NET CURRENT ASSETS	**1,111,028**	**1,238,698**	**889,706**

As of December 31, 2023, we had net current assets of RMB1,238.7 million, as compared to RMB1,111.0 million as of December 31, 2022, primarily due to the decrease in interest-bearing bank borrowings and the increases in cash and cash equivalents and trade and bills receivables, partially offset by increases in trade and bills payables and other payables and accruals.

As of December 31, 2024, we had net current assets of RMB889.7 million, as compared to net current assets of RMB1,238.7 million as of December 31, 2023, primarily due to (i) an increase in trade and bills payables, (ii) a decrease in cash and cash equivalents, and (iii) a decrease in prepayments, other receivables and other assets, partially offset by an increase in trade and bills receivables.

As of December 31, 2022, 2023 and 2024, our net assets amounted to approximately RMB2,137.2 million, RMB2,312.9 million and RMB2,208.5 million, respectively. Our net assets increased by RMB175.7 million, or 8.2%, from RMB2,137.2 million as of December 31, 2022 to RMB2,312.9 million as of December 31, 2023, primarily due to profit for the year of RMB332.1 million and equity-settled share-based payment expenses of RMB26.4 million, partially offset by the dividends declared of RMB177.2 million. Our net assets decreased by RMB104.3 million, or 4.5%, from RMB2,312.9 million as of December 31, 2023 to RMB2,208.5 million as of December 31, 2024, primarily due to profit for the year of RMB184.5 million, offset by shares repurchased for Share Incentive Plans of RMB75.9 million and dividends declared of RMB203.2 million.

Summary of Consolidated Statements of Cash Flows

During the Track Record Period and up to the Latest Practicable Date, we had funded our cash requirements principally from cash generated from our operating activities and bank borrowings. As of December 31, 2022, 2023 and 2024, we had cash and cash equivalents of RMB852.1 million, RMB1,062.1 million and RMB711.1 million, respectively. The following table is a summary of our cash flow data from our consolidated statement of cash flows for the periods indicated:

	For the year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows generated from operating activities	390,955	725,599	386,678
Net cash flows (used in) investing activities	(183,604)	(282,387)	(337,097)
Net cash flows (used in) financing activities	(31,968)	(237,329)	(394,574)
Net increase/(decrease) in cash and cash equivalents	175,383	205,883	(344,993)
Cash and cash equivalents at beginning of the year	666,852	852,071	1,062,110
Effect of exchange rate differences, net	9,836	4,156	(6,055)
Cash and cash equivalents at end of the year	**852,071**	**1,062,110**	**711,062**

Key Financial Ratios

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

	For the year ended December 31,		
	2022	**2023**	**2024**
Profitability ratios:			
Gross profit margin(1)	40.5%	46.4%	43.8%
Net profit margin(2)	3.2%	5.0%	3.3%
Adjusted net profit margin (non-IFRS measure)(3)	3.2%	5.4%	3.6%
Return on equity(4)	8.5%	14.9%	8.2%
Return on total assets(5)	5.5%	9.7%	5.2%

	As of December 31,		
	2022	2023	2024
Liquidity ratios:			
Current ratio(6)	2.1	2.2	1.8
Quick ratio(7)	1.6	1.8	1.4
Inventory turnover days(8)	52.5	49.1	54.9
– Inventory turnover days of cross-border social e-commerce business(9)	33.4	31.2	36.9
– Inventory turnover days of paper packaging business(10)	58.7	57.4	54.5
Capital adequacy ratio:			
Debt-to-equity ratio(11)	14.6%	11.2%	11.2%

Notes:

(1) Gross profit margin is calculated using gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin is calculated using profit for the year divided by revenue and multiplied by 100%.

(3) Adjusted net profit margin (non-IFRS measure) is calculated using adjusted profit for the year (non-IFRS measure) divided by revenue and multiplied by 100%. For details of the adjusted profit of the year (non-IFRS measure), see "– Non-IFRS Measures".

(4) Return on equity ratio is calculated using profit for the year as a percentage of the average balance of total equity at the beginning and the end of the year and multiplied by 100%.

(5) Return on total assets ratio is profit for the year as a percentage of the average balance of total assets at the beginning and the end of the year and multiplied by 100%.

(6) Current ratio is calculated using total current assets divided by total current liabilities.

(7) Quick ratio is calculated using total current assets less inventories divided by total current liabilities.

(8) Inventory turnover days is calculated using the average of the beginning and ending balances of total inventories for the relevant year, divided by the corresponding total cost of sales for the same year, multiplied by 365 days.

(9) Inventory turnover days of our cross-border social e-commerce business is calculated using the average of the beginning and ending balances of inventories of our cross-border social e-commerce business for the relevant year, divided by the corresponding cost of sales of our cross-border social e-commerce business for the same year, multiplied by the 365 days.

(10) Inventory turnover days of our paper packaging business is calculated using the average of the beginning and ending balances of inventories of our paper packaging business for the relevant year, divided by the corresponding cost of sales of our paper packaging business for the same year, multiplied by 365 days.

(11) Debt-to-equity ratio is calculated using total debt (being the carrying balance of the interest-bearing bank borrowings) divided by total equity and multiplied by 100%.

See "Financial Information – Key Financial Ratios" in this Prospectus for details.

OFFERING STATISTICS

The numbers in the following table are based on the assumptions that (i) the Global Offering has been completed and 67,910,000 H Shares are issued and sold in the Global Offering, and (ii) 452,679,288 Shares are issued and outstanding following the completion of the Global Offering.

	Based on an Offer Price of HK$7.48 per H Share	**Based on an Offer Price of HK$10.68 per H Share**
Market capitalization of our H Shares after completion of the Global Offering(1)	HK$508.0 million	HK$725.3 million
Market capitalization of our Shares after completion of the Global Offering (2)	HK$6,306.9 million	HK$6,524.2 million
Unaudited pro forma adjusted net tangible assets per Share (3)	HK$6.06	HK$6.52

Notes:

(1) The calculation of market capitalization is based on 67,910,000 H Shares expected to be in issue and outstanding following the completion of the Global Offering, assuming the price of such H Shares is the Offer Price as indicated in the table.

(2) The calculation of market capitalization is based on 452,679,288 Shares expected to be in issue and outstanding following the completion of the Global Offering, assuming that the Global Offering had been completed on December 31, 2024, being the sum of (i) the market capitalization of the 384,769,288 A shares calculated based on the closing price of such A shares on May 9, 2025, being the business day immediately preceding the Latest Practicable Date, and (ii) the market capitalization of the 67,910,000 H Shares calculated based on the Offer Price as indicated in the table.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are arrived at by dividing the unaudited pro forma adjusted net tangible assets by 452,679,288 Shares, being the number of shares in issue assuming that the Global Offering had been completed on December 31, 2024 and excluding the impact of the subsequent events: (i) the Company repurchased 744,200 A shares with the consideration of RMB9.6 million from January 1, 2025 to April 30, 2025 and (ii) on 15 May 2025, the Company announced a cash dividend of RMB59,724,000 to be distributed. Including the impact of subsequent events, the unaudited pro forma adjusted consolidated net tangible assets per Share as of December 31, 2024 would be HK$5.90 and HK$6.35, based on an Offer Price of HK$7.48 and HK$10.68 per Share, respectively.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

By virtue of the Takeovers Code, Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai and Tibet Yongyue are deemed to be parties acting in concert. On February 5, 2024, Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Mr. Lu Tashan and Tibet Yongyue executed the Concert Parties Agreement and pursuant to which they constitute the Single Largest Group of Shareholders, entitled to control approximately 32.1%[#] and approximately 27.3%[#] of our Shares in aggregate as at the Latest Practicable Date and immediately upon completion of the Global Offering, respectively.

Pursuant to the Concert Parties Agreement, all members of the Single Largest Group of Shareholders agreed that they shall act in concert in respect of each of the members of our Group. Pursuant to the Concert Parties Agreement, it was confirmed that each of Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai and Tibet Yongyue had acted in accordance with Ms. Zhuang Hao's instructions prior to the date of the Concert Parties Agreement and from when they each held voting rights at the meetings of the shareholders of the Company. Furthermore, Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Tibet Yongyue and Mr. Lu Tashan have undertaken to act in concert directly or indirectly through the companies controlled by them. They have also agreed to, among others, (i) vote unanimously at all meetings of the shareholders of each member of our Group, (ii) discuss and reach consensus with each other before proposing to such meetings, and act in concert in respect of the business operations, governance and other key matters of our Group which shall be decided by the shareholders of each of the members of the Group. In the event that consensus cannot be reached, Ms. Zhuang Hao's view shall prevail and the Single Largest Group of Shareholders shall reflect her view in their decisions in such meetings accordingly. In addition, as advised by our PRC Legal Advisor, the members of the Single Largest Group of Shareholders are parties acting in concert pursuant to PRC laws and regulations and the Concert Parties Agreement, and the Concert Parties Agreement is valid and in compliance with PRC laws and regulations.

As at the Latest Practicable Date, each of Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Tibet Yongyue (which is held as to 71.4% by Mr. Zhuang Zhenhai) and Mr. Lu Tashan held 18.1%, 9.0%, 1.7%, 1.6%, 1.4% and 0.2%[#] of our Shares, respectively.

For further details of the acting-in-concert arrangement among our Single Largest Group of Shareholders, see "Relationship with Our Single Largest Group of Shareholders".

[#] Includes 568,750 restricted A Shares granted under the 2023 Restricted Share Incentive Plan which shall only become saleable upon the expiration of the corresponding lock-up periods (the next expiration period being 24 months after October 23, 2023) with satisfaction of performance targets of the Group and Mr. Lu Tashan. Please refer to "Appendix VI – Statutory and General Information – E. 2023 Restricted Share Incentive Plan" for details of the 2023 Restricted Share Incentive Plan and the performance targets. The restricted A Shares carry voting rights the exercise of which is not subject to any conditions or the lock-up periods, but the exercise of voting rights will be subject to the terms of the Concert Parties Agreement. For further details of the Concert Parties Agreement, please refer to the section headed "History and Corporate Structure – Our Shareholders Acting in Concert" in this section.

DIVIDEND

During the Track Record Period, we declared (i) an interim dividend for the first three quarters of 2022 of RMB99.5 million in January 2023, representing a dividend of RMB2.63 (inclusive of tax) for every 10 A Shares of our Company, (ii) an interim dividend for the half year of 2023 of RMB75.7 million in September 2023, representing a dividend of RMB2.00 (inclusive of tax) for every 10 A Shares of our Company, (iii) an annual dividend for 2023 of RMB136.8 million in March 2024, representing a dividend of RMB3.60 (inclusive of tax) for every 10 A Shares of our Company (based on the number of A Shares as of the date of approval of the dividend declaration by our Board of Directors, excluding the A Shares repurchased and held as treasury shares), and (iv) an interim dividend for the first three quarters of 2024 of RMB68.2 million in November 2024, representing a dividend of RMB1.80 (inclusive of tax) for every 10 A Shares of our Company (based on the number of A Shares as of the date of approval of the dividend declaration by our Board of Directors, excluding the A Shares repurchased and held as treasury shares). All such dividends have been fully settled. Furthermore, in May 2025, we also declared the distribution of annual dividend for 2024, according to which an aggregate amount of RMB59.7 million, representing a dividend of RMB1.58 (inclusive of tax) for every 10 A Shares of our Company (based on the number of A Shares as of the date of the announcement, excluding the A Shares repurchased and held as treasury shares) is announced to be settled in cash.

As of the Latest Practicable Date, we did not maintain any fixed dividend payout policy. As stipulated under our articles of association, we would generally pay cash dividends annually and our Board of Directors may also declare dividends by way of shares, or a combination of both cash and shares, after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment of dividends will be subject to our constitutional documents and applicable laws. Under our Articles of Association, our Company shall give priority to the distribution of cash dividends and declare cash dividends once per year in principle (subject to declaration of interim dividends), in the amount of at least 20% of our profit available for distribution generated in that year, provided that (i) our Company's profit available for distribution generated in the year or half-year period and accumulated profits available for distribution are positive, (ii) our Company has sufficient cash and the payment of dividends would not affect the sustainability of our operations, (iii) our Company's auditor has issued an unqualified opinion on our financial statements of that year, and (iv) our Company does not have any significant investment plan or significant cash expenditure. Our shareholders at a general meeting must approve any declaration of dividends, which must not exceed the amount recommended by our Board of Directors. In addition, our Directors may from time to time pay such interim dividends as our Board of Directors considers to be justified by our profits and overall financial requirements. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declaration of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board of Directors.

RISK FACTORS

Our business and the Global Offering involved certain risks, which are set out in the section headed "Risk Factors" in this Prospectus. You should read that section in its entirety before you decide to invest in the Offer Shares. Some of the major risks we face include:

- Disruption of our relationships and unfavorable changes in terms of our arrangements with third-party business partners for our cross-border social e-commerce business could have a material adverse effect on our business and results of operations.

- We may not be able to identify and respond to changes in consumption trends and consumer preferences and market demand in a timely manner.

- Any material shortage or delay in supply by our suppliers or instability of their product quality, any difficulty in sourcing products demanded by our consumers, and any difficulty in maintaining our current relationships with our suppliers or finding replacements for our suppliers in a timely manner, could materially and adversely affect our business.

- We operate in the competitive China's B2C outbound social media e-commerce market and FMCG paper consumer packaging industry in Mainland China. If we fail to compete effectively and successfully, our customer base, market share and profitability may be materially and adversely affected.

- We may not be able to successfully enhance our market penetration through expanding our sales and distribution channels.

- If we are unable to maintain our existing level of production utilization rates for our packaging products, or any unexpected disruption at our production facilities could have a material adverse effect on our business, financial conditions and results of operations.

- We may not be able to maintain an effective quality control system for our business, and any failure or deterioration of our quality control system would adversely affect our operations and financial conditions.

- The operation of our cross-border social e-commerce business maybe affected by risks related to logistics services provided by third parties.

HISTORICAL IMPACTS OF THE COVID-19 PANDEMIC

Since the end of December 2019, the outbreak of a novel strain of coronavirus, or COVID-19, has affected the global economy. While we encountered various challenges due to the impact of COVID-19, neither our operations nor our financial performance were materially and adversely affected during the Track Record Period. For further details, see "Financial Information – Historical Impacts of the COVID-19 Pandemic."

REGULATORY DEVELOPMENTS

Regulatory Changes on Data Privacy and Protection

In recent years, privacy and data protection have become increasing regulatory focuses of government authorities across the world. The PRC government has enacted a series of laws, regulations and governmental policies for the protection of personal data, cybersecurity and data security in the past few years. On December 28, 2021, the Cyberspace Administration of China (the "**CAC**") adopted the updated Cybersecurity Review Measures (《網絡安全審查辦法》), which came into effect on February 15, 2022. The Cybersecurity Review Measures stipulates the mandatory requirement of cybersecurity review for companies which hold more than one million users' personal information when applying for an overseas listing. However, our PRC Data Legal Advisor is of the view that we are not required to apply for cybersecurity review according to Article 7 of the Cybersecurity Review Measures as a listing in Hong Kong SAR is not deemed as a listing abroad within the meaning of the Cybersecurity Review Measures, pursuant to the verbal consultation conducted by our PRC Data Legal Advisor with the China Cybersecurity Review Certification and Market Regulation Big Data Center, the department delegated by the CAC to accept consultation and applications for cybersecurity review.

In addition, on September 24, 2024, the State Council published the Regulations on the Administration of Network Data Security (《網絡數據安全管理條例》) (the "**Network Data Security Regulations**"), which came into effect on January 1, 2025. The Network Data Security Regulations provide implementing rules that cover various aspects, including personal information, data security, and network security. Theses detailed requirements are built upon existing laws such as the Cybersecurity Law (《網絡安全法》), the Data Security Law (《數據安全法》), and the Personal Information Protection Law (《個人信息保護法》). Network data processors are required to comply with these requirements during their daily operation to ensure the safety of network data. As advised by our PRC Data Legal Advisor, we are in compliance with the requirements under the Network Data Security Regulations, as applicable, in all material respects, on the bases that: (1) we have established an effective internal system in connection with cybersecurity and data protection; (2) all personal information and other kinds of network data collected and generated from PRC individuals during the operation of PRC members of the Group in the PRC are currently stored within the territory of the PRC, and we have not been informed by any governmental authorities that the data we process constitutes important data or core data; and (3) as of the Latest Practicable Date, we had not been subject to any administrative penalty related to cybersecurity or personal information protection issued by the PRC authorities. See "Business – Data Compliance and Data Security – Data Compliance."

Regulatory Changes on U.S. Tariff Regulations

In early 2025, the U.S. government issued multiple executive orders implementing additional tariff on imports from various jurisdictions, including additional tariff amounting to an aggregate of 145% on imports from the PRC that took effect on April 10, 2025, and the repeal of duty-free treatment under the U.S. Tariff Act of 1930 for products imported from the PRC to the U.S. with the aggregated fair retail value under US$800 per person per day (the "**De Minimis Exemption**") which took effect from May 2, 2025. On May 12, 2025, the PRC government and U.S. government issued a joint announcement acknowledging that both parties will take actions to build a sustainable and long-term trade relationship, and the U.S. government is committed to take actions to (i) reduce the additional tariff rate to 54% on imports from the PRC and Hong Kong SAR, of which the tariff duty amounting to 24% is subject to temporary imposition suspension for an initial period of 90 days, and (ii) reduce the tariff rates of the imports from the PRC that would have been subject to the De Minimis Exemption to 54% or US$100 per item. For each year of the Track Record Period, our revenue generated from exports to the U.S. accounted for 3.2%, 1.8% and 2.3% of our total revenue, respectively, and our gross profit generated from exports to the U.S. accounted for 1.1%, 0.8% and 1.3% of our total gross profit, respectively. We have not considered the U.S. market as our primary focus and we do not expect the changes in U.S. tariff regulations would result in a material adverse effect on our business and financial conditions. However, the U.S. tariff and trade policies are subject to constant changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice. We cannot predict the timing, scope, or severity of potential changes in tariff and trade policies, which may continue to evolve in the future. The changes in U.S. tariff regulations may bring various second-order effects, for example, (i) the market competition of global social e-commerce market with destinations in non-U.S. countries and regions may be intensified as market players may shift their focus to non-U.S. markets, (ii) other countries may take similar actions by imposing additional tariffs on products with Chinese origins following the changes in U.S. tariff regulations, (iii) the demands and purchasing willingness of customers, those who are price-sensitive in particular, may be bruised as cross-border e-commerce merchants may raise the selling prices of products in response to the incremental tariff costs, and (iv) the global economy may be subject to ongoing impact, such as slower growth rates or contractions. We cannot assure you that we will not be influenced by the second-order effects arising from the changes in U.S. tariff regulations and the potential impacts on us cannot be quantified. Furthermore, we cannot assure you that we will not be subject to stricter tariff rules or trade restrictions in the future and we may be subject to various risks relating to tariff changes. For more details, see "Risk Factors – Risks relating to our Business and Industry – Our business operations involve multiple jurisdictions and are susceptible to changes in international trade policies, tariff regulations and geopolitical tensions and "Business – Regulatory Changes on U.S. Tariff Regulations."

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Development of Share Repurchase Plan

On November 6, 2024, we published an announcement on the SZSE announcing that after considering our future prospects, financial condition and the interest of our Shareholders, our Board of Directors resolved to purchase A Shares from the secondary market, and the total budget of which will be between RMB60 million to RMB100 million. As of April 30, 2025, we had repurchased a total of 744,200 A Shares from the secondary market with the transaction amount of approximately RMB9.6 million, excluding relevant transaction fees.

Summary of Financial Performance and Financial Position for the Three Months ended/as of March 31, 2025

As required by the SZSE, we published our quarterly report in April 2025, containing our unaudited consolidated financial statements as of and for the three months ended March 31, 2025, prepared under the PRC GAAP. We have included our unaudited interim financial report prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("**IAS 34**") as of and for the three months ended March 31, 2025 in Appendix IB to this Prospectus. Our unaudited consolidated financial statements have been reviewed by the Reporting Accountants in accordance with Hong Kong Standard on Review Engagements 2410.

Summary of Consolidated Statements of Profit or Loss

The table below sets forth our condensed consolidated statements of profit or loss for the periods indicated:

	For the three months ended March 31,			
	2024		**2025**	
	RMB'000	*%*	*RMB'000* *(Unaudited)*	*%*
REVENUE	1,324,458	100.0	1,477,491	100.0
Cost of sales	(787,783)	(59.5)	(805,801)	(54.5)
GROSS PROFIT	536,675	40.5	671,690	45.5
Other income and gains	15,802	1.2	9,532	0.6
Selling and marketing expenses	(399,171)	(30.1)	(513,981)	(34.8)
Administrative expenses	(63,995)	(4.8)	(64,571)	(4.4)
Research and development expenses	(28,799)	(2.2)	(32,156)	(2.2)
(Accruals)/reversals of impairment on financial assets	(1,684)	(0.1)	1,479	0.1
Share of profits/(losses) of associates	523	0.0	(1,433)	(0.1)
Foreign exchange (losses)/gains, net	(5,901)	(0.4)	4,273	0.3
Finance costs	(3,121)	(0.2)	(3,331)	(0.2)
Other expenses and losses	(590)	(0.0)	(108)	(0.0)
PROFIT BEFORE TAX	49,739	3.8	71,394	4.8
Income tax expense	(10,194)	(0.8)	(8,925)	(0.6)
PROFIT FOR THE PERIOD	39,545	3.0	62,469	4.2
Earnings per share				
Basic and diluted *(RMB)*	0.11		0.16	

Our revenue increased from RMB1,324.5 million for the three months ended March 31, 2024 to RMB1,477.5 million for the three months ended March 31, 2025, primarily due to an increase in the revenue derived from our cross-border social e-commerce business.

Our revenue derived from the cross-border social e-commerce business increased by 28.2% from RMB725.7 million for the three months ended March 31, 2024 to RMB930.1 million for the three months ended March 31, 2025, primarily due to the increase in the number of fulfilled orders, as we (i) strategically allocated resources to expand into certain under-penetrated areas within the Europe, and (ii) increased our advertising activities in certain key markets, particularly South Korea and Thailand, as the foreign exchange rates rebounded in such areas.

Our revenue derived from the paper packaging business remained relatively stable at RMB545.8 million for the three months ended March 31, 2025 compared with RMB548.0 million for the three months ended March 31, 2024.

Our cost of sales increased from RMB787.8 million for the three months ended March 31, 2024 to RMB805.8 million for the three months ended March 31, 2025, primarily due to the increase in the revenue contribution of our cross-border social e-commerce business.

As a result of the foregoing, our total gross profit increased from RMB536.7 million for the three months ended March 31, 2024 to RMB671.7 million for the three months ended March 31, 2025. Our overall gross profit margin increased from 40.5% for the three months ended March 31, 2024 to 45.5% for the three months ended March 31, 2025, primarily as a result of the increase in the revenue contribution of our cross-border social e-commerce business, which has a higher gross profit margin compared to that of our paper packaging business.

Our profit for the period increased from RMB39.5 million for the three months ended March 31, 2024 to RMB62.5 million for the three months ended March 31, 2025, with an increase in our net profit margin from 3.0% for the three months ended March 31, 2024 to 4.2% for the three months ended March 31, 2025.

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated balance sheet as of the dates indicated:

	As of December 31, 2024	As of March 31, 2025
	RMB'000	*RMB'000*
		(Unaudited)
ASSETS		
Non-current assets		
Property, plant and equipment	930,436	907,288
Right-of-use assets	176,350	168,151
Goodwill	9,585	9,585
Other intangible assets	19,910	19,105
Investment in associates	107,477	102,712
Equity investments designated at fair value through other comprehensive income	8,254	8,254
Financial assets at fair value through profit or loss	130,863	130,500
Deferred tax assets	11,147	11,268
Time deposits	133,791	179,871
Other non-current assets	1,188	3,751
Total non-current assets	**1,529,001**	**1,540,485**
Current assets		
Inventories	447,889	426,047
Trade and bills receivables	553,885	525,783
Prepayments, other receivables and other assets	141,874	150,134
Amounts due from related parties	1,243	1,009
Pledged deposits	67,971	84,814
Time deposits	50,169	64,228
Cash and cash equivalents	711,062	716,320
Total current assets	**1,974,093**	**1,968,335**
TOTAL ASSETS	**3,503,094**	**3,508,820**

	As of December 31, 2024	As of March 31, 2025
	RMB'000	*RMB'000* *(Unaudited)*
LIABILITIES		
Current liabilities		
Trade and bills payables	716,560	682,878
Other payables and accruals	181,321	146,272
Contract liabilities	17,858	9,698
Interest-bearing bank borrowings	121,126	170,204
Lease liabilities	34,678	33,962
Tax payables	8,645	12,093
Amounts due to related parties	972	723
Other current liabilities	3,227	3,325
Total current liabilities	**1,084,387**	**1,059,155**
Non-current liabilities		
Interest-bearing bank borrowings	127,067	105,817
Lease liabilities	49,465	43,386
Deferred income	30,945	31,042
Deferred tax liabilities	2,715	2,929
Total non-current liabilities	**210,192**	**183,174**
Total liabilities	**1,294,579**	**1,242,329**
EQUITY		
Share capital	384,769	384,769
Reserves	1,817,255	1,870,465
Equity attributable to owners to the parent	2,202,024	2,255,234
Non-controlling interests	6,491	11,257
TOTAL EQUITY	**2,208,515**	**2,266,491**
TOTAL EQUITY AND LIABILITIES	**3,503,094**	**3,508,820**

Our net current assets increased from RMB889.7 million as of December 31, 2024 to RMB909.2 million as of March 31, 2025, primarily due to (i) a decrease in other payables and accruals, (ii) a decrease in trade and bills payables, (iii) an increase in pledged deposits, and (iv) an increase in cash and cash equivalents.

Summary of Consolidated Statements of Cash Flows

The table below sets forth selected information from our condensed consolidated statements of cash flows for the periods indicated:

	For the three months ended March 31,	
	2024	**2025**
	RMB'000	*RMB'000*
		(Unaudited)
Net cash flows (used in)/from operating activities	(94,035)	67,955
Net cash flows (used in) investing activities	(73,105)	(78,101)
Net cash flows (used in)/from financing activities	(146,667)	11,636
Net (decrease)/increase in cash and cash equivalents	(313,807)	1,490
Cash and cash equivalents at beginning of the period	1,062,110	711,062
Effect of foreign exchange differences, net	(5,917)	3,768
Cash and cash equivalents at end of the period	**742,386**	**716,320**

We recorded net cash generated from operating activities of RMB68.0 million for the three months ended March 31, 2025, which was primarily attributable to cash from operations of RMB71.7 million for such period, partially offset by the payment of income tax of RMB5.7 million for the same period.

No Material Adverse Change

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this Prospectus, there had been no material adverse change in our financial or operating position or prospects since December 31, 2024, which is the end date of the periods reported on in the Accountants' Report set out in Appendix IA to this Prospectus, and there had been no event since December 31, 2024 and up to the date of this Prospectus that would materially affect the information as set out in the Accountants' Report included in Appendix IA to this Prospectus.

LISTING ON OTHER SECURITIES EXCHANGES

Our A Shares have been listed and traded on the main board of the SZSE (stock code: 002803) since July 12, 2016.

LISTING EXPENSES

Our listing expenses mainly include (i) underwriting-related expenses, such as underwriting fees and commissions, and (ii) non-underwriting-related expenses, comprising professional fees paid to our legal advisors and reporting accountants for their services rendered in relation to the Listing and the Global Offering, and other fees and expenses. Assuming an Offer Price of HK$9.08 per H Share (being the mid-point of the indicative Offer Price range stated in this Prospectus), the estimated total listing expenses for the Global Offering are approximately RMB104.7 million (equivalent to HK$112.8 million), accounting for approximately 18.3% of our gross proceeds. Among such estimated total listing expenses, we expect to pay underwriting-related expenses of RMB29.2 million, professional fees for our legal advisors and reporting accountants of RMB37.2 million and other fees and expenses of RMB38.3 million. An estimated amount of RMB13.4 million for our listing expenses is expected to be expensed through the statement of profit or loss and an estimated amount of RMB91.2 million is expected to be recognized directly as a deduction from equity upon the Listing.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$505.4 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming an Offer Price of HK$9.08 per H Share, being the mid-point of the indicative Offer Price range of HK$7.48 to HK$10.68 per H Share in this Prospectus. We intend to use the net proceeds from the Global Offering for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- approximately 40%, or HK$202.2 million, will be allocated to overseas market expansion;
- approximately 35%, or HK$176.9 million, will be allocated to our technology development in (1) our research and development capabilities, (2) data analytical capabilities to enhance our business efficiency, and (3) GiiMall to expand our revenue streams;
- approximately 15%, or HK$75.8 million, will be allocated to the expansion of our brands portfolio and development of our existing self-developed brands;
- approximately 10%, or HK$50.5 million, will be allocated to our working capital and other general corporate purposes. For further details, please refer to the section headed "Future Plans and Use of Proceeds" in this Prospectus.

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

"A Share Shareholder(s)"	Holder(s) of our A Share(s)
"A Shares"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the SZSE and traded in Renminbi
"Accountants' Report"	the report from the Reporting Accountants dated May 19, 2025, the text of which is set out in Appendix IA to this document
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC" or "Accounting and Financial Reporting Council"	the Accounting and Financial Reporting Council of Hong Kong
"Alibaba Cloud"	Alibaba Cloud Computing Ltd. (阿里雲計算有限公司), a cloud computing service provider controlled by Alibaba Group Holding Limited, whose shares are listed on the Stock Exchange (stock code: 9988) and New York Stock Exchange (stock code: BABA)
"Anhui Jihong"	Anhui Jihong EP Paper Products Co., Ltd. (安徽吉宏環保紙品有限公司), a limited liability company incorporated in the PRC on August 7, 2009 which is wholly-owned by our Company
"Articles" or "Articles of Association"	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in "Appendix V – Summary of the Articles of Association of the Company" to this Prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board of Directors"	the board of directors of our Company
"Board of Supervisors"	the board of supervisors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong SAR) on which banks in Hong Kong SAR are generally open for normal banking business
"CAGR"	compound annual growth rate

"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"China", "Mainland China" or "PRC"	the People's Republic of China and for the purposes of this Prospectus only, except where the context requires otherwise, excluding Hong Kong SAR, Macau SAR and Taiwan
"CIC"	China Insights Industry Consultancy Limited, the industry consultant, an independent third party
"CIC Report"	an independent report prepared and issued by CIC with respect to this Global Offering
"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"	Xiamen Jihong Co., Ltd (廈門吉宏科技股份有限公司, formerly known as Xiamen Jihong Package Technology Ltd.* (廈門吉宏包裝科技股份有限公司) and Xiamen Jihong Printing Co., Ltd* (廈門市吉宏印刷有限公司)), a limited liability company established in the PRC on December 24, 2003 and converted into a joint-stock company with limited liability on December 3, 2010
"Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Concert Parties Agreement"	the concert parties agreement entered into among the Single Largest Group of Shareholders on February 5, 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
"CSDC"	China Securities Depository and Clearing Corporation
"CSDC (Hong Kong)"	China Securities Depository and Clearing (Hong Kong)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)

"CSRC Archive Rules"	the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (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 Ministry of Finance of the PRC, the National Administration of State Secrets Protection of the PRC, and the National Archives Administration of the PRC (effective from March 31, 2023), as amended, supplemented or modified from time to time
"CSRC Filing Rules"	the Trial Administrative Measures of 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) and supporting guidelines issued by the CSRC (effective from March 31, 2023), as amended, supplemented or otherwise modified from time to time
"CSRC Rules"	the CSRC Filing Rules and the CSRC Archive Rules
"Director(s)"	the director(s) of our Company
"EIT"	the PRC enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC
"ESG"	environmental, social and governance
"EU"	the European Union
"Extreme Conditions"	any extreme conditions caused by a super typhoon as announced by the government of Hong Kong SAR
"FIL"	Foreign Investment Law (中華人民共和國外商投資法) published by State Council in January 2020
"FINI" or "Fast Interface for New Issuance"	an 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 all new listings
"fulfilled orders"	orders during a given year that are accepted by consumers and not returned
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "we", or "us"	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

"Guide"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	overseas listed foreign share(s) in our ordinary share capital, with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and for which an application has been made for listing and permission to trade on the Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"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 HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operation Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS, as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hohhot Jihong"	Hohhot Jihong Printing Packaging Co., Ltd* (呼和浩特市吉宏印刷包裝有限公司), a limited liability company incorporated in the PRC on September 1, 2009 which is wholly-owned by our Company
"Hong Kong SAR" or "HK SAR"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong SAR

"Hong Kong Magic"	Hong Kong Magic Digital Technology Co., Limited (香港麥吉客數字科技有限公司)
"Hong Kong Offer Shares"	the 6,791,000 H Shares initially being offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed "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 at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) on the terms and subject to the conditions described in this Prospectus, as further described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering" in this Prospectus
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting – Hong Kong Underwriters" in this Prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement, dated May 15, 2025, relating to the Hong Kong Public Offering, entered into among our Company, the Overall Coordinators, our Single Largest Group of Shareholders, and the Hong Kong Underwriters, as further described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering" in this Prospectus
"Hongkong Shize"	Hongkong Shize Digital Technology Co., Limited (香港時澤數字科技有限公司), a limited liability company incorporated in Hong Kong on October 8, 2021 which is indirectly wholly-owned by our Company
"Huanggang Jihong"	Huanggang Jihong Packaging Limited* (黃岡市吉宏包裝有限公司), a limited liability company incorporated in the PRC on April 1, 2019 which is wholly-owned by our Company
"Huawei Cloud"	Xi'an Yuanyao Information Technology Co., Ltd.* (西安元耀信息技術有限公司), a cloud computing service provider
"IFRS"	IFRS Accounting Standards, as issued from time to time by the International Accounting Standards Board
"independent third party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

"International Offer Shares"	the 67,910,000 H Shares being initially offered for subscription and purchased at the Offer Price under the International Offering, subject to reallocation as described under the section headed "Structure of the Global Offering" in this Prospectus
"International Offering"	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from registration under the U.S. Securities Act, as further described in the section headed "Structure of the Global Offering" in this Prospectus (for the avoidance of doubt, of the International Offer Shares initially being offered under the International Offering)
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering and expected to be entered into by, inter alia, our Company, the Overall Coordinators, our Single Largest Group of Shareholders and the International Underwriters on or about May 22, 2025, as further described in the section headed "Underwriting – The International Offering"
"inventory to sales ratio"	calculated by using the average balance of inventories of our cross-border social e-commerce business at the beginning and the end of the year divided by revenue of our cross-border social e-commerce business for such year
"Jiangxi Jihong"	Jiangxi Jihong Supply Chain Management Co., Ltd.* (江西吉宏供應鏈管理有限公司), a limited liability company incorporated in the PRC on September 9, 2019 which is indirectly wholly-owned by our Company
"Jinan Jilian"	Jinan Jihong Packaging Limited* (濟南吉聯包裝有限公司), a limited liability company incorporated in the PRC on July 24, 2008 which is wholly-owned by our Company
"Jinrunyue"	Khorgas Jinrunyue Network Technology Partnership (Limited Partnership)* (霍爾果斯金潤悦網絡科技合夥企業(有限合夥)), previously known as Xiamen Jinrunyue Investment Co., Limited* (廈門金潤悦投資有限公司), a limited partnership established in the PRC on June 28, 2010
"Joint Global Coordinators", "Joint Bookrunners" or "Joint Lead Managers"	the joint global coordinators, the joint bookrunners and the joint lead managers as named in "Directors, Supervisors and Parties Involved in the Global Offering" in this Prospectus

"Joint Sponsors"	China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited *(in alphabetical order)*
"JYK Ecommerce"	JYK Ecommerce Limited (香港金印客電子商務有限公司), a limited liability company incorporated in Hong Kong SAR on September 27, 2017 which is indirectly wholly-owned by our Company
"Langfang Jihong"	Langfang Jihong Packaging Co., Ltd.* (廊坊市吉宏包裝有限公司), a limited liability company incorporated in the PRC on January 8, 2013 which is wholly-owned by our Company
"Latest Practicable Date"	May 11, 2025, being the latest practicable date for ascertaining certain information in this Prospectus before its publication
"Listing"	the listing of the H Shares on the Main Board
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on Tuesday, May 27, 2025, on which the H Shares are listed and dealings in the H Shares are permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Luanzhou Jihong"	Luanzhou Jihong Packaging Limited* (灤州吉宏包裝有限公司), a limited liability company incorporated in the PRC on January 22, 2014 which is a subsidiary of our Company
"Lucky Ecommerce"	Lucky Ecommerce Limited (香港吉客印電子商務有限公司), a limited liability company incorporated in Hong Kong SAR on September 1, 2017 which is indirectly wholly-owned by our Company
"Macau SAR"	the Macau Special Administrative Region of the People's Republic of China
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Maximum Offer Price"	HK$10.68 per H Share, being the high end of the Offer Price range stated in this Prospectus
"MOFCOM" or "Ministry of Commerce"	the 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)
"Ningxia Jihong"	Ningxia Jihong Environmental Protection Packaging Technology Co., Ltd.* (寧夏吉宏環保包裝科技有限公司), a limited liability company incorporated in the PRC on December 28, 2018 which is wholly-owned by our Company
"Northeast Asia"	for the purpose of this Prospectus only, a geographical region including Japan, South Korea, Hong Kong SAR and Taiwan
"Offer Price"	the final price per H Share (exclusive of any brokerage fee, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee) of not more than HK$10.68 and expected to be not less than HK$7.48 at which the H Shares are to be subscribed for and issued pursuant to the Global Offering, to be determined as described in section headed "Structure of the Global Offering" in this Prospectus
"Offer Share(s)"	the H Shares offered in the Global Offering
"order fulfillment rate"	the ratio of fulfilled orders to new orders, calculated by dividing the number of fulfilled orders by the number of new orders during a given year. For the avoidance of doubt, fulfilled orders do not include orders that are canceled or returned after being placed
"our cross-border social e-commerce business"	our business comprising: (1) primarily using social media platforms for product promotion and traffic acquisition to attract overseas consumers to purchase products on our landing pages, with a strategic focus in Asia which includes Northeast Asia, Southeast Asia and Middle East. For further delineation, see "Business – Our Cross-border Social E-commerce Business – Our Geographic Coverage"; and (2) to a small extent, selling products of our own brands to consumers on third-party e-commerce platforms and our designated brand websites and providing our SaaS services through GiiMall on a complimentary basis as of the Latest Practicable Date
"Overall Coordinators"	China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited *(in alphabetical order)*

"Overseas Legal Advisors"	collectively, SyCip Salazar Hernandez & Gatmaitan, Weerawong, Chinnavat & Partners Ltd., Lee and Li, Attorneys-at-Law, Shin & Kim LLC, Anderson Mori & Tomotsune, Al Tamimi & Company, Christopher & Lee Ong, Dentons Rodyk & Davidson LLP and Robertsons, legal advisors of our Company in the jurisdictions where our Group carries material overseas sales under our cross-border social e-commerce business
"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	the generally accepted accounting principles of the PRC
"PRC Data Legal Advisor"	JunHe LLP, legal advisor of our Company as to PRC data compliance matters
"PRC Legal Advisor"	Beijing Kangda Law Firm, our legal advisor as to PRC laws
"PRC 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
"Price Determination Agreement"	the agreement to be entered into among our Company, the Overall Coordinators (for themselves and on behalf of the Underwriters) on or about the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or before Friday, May 23, 2025, on which the Offer Price is to be fixed by an agreement among the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company
"Prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"QSR"	quick service restaurant, a specific type of restaurant that serves fast food cuisine and has minimal table service
"Regulation S"	Regulation S under the U.S. Securities Act
"Reporting Accountant"	Ernst & Young
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"ROI"	a metric used to assess the effectiveness of our advertising efforts. We calculate ROI by dividing the revenue of our cross-border social e-commerce business for the year by the advertising cost for such year
"R&D"	research and development

"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SCNPC"	The Standing Committee of the National People's Congress (全國人民代表大會常務委員會)
"SEC"	the Securities and Exchange Commission of the United States
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Shaanxi Jihong"	Shaanxi Jihong Packaging Limited* (陝西吉宏包裝有限公司), a limited liability company incorporated in the PRC on October 8, 2021 which is wholly-owned by our Company
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of RMB1.00 each, comprising our A Shares and our H Shares
"Shareholder(s)"	holder(s) of our Share(s)
"Single Largest Group of Shareholders"	refers to Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Mr. Lu Tashan and Tibet Yongyue, details of which are set out in the section headed "Relationship with Our Single Largest Group of Shareholders" in this Prospectus
"SMEs"	small and medium-sized enterprises
"Southeast Asia"	for the purpose of this Prospectus only, a geographical region including Thailand, Malaysia, the Philippines and Singapore
"Sponsor-Overall Coordinators" *(in alphabetical order)*	China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholders"	has the meaning ascribed to it in the Listing Rules
"Supervisor(s)"	the supervisor(s) of our Company
"SZSE"	Shenzhen Stock Exchange
"Takeovers Code"	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Tax Advisor"	Ernst & Young (China) Advisory Limited, our advisor as to overseas tax compliance
"Tibet Yongyue"	Tibet Yongyue Shichao Corporate Management Co., Limited* (西藏永悅詩超企業管理有限公司), previously known as Xiamen Yongyue Investment Consulting Co., Limited* (廈門市永悅投資諮詢有限公司), a limited liability company incorporated in the PRC on June 30, 2010
"Track Record Period"	the period comprising the three years ended December 31, 2022, 2023 and 2024
"Trial Measures"	the Trial Administrative Measures of 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》) promulgated by the CSRC on February 17, 2023, as amended, supplemented or otherwise modified from time to time
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or the "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"VAT"	value-added tax

"VStar Packaging"	VStar Packaging (China) Limited* (孝感市吉聯食品包裝有限公司), a limited liability company incorporated in the PRC on August 9, 2019 which is wholly-owned by our Company
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of the White Form eIPO Service Provider at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Xiamen Jihong Packaging"	Xiamen Jihong Packaging Industry Co., Limited* (廈門吉宏包裝工業有限公司), a limited liability company incorporated in the PRC on March 25, 2020 which is wholly-owned by our Company
"Xi'an Jikeyin"	Jikeyin (Xi'an) Digital Technology Co., Ltd.* (吉客印(西安)數字科技有限公司), formerly known as Xi'an Jikeyin Ecommerce Co., Ltd.* (西安吉客印電子商務有限公司), a limited liability company incorporated in the PRC on August 3, 2017 which is indirectly wholly-owned by our Company
"Yongyue Investment"	Xiamen Yongyue Investment Consulting Co., Limited* (廈門市永悅投資諮詢有限公司), the predecessor of Tibet Yongyue
"Zhengzhou Jikeyin"	Jikeyin (Zhengzhou) Digital Technology Co., Ltd.* (吉客印(鄭州)數字科技有限公司), formerly Zhengzhou Jikeyin E-Commerce Co., Ltd.* (鄭州吉客印電子商務有限公司), a limited liability company incorporated in the PRC on August 23, 2017 which is indirectly wholly-owned by our Company
"Yisainuo Information Technology"	Zhengzhou Yisainuo Information Technology Co., Ltd.* (鄭州易賽諾信息技術有限公司)
"1688.com"	an integrated wholesale marketplace operated by Alibaba Group Holding Limited
"2021 Restricted Share Incentive Plan"	a restricted share incentive plan adopted by our Company on June 11, 2021, for the purpose of incentivising eligible management and employees of our Group which was subsequently canceled in April 2022
"2022 Employee Share Ownership Plan"	an employee share ownership plan adopted by our Company on October 25, 2022, for the purpose of promoting the long term development of the Company, retaining talents and incentivizing our employees, details of which are described in the section headed "Appendix VI – Statutory and General Information" in this Prospectus

"2023 Restricted Share Incentive Plan"	a restricted share incentive plan adopted by our Company on August 30, 2023, for the purpose of incentivising eligible management and employees of our Group, the principal terms of which are set out in "Appendix VI – Statutory and General Information" to this Prospectus
"%"	per cent

Unless otherwise specified or the context otherwise requires:

1. *all times refer to Hong Kong time; and*

2. *references to years, months and days in this Prospectus are to calendar years, calendar months and calendar days, respectively.*

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

Certain amounts and percentage figures included in this Prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

In this Prospectus, "" denotes translation of certain natural persons, legal persons, enterprises, governmental authorities, institutions, entities, organizations, departments, facilities, laws and regulations into Chinese or English (as the case maybe), etc., or another language included in this Prospectus for identification purposes only. In the event of any inconsistency, the Chinese names or the names in their original languages prevail.*

In this Prospectus, number of countries/regions sold under our cross-border social e-commerce business only takes into account representative markets where we recorded more than 300 valid orders from the relevant country/region in a given year.

This glossary contains definitions of certain terms used in this Prospectus in connection with our Company and our business. Some of these may not correspond to standard industry definitions or usage of these terms.

"AI"	artificial intelligence
"AIGC"	artificial intelligence generated content
"API"	application programing interface, a way to enable different applications to interact with each other
"app"	application software designed to run on a mobile device
"AWS"	Amazon Web Services
"B2C"	business-to-customer
"big data analytics"	the use of advanced analytic techniques against large, diverse sets of information, which greatly exceed the capabilities of traditional database software tools in terms of data collection and analysis, to uncover hidden patterns, correlations and other useful information that can help organizations make more informed decisions
"BRCGS"	Brand Reputation through Compliance Global Standard
"ChatGiiKin-6B"	a self-developed artificial intelligence content generation tool of our Company
"China's B2C outbound cross-border e-commerce"	the market where revenue is generated by Chinese enterprises through online sales channels to countries and regions outside of Mainland China
"cloud-based"	applications, services or resources made available to users on demand via the Internet from a cloud computing provider's server with access to shared pools of configurable resources
"CPA"	cost per action
"CPC"	cost per click
"CPM"	cost per mille

"deep learning"	a subset of AI and machine learning that mimics the working of biological neural systems such as human brains and uses multi-layered neural networks to deliver accuracy in tasks such as object detection and recognition, speech recognition and natural language processing learn directly from raw data and can increase its predictive accuracy when provided with some data
"digitalization"	the use of digital technologies to change a business model and provide new revenue and value producing opportunities
"e-commerce"	electronic commerce, which refers to the buying and selling of goods or services using the Internet, and the transfer of money and data to execute these transactions
"ERP"	enterprise resource planning, a business process management software that allows an organization to use a system of integrated applications to manage the business and digitalize back-office functions relating to technology, services, and human resources
"ETL"	extract, transform, load, which refers to a process of processing data
"ETRS"	Ethical Trade and Responsible Sourcing
"FMCG"	fast-moving consumer goods
"FSC"	Forest Stewardship Council
"G-king"	a self-developed artificial intelligence assistant for advertisement placement of our Company
"GiiAI"	a self-developed artificial intelligence content generation tool of our Company
"Giikin"	a self-developed artificial intelligence comprehensive system of our Company
"GiiMall"	a self-developed SaaS platform of our Company
"GMP"	good manufacturing practice, a production standard published by World Health Organization
"Internet traffic"	the flow of data packets transmitted and received over the Internet, encompassing social media traffic, organic traffic and platform traffic
"KOL"	key opinion leader

"landing page"	a sole-purpose transactional web page that pops up when a potential customer clicks an advertisement or a search engine result link
"machine learning"	the use of algorithms and statistical models to effectively perform specific tasks without being explicitly programmed to do so
"REACH"	Registration, Evaluation, Authorization and Restriction of Chemicals issued by EU
"RoHS"	Restriction of Hazardous Substances Directive issued by EU
"SaaS"	software as a service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
"SKU"	stock keeping unit, a unique identifier for each distinct product, as distinguished by style, size and color, of products which have been ordered during a given year
"sq.m."	square meter(s)
"Super Buyer"	a user status awarded by 1688.com
"Transformer"	a deep learning architecture based on the multi-head attention mechanism

Certain statements in this Prospectus are forward-looking statements and information that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will", "expect", "anticipate", "estimate", "believe", "going forward", "ought to", "may", "seek", "should", "intend", "plan", "projection", "could", "vision", "goals", "objective", "target", "schedule", "predict", "aim", "intend", "consider", "would", "continue" and "outlook") are not historical facts, but are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this Prospectus), uncertainties and other factors some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- future developments, trends and conditions (including economic, political and business conditions) in the industries and markets in which we operate or plan to operate;
- 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;
- our planned projects and goals;
- our ability to control or reduce costs;
- our ability to control our risks;
- our ability to maintain good relationships with business partners;
- our business prospects and expansion plans;
- our ability to successfully implement our business plans and strategies;
- our financial condition and performance, debt levels and capital needs;
- our dividend policy;
- our capital expenditure plans;
- various business opportunities that we may pursue;
- the actions and developments of our competitors;
- our business strategies, objectives and plans and our ability to achieve these strategies;
- capital market developments;

- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to Mainland China and the industry and markets in which we operate; and

- all other risks and uncertainties described in the section headed "Risk Factors" in this Prospectus.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this Prospectus. Any such intentions may change in light of future developments.

All forward-looking statements in this Prospectus are expressly qualified by reference to this cautionary statement.

You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below before making an investment in our H Shares. Our business, financial condition, results of operations or prospects may be materially and adversely affected by any of these risks and the trading price of our H Shares may decline as a result. You may lose all or part of your investment.

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" in this Prospectus.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and our industry; (ii) risks relating to our business and industry in the principal place of our business; and (iii) risks relating to the Global Offering. There may be additional risks and uncertainties presently not known to us or not expressed or implied below or those we currently deem immaterial could also harm our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Disruption of our relationships and unfavorable changes in terms of our arrangements with third-party business partners for our cross-border social e-commerce business could have a material adverse effect on our business and results of operations.

The operation of our cross-border social e-commerce business depends on our arrangements with various third-party business partners, including digital marketing service providers and social media platforms, such as Meta (including Facebook and Instagram), TikTok, Google (including YouTube), Line, Snapchat and X (formerly Twitter). It is common for social media platforms to constantly update their policies without prior notice. Changes in their policies, such as an increase in price for advertisement placement, may result in an increase in our costs and expenses. In addition, social media platforms also have the right to interpret how they would implement their policies. We cannot assure you that social media platforms will not adopt new policies, change existing policies or change the interpretation of existing policies that may be materially adverse to us. For example, we cannot assure you that they will not exercise their discretion to remove, either inadvertently or deliberately, our advertisements or the links to our landing pages or even suspended or terminate our advertisement placement in the future, which may materially and adversely affect our business, financial condition and results of operations. Furthermore, there can be no assurance that social media platforms could always offer sufficient advertisement space to us on competitive pricing terms. If there is any loss or deterioration of our relationship with existing social media platforms and/or digital marketing service providers, or if we fail to develop relationship with new social media platforms and digital marketing service providers to expand the reach of our cooperation, we may not be able to find replacement from other social media platforms for advertisement placing in a timely and cost-effective manner, or at all, which may materially and adversely affect our cross-border social e-commerce business and results of operations.

As part of our cross-border social e-commerce business, we place advertisements on social media platforms through digital marketing service providers to advertise our products. For each year of the Track Record Period, we recorded advertising costs as selling and distribution expenses amounting to RMB1,491.4 million, RMB2,242.2 million and RMB1,761.1 million, representing 94.7%, 95.7% and 95.2% of our total selling and distribution expenses, respectively. In addition, during the Track Record Period, our advertising expenses were concentrated on a limited number of social media platforms. We expect social media platforms will continue to be our primary method of marketing and promotion in the foreseeable future. As such, our profitability, financial performance and financial conditions rely on, among other things, the continued strong business relationships between on the one hand, social media platforms and digital marketing service providers and, on the other hand, us. See "Business – Our Cross-border Social E-commerce Business" for more details. We cannot assure you that we will be able to maintain strong business relationships with our business partners, such as digital marketing service providers and social media platforms, or there will not be unfavorable changes in our current arrangements. Under our agreements with digital marketing service providers, either party can terminate the agreement by serving advance written notice. There is no assurance that digital marketing service providers will not terminate the agreements with us or there will not be any unfavorable changes in our current arrangements, such as a substantial increase in the service fee charged by social media platforms that may be passed on to advertisers like us. In the case that digital marketing service providers amend the terms of agreements to make them unfavorable to us, the profitability of our products may be materially and adversely affected.

During the Track Record Period, we sourced products through suppliers registered on 1688.com, a wholesale marketplace operated by Alibaba. Operational interruption of 1688.com may affect our ability to source products from a significant number of our products suppliers and adversely affect our business, financial condition and results of operations.

We may not be able to identify and respond to changes in consumption trends and consumer preferences and market demand in a timely manner.

Our business performance is sensitive to consumption trends and consumer preferences, and market demands which change from time to time.

Consumers of our cross-border social e-commerce business in different geographical locations have varied demands and online shopping tastes and patterns. The success of our cross-border social e-commerce business is largely dependent on our ability to understand and anticipate consumption trends, consumer preferences and market demand to discover products that match the appetites of our target consumers, accurately place recommendations to potential consumers and to address evolving needs and preferences. Consumption trends and consumer preferences differ within and across different countries and regions and among different consumer groups, thus are influenced by factors such as consumer tastes, regional history and culture. Although we apply AI algorithms in product discovery and advertisement placement, we may not be able to discover products that cater to changing consumer preferences or recommend relevant products to interested consumers. Any failure to accurately anticipate trends and react to prevailing consumer preferences in a timely manner could adversely affect our sales performance, result in obsolete inventories and lead to a reduction in our business profitability, which may, in turn, have a material adverse effect on our cross-border social e-commerce business, financial condition and results of operations.

The performance of our paper packaging business depends on our ability to continuously anticipate, adapt or respond to changes in general consumer preference and market demand and make improvements to existing products design and development. With years of operations in the FMCG paper consumer packaging market in Mainland China, we have accumulated knowledge about and insights into general consumer preferences and demand. However, as general consumer preferences and demand are continuously changing, there is no guarantee that we will always be able to anticipate and adapt to the shift and design, produce and offer products to address general consumer needs. If we fail to anticipate, adapt to or timely respond to changes in general consumer preferences and demands in the FMCG paper consumer packaging market, we may suffer a decrease in demand for our paper packaging product or if enterprise customers lose confidence in our paper packaging products, a loss in enterprise customers, which may, in turn, have a material adverse effect on our paper packaging business.

Any material shortage or delay in supply by our suppliers or instability of their product quality, any difficulty in sourcing products demanded by our consumers, and any difficulty in maintaining our current relationships with our suppliers or finding replacements for our suppliers in a timely manner, could materially and adversely affect our business.

For our paper packaging business, we rely on the stable relationship with raw material suppliers to maintain our production schedules and commitment to our customers. For each year of the Track Record Period, raw material costs associated with our paper packaging business represented approximately 77.9%, 77.9% and 76.1%, respectively, of our total cost of sales of our paper packaging business. We procure our products from various product suppliers in Mainland China for our cross-border social e-commerce business and raw paper from raw paper suppliers for our paper packaging business. For each year of the Track Record Period, the cost of sales associated with cross-border social e-commerce business accounted for approximately 39.7%, 43.8% and 42.8%, respectively, of the total cost of sales of our Group. The operations of our suppliers are vulnerable to business interruptions due to natural disasters, infectious diseases or other catastrophic events, such as storms, fires, floods, earthquakes, typhoons, power shortages and failures, water shortages, hardware failures, outbreak of COVID-19 pandemic, terrorist attacks, wars or such other reasons which may or may not be foreseeable or otherwise within their control. If we fail to timely replace our suppliers affected with qualified substitute under our stringent selection criteria, the occurrence of any such natural disasters or catastrophic events could cause material shortages or delays in the supply of raw materials or products by our suppliers.

Moreover, we may not be able to monitor the production quality of our suppliers directly and effectively. If our suppliers fail to supply products in accordance with our quality standards or product specifications, the delivery of suitable products may be delayed, which could harm our reputation and operations.

In addition, we may face difficulties in sourcing products demanded by our consumers. If we fail to source products or sufficient quantity of products demanded by our consumers from our product suppliers in a timely manner, our cross-border social e-commerce business, financial condition and results of operations may be adversely affected. Furthermore, we may not be able to identify sufficient numbers of suitable suppliers or may need significant amount of time to locate new suppliers when we experience significant increases in demand for our products or if we are required to replace our suppliers. If we are unable to retain our current major suppliers or contract new suppliers at terms acceptable to us in a timely manner, our business, financial condition and results of operations could be materially and adversely affected.

We operate in the competitive China's B2C outbound social media e-commerce market and FMCG paper consumer packaging industry in Mainland China. If we fail to compete effectively and successfully, our customer base, market share and profitability may be materially and adversely affected.

We operate in China's B2C outbound social media e-commerce market. We primarily compete based on a few major factors: (i) digitalization and AI application capability; (ii) precision targeting capability; (iii) product selection capability; (iv) localization capability; (v) multi-platform management capability; (vi) supply chain management capability. See "Industry Overview – Overview of China's B2C Outbound Social Media E-commerce Market". There can be no assurance that we will be able to address these challenges and compete successfully against current and future competitors, and those competitive pressures may have a material adverse effect on our business, financial condition and results of operations.

We also face competition in the FMCG paper consumer packaging market in Mainland China. We primarily compete based on a number of factors in this market: (i) one-stop service capability; (ii) top-tier client coverage; (iii) process design and technology planning capability; (iv) adaptability to the policy environment and emphasis on ESG; (v) technology capability. If we are unable to control our costs or anticipate and respond to changing enterprise customer needs, we may not be able to compete successfully which in turn could have an adverse impact on our sales of packaging products and our results of business operations.

We may not be able to successfully enhance our market penetration through expanding our sales and distribution channels.

Our distribution channels have been a critical factor in driving our cross-border social e-commerce business growth and achieving strong operating results. We have established a broad advertisement placement strategy, covering different social media platforms, to sell and market our products. During the Track Record Period, we had more than 611,000 SKUs. See "Business – Our Cross-border Social E-commerce Business". For each year of the Track Record Period, our revenue generated from our cross-border social e-commerce business amounted to RMB3,106.6 million, RMB4,256.6 million and RMB3,365.9 million, respectively, accounting for 57.8%, 63.6% and 60.9%, respectively, of our total revenue.

For our paper packaging business, we maintain a group of sales and marketing staff, focusing on maintaining and growing the relationships with our existing enterprise customers. From time to time, our sales and marketing staff will provide the latest information about our services, sample designs, shipping routes, shipping schedules and fee quotations to our enterprise customers for their selection based on their needs.

To further increase our market share, we plan to invest more advertisement expenses to further increase market penetration. The expansion of our sales and distribution channels may put pressure on our managerial, financial, operational and other resources and affect our profitability in the short term. If we are unable to continuously improve our market penetration and reach through expanding our sales and distribution channels, our sales volume, our growth potential and profitability could be materially and adversely affected.

If we are unable to maintain our existing level of production utilization rates for our packaging products, or any unexpected disruption at our production facilities could have a material adverse effect on our business, financial conditions and results of operations.

For each year of the Track Record Period, we achieved production utilization rates of approximately 63.2%, 55.7% and 56.2%, respectively, for our packaging products. For details of the production utilization rates, please refer to the section headed "Business – Our Paper Packaging Business – Our Production Facilities" in this Prospectus. The utilization rates of our production plants depend primarily on the demand for our products. The utilization rates may also be affected by various other factors, such as skills of our employees, adverse weather conditions, natural disasters and breakdown of our production equipment. There is no assurance that we will be able to maintain a comparable level of output and utilization rates for our production plants in the future. In the event that we are unable to maintain the existing level of utilization rates for any or all of our production plants, our business, financial conditions and operating results may be materially and adversely affected.

In addition, smooth and consistent daily operations of our production facilities are highly crucial to our paper packaging business. Regular repair and maintenance for our production facilities are scheduled by our production department. We cannot assure you that there will be no sudden malfunction or stoppage of our production facilities during our daily operations and if any breakdown or malfunctions of machinery happened, our business, financial conditions and results of operations could be adversely impacted.

Our production requires significant and constant supply of electricity and water. If at any time we do not have adequate electricity and water to sustain normal production due to blackouts, shortage of electricity and water, we may need to limit, delay or halt production, and any disruption to such supply may adversely affect our production flow, prevent us from meeting enterprise customer orders and/or increase our costs of production, which could adversely affect our business and financial performance.

Our business operations involve multiple jurisdictions and are susceptible to changes in international trade policies, tariff regulations and geopolitical tensions.

Prior to 2025, products of Chinese origin being exported into the U.S. were subject to duties ranging from 7.5% to 50% under Section 301 of the U.S. Trade Act of 1974, and imports from the PRC and Hong Kong SAR were free of these duties using informal entry procedures if they have an aggregate fair retail value of less than US$800 (per person, per day) (the "**De Minimis Exemption**") under the U.S. Tariff Act of 1930. Since early 2025, the U.S. government has issued multiple executive orders implementing additional tariff on imports from various jurisdictions, including additional tariff amounting to an aggregate of 145% on imports from the PRC and Hong Kong SAR that took effect on April 10, 2025 (the "**Tariff Increases**"). Moreover, the U.S. government also issued executive orders repealing the De Minimis Exemption with effect from May 2, 2025, and imported goods from the PRC and Hong Kong SAR that are sent through the international postal network valued at or under US$800 will be subject to a duty rate of either 120% of their value or US$100 per item (the Tariff Increases and the repeal of the De Minimis Exemption collectively, the "**U.S. Tariff Changes**"). On May 12, 2025, the PRC government and U.S. government issued a joint announcement acknowledging that both parties will take actions to build a sustainable and long-term trade relationship, and the U.S. government is committed to take actions to (i) reduce the additional tariff rate to 54% on imports from the PRC and Hong Kong SAR, of which the tariff duty amounting to 24% is subject to temporary imposition suspension for an initial period of 90 days, and (ii) reduce the tariff rates of the imports from the PRC that would have been subject to the De Minimis Exemption to 54% or US$100 per item.

However, the U.S. tariff and trade policies are subject to constant changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice. We cannot predict the timing, scope, or severity of potential changes in tariff and trade policies, which may continue to evolve in the future. The U.S. Tariff Changes may bring various second-order effects, for example, (i) the market competition of global social e-commerce market with destinations in non-U.S. countries and regions may be intensified as market players may shift their focus to non-U.S, markets, (ii) other countries may take similar actions by imposing additional tariffs on products with Chinese origins following the U.S. Tariff Changes, (iii) the demands and purchasing willingness of customers, those who are price-sensitive in particular, may be bruised as cross-border e-commerce merchants may raise the selling prices of products in response to the incremental tariff costs, and (iv) the global economy may be subject to ongoing impact, such as slower growth rates or contractions. We cannot assure you that we will not be influenced by the second-order effects arising from the U.S. Tariff Changes and the potential impacts on us cannot be quantified. Furthermore, we cannot assure you that we will not be subject to stricter tariff rules or trade restrictions in the future. Any future deteriorating changes in the tariff policies of the U.S. and other jurisdictions towards the PRC may incur additional costs, affect our profitability level and deter market demands of our products, and we may face a decrease in revenue while simultaneously experiencing increased costs. Additionally, if any changes are implemented faster and/or more strictly than anticipated, we may not be able to respond and mitigate the risks associated effectively and timely. Any of the above could negatively affect our performance, financial results and business operations. See "- Risks relating to our Business and Industry - Our operations may be affected by and subject to licensing and other requirements under laws and regulations of various jurisdictions where we operate or sell products." and "Business – Regulatory Changes on U.S. Tariff Regulations."

We may not be able to maintain an effective quality control system for our business, and any failure or deterioration of our quality control system would adversely affect our operations and financial conditions.

The quality of our products is critical to the success of our business. The quality of our products is mainly dependent on the effectiveness of our quality control system. To ensure that products are manufactured according to our enterprise customers' requirements, we will set specific quality control standards and requirements for each product according to its specification.

Our packaging and printing production facilities have passed professional certification qualifications, such as ISO9000 quality management system, ISO14001 environmental system, and BRCGS ETRS social responsibility certification. For further details of our quality control system, please refer to the section headed "Business – Our Paper Packaging Business – Our Business Process – Quality Control" in this Prospectus. For out cross-boarder e-commerce business, we perform quality check after the products arrive at our leased warehouses.

Any failure of our quality control system or non-adherence to the measures under such quality control system could result in the production of defective or substandard products, which in turn may impair our reputation, result in delays in the delivery of our products and the need to replace defective or substandard products, which could have a material and adverse impact on our business, financial conditions and results of operations. Other than conducting exterior checks of the products, we are unable to monitor the production quality of our suppliers directly and effectively. If our suppliers fail to supply products in accordance with quality standards or product specifications, the delivery of suitable products may be delayed, which could harm our reputation and operations.

The operation of our cross-border social e-commerce business may be affected by risks related to logistics services provided by third parties.

We work with logistics service providers to manage the transportation, distribution, and overall flow of our products. For cross-border social e-commerce business, we typically arrange for the product to be shipped by third-party logistics service providers from our domestic warehouses to consumers overseas, who are also responsible for customs clearance and payment of import/export duties. The logistic service providers are responsible for collecting payments from our consumers when the consumer has elected to pay on a cash on delivery basis. For paper packaging business, we deliver the finished products to the locations designated by our consumers (or as stipulated in the purchase orders) by third-party logistics companies. Disputes in or terminations of contractual relationships with one or more of our logistics service providers could result in delayed delivery of products or increased costs. Any failure to maintain or develop good relationships with logistics service providers may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our consumers.

Moreover, as we do not have any direct control over our logistics service providers, we cannot guarantee the quality of their services. Delay in delivery, damage to products or other issues may cause us to lose consumers and sales may be tarnished. Any breakdown in our relationships with our preferred logistics service providers, increase in the logistics service costs, or deficiencies in the services they provide may materially and affect our business, financial condition and results of operations.

We could be negatively impacted if our and/or social media platforms' data analytics capabilities become ineffective.

As part of our social e-commerce business, we employ data analytics in conjunction with our proprietary AI algorithms and models to select products based on consumer needs and preferences, as well as to maximize the effectiveness of our advertisement placement efforts. Through analyzing data, in compliance with data protection laws and regulations, we match products with consumer needs and accurately place advertisements to draw consumers to landing pages that facilitate the purchase of the products.

In addition, as we place advertisements through social media platforms, the data analytics capabilities of our social media platforms also impact the efficacy of our social e-commerce business model. In April 2021, Apple changed its policy whereby iPhone users were allowed to choose whether to agree to be tracked on different apps which had a limited impact on the conversion rate of precision marketing of social media platforms in the industry, according to CIC. In response to such policy change, many social media platforms, including those we place advertisements on, turned to SKAdNetwork-based ("**SKAN-based**") advertising attribution technology, which provides aggregated insights in measuring the effectiveness of advertisements placed with no user level data, enabling advertisers to make informed adjustments to their marketing strategies without the need to track user activities thereby easing the impact of Apple's policy change, and such technology has been commonly adopted by social media platforms since Apple's policy change, according to CIC. We have not witnessed any drop in number of orders or sales amounts under our cross-border social e-commerce business that correspond to Apple's policy change in 2021. We have included a clause regarding compliance with all applicable laws, legal duties and contractual and other legal obligations in respect of its performance in our agreement with the social media platforms to minimize the exposure to potential violations of third-parties' policies that could limit its access to the consumers and thus adversely affect our business. In addition, in the event that the social media platforms have to amend their policies, applications and/or operation systems, our digital marketing service providers agree to help us in seeking solutions to accommodate the changes with the social media platforms. We cannot assure you that our business will not be affected by policy changes of various third parties relating to our operations. See "Business – Our Cross-border Social E-commerce Business – Advertisement Placement – Social Media Platform." and "Business – Our Cross-border Social E-commerce Business – Advertisement Placement – Digital Marketing Service Providers." In addition, we cannot assure you that such changes in policies will not happen in the future, which could indirectly affect the efficacy of the algorithms and models of our own and of the social media platforms that we collaborate with or place advertisements on and in turn, the efficacy of our advertisement placement efforts.

In addition, with the volume of data increasing, our algorithms and systems must conduct increasingly complex processing and analyzing tasks. To the extent our algorithms and systems fail to accurately analyze relevant data and information, or experience significant errors or defects, we may not be able to effectively match our products with consumers, which could affect our sales and profitability, result in a decline of our market share, and materially affect our business, results of operations and financial condition.

We depend on the proper functioning of our technologies and IT systems, and the Internet infrastructure and telecommunication network.

Our success and our capacity to draw in and retain consumers and enterprise customers depend on the efficient operation, appropriate and stable performance, convenient accessibility, and ongoing updating of our technology, algorithms and platforms. We also rely on our self-developed unified operations management system, Giikin, to operate our business. Our systems may be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to system interruptions, website slowdown or unavailability, delays or errors in transaction processing, loss of data or the inability to accept and fulfill consumers' orders. During the Track Record Period, we were not subject to these types of attacks that had materially and adversely affected our business operations. However, there can be no guarantee that we will not be exposed to attacks like these in the future, which could require us to spend a significant amount of money and resources to restore functionality. Any such future occurrences may have a material adverse impact on our business, financial condition and results of operation.

As our business expands, we expect to continue investing in our IT systems and may potentially increase our investment, especially in AI algorithms and our proprietary Giikin system. We may recognize costs associated with these investments earlier than some of the anticipated benefits and the return on these investments may be lower, or may develop more slowly, than our expectation. We may fail to recover our capital expenditures or investments, in part or in full, if at all, or the recovery of these capital expenditures or investments may take longer than we expected. As a result, the carrying value of the related assets may be subject to an impairment charge, which may materially and adversely affect our business, financial condition and results of operations.

In addition, our business operation also depends on the performance and reliability of the Internet infrastructure in Mainland China. In the event of disruption, failures or other problems with the Internet infrastructure, we may not have access to alternative networks. Failure or disruption in network would interfere with the speed and availability of our communication-based solutions. In addition, we have no control over the costs of the services provided by the telecommunications operators. If the prices that we pay for telecommunications and Internet services rise significantly, our business, financial condition and results of operations could be adversely affected.

Our operations may be disrupted by events beyond our control, including health epidemics, infectious diseases, operational hazards or natural calamities and other outbreaks.

Our business could be affected by outbreaks of contagious diseases such as SARS, H5N1 avian influenza, human swine flu and COVID-19, or another epidemic or outbreak.

The outbreak of such epidemics may affect us in various ways, such as resulting in delay or interruption to our or our business partners' business operation. In addition, government authorities may adopt certain hygiene measures, including closures of our offices, travel and transportation restrictions, and import and export restrictions. Additionally, we have also incurred additional costs as we implemented mitigating actions to alleviate the impact of the pandemic, including offering accommodation and food to our employees, disseminating personal protective equipment to our employees, and other initiatives designed to protect our employees from the pandemic. Any of these circumstances may materially slow regional or global economic development in areas where we operate and may have a material and adverse effect on our business operations.

A public health emergency and its related movement restrictions may also cause supply chain disruptions. If we fail to minimize the impact of supply chain disruptions when facing future health epidemics, infectious diseases and other outbreaks, our suppliers' ability to produce sufficient quantities of our products on time will be affected, and we may not be able to fulfill consumer and enterprise customer orders on time, which will negatively affect our business, reputation and financial condition.

We may not have adequate and successful arrangements for our operations to meet consumer and enterprise customer demands in case of emergence of other health epidemics. If other health epidemics emerge, we may experience additional disruptions that could materially and adversely impact our business operations, financial condition and results of operations, including but not limited to:

- decreases in general consumer demands and/or consumer spending due to the rapid spread of the health epidemics, which in turn will negatively affect our revenue and profitability;
- disruptions in our operation; and
- inability to implement our growth plans, including delays in marketing activities or adversely impact our overall ability to successfully execute our plans to enter into new markets.

Furthermore, raw materials of our packaging products, as well as finished packaging products that we store at our warehouses located in Mainland China are particularly vulnerable to fire risk. Products that we produced and stored in warehouses located in Mainland China and overseas for deliveries are also subject to fire risks. Any significant accident could interrupt our operations and result in legal and regulatory liabilities. Our insurance coverage for accidents resulting from the proper or improper use of such equipment may be inadequate to offset losses arising from claims related to accidents. Moreover, any equipment in factories involved in an accident, malfunction or fire may be damaged or destroyed, and we may need to devote time and resources to repair or restore it, thereby adversely impacting our business, financial condition, results of operations and prospects. As a result, our operations may be disrupted for reasons that are beyond our control, including public health emergency, or the outbreak of any other infectious disease, natural disasters, industrial accidents, fires, arson, terrorist attacks, technical failures and labor disputes.

Our operations may be affected by and subject to licensing and other requirements under laws and regulations of various jurisdictions where we operate or sell products.

We operate in Mainland China and sell products to consumers located in countries and regions including Japan, South Korea, Thailand and Saudi Arabia under our cross border social e-commerce business. As we continue our global expansion, we will compete with companies who have an established local footprint or are more familiar with the local regulatory and business practices, which may give them a competitive advantage over us.

We are also subject to the laws and regulations of various jurisdictions. Multiple aspects of our business will be adversely affected if we fail to ensure compliance with those laws and regulations, mainly including licensing, regulation and standards in relation to the sale of our products, privacy laws and regulations and import and export requirements. We may also experience increased costs and delays in deliveries and other schedules as a result of the need to comply with applicable laws, regulations, licenses and permits. In addition to the risk of costly and time-consuming regulatory compliance, we cannot assure you that we will obtain all approvals or required licenses and permits.

Furthermore, there is no assurance that our internal control policies will always be adequate and/or effective. Any failure of compliance may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease, and may include corrective measure requiring capital expenditures or remedial actions. We may be required to compensate those suffering loss or damage by reason of our activities, and may have civil or criminal fines or penalties imposed upon us for violation of applicable laws or regulations. Any change in laws and regulations or policies affecting us or our operations, or their interpretation, could materially and adversely affect our operations or increase our compliance expenses, which could, in turn, materially and adversely affect our business adversely, for which could be costly and time-consuming.

In addition, any trade restrictions such as sanctions, anti-dumping duties, tariffs or quota fees imposed by the countries to which our products are exported, or a trade war involving our products could significantly increase the prices of our products, escalate our compliance costs or even restrict the sale of our products in such countries and eventually harm our sales.

For instance, on May 17, 2024, the United States Department of Commerce announced its final affirmative determination (the "**Final Determination")** in the antidumping investigations of certain paper shopping bags (the "**Relevant Paper Shopping Bags**") from Mainland China. According to the Final Determination, the Relevant Paper Shopping Bags are subject to suspension of liquidation, which the U.S. Customs and Border Protection requires a cash deposit for the Relevant Paper Shopping Bags entering into the United States, starting from 90 days before the date on which the suspension of liquidation was first ordered. As a result, the Relevant Paper Shopping Bags sold in the United States are subject to an anti-dumping cash deposit of approximately 62.07%, from October 2023. While the anti-dumping duty regulation is applicable to our sales to the United States, our Directors consider that such regulation does not exert material adverse impact on our paper packaging business as we did not incur and do not expect to incur costs arising from the anti-dumping duty from the sales of paper bags in the United States as we adopt a free on board shipping model for our paper packaging business, which according to the International Commercial Terms published by the International Chamber of Commerce, the buyers are responsible for importing duties and customs, such as anti-dumping duties and cash deposit arising therefrom, we did not incur any cash deposit arising from sales of the Relevant Paper Shopping Bags to the United States payable according to the Final Determination. In addition, we cannot assure you that we will not be subject to stricter anti-dumping restrictions in the future and if we are subject to any other anti-dumping allegation or investigation, we may need to incur extensive legal costs and divert the effort of our management in defending against such allegation or investigation, and the sales of our products in the relevant country may be adversely affected if we do not succeed in these proceedings. During the Track Record Period, to the best of our knowledge after due and careful inquiry, we had not made sales to overseas consumers that would violate sanction related laws or regulations. However, sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of persons subject to sanction lists maintained by different countries. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We can provide no assurance that our future business will be free of any sanctions risks or our business will conform to the expectations and requirements of the authorities of the jurisdictions that maintain sanction programs. Our business and reputation could be adversely affected if the authorities of the such jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanction designation of our Group.

The theft, loss, or misuse of personal information or other data, could increase our expenses, damage our reputation, or result in legal or regulatory proceedings.

During the operation of our cross-border social e-commerce business, the personal information collected by us is mainly the mailing address, email, telephone number and name of the recipients used by our overseas consumers. We face multiple risks in the handling and securing of these data, including: (i) techniques used to gain unauthorized access to data and systems, disable or degrade service or sabotage systems are constantly evolving, and we may be unable to anticipate, deter or prevent such techniques or otherwise implement adequate preventive measures to avoid unauthorized access to data collected by us; and (ii) our service may be vulnerable to cybersecurity breaches and attacks, which could lead to system interruptions, delays or shutdowns and cause the loss or leakage to our overseas consumers' data.

We are subject to laws and regulations of the PRC and other countries and regions relating to the collection, use, retention, security and transfer of personal information with respect to our customers employees and business partners. For example, the Personal Information Protection Law (《個人信息保護法》) provides detailed provisions for the protection and processing of personal information in the PRC. These laws may vary from jurisdiction to jurisdiction.

In particular, in recent years, privacy and data protection have become increasing regulatory focuses of government authorities across the world. The PRC government has enacted a series of laws, regulations and governmental policies for the protection of personal data, cybersecurity and data security in the past few years. On December 28, 2021, the Cyberspace Administration of China (the "**CAC**") adopted the updated Cybersecurity Review Measures (《網絡安全審查辦法》), which came into effect on February 15, 2022. The Cybersecurity Review Measures stipulates the mandatory requirement of cybersecurity review for companies which hold more than one million users' personal information when applying for an overseas listing. See "Regulatory Overview – PRC Laws and Regulations – Regulations on Internet Security" and "Regulatory Overview – PRC Laws and Regulations – Regulations on Privacy Protection" for details. Our PRC Data Legal Advisor is of the view that the Cybersecurity Review Measures have not had and will not have any material adverse impact on us as further detailed in "Business – Data Compliance and Data Security – Data Compliance." We cannot assure you that we will not be subject to the cybersecurity review in the future if we are imposed of any compliance requirements by any new laws, regulations, or rules.

In addition, on September 24, 2024, the State Council published the Regulations on the Administration of Network Data Security (《網絡數據安全管理條例》) (the "**Network Data Security Regulations**"), which came into effect on January 1, 2025. The Network Data Security Regulations provide detailed implementing rules that cover personal information, data security, network security, and other aspects, largely following the paths set by the existing laws such as the Cybersecurity Law, the Data Security Law, and the Personal Information Protection Law. However, as the Network Data Security Regulations only came into effect in early 2025, we cannot assure you that our business operation will continue to be considered to be in full compliance with relevant rules and regulations.

In addition, new legal and regulatory developments may affect how we design our IT systems and how we operate our business. For example, on July 10, 2023, the CAC, consented by NDRC, Ministry of Education, Ministry of Science and Technology, MIIT, Ministry of Public Security, National Radio and Television Administration, promulgated the Provisional Administrative Measures for Generative Artificial Intelligence Services (生成式人工智能服務管理暫行辦法) ("**AIGC Services Measures**"), effective on August 15, 2023. The AIGC Services Measures impose compliance requirements for providers of generative AI services to the general public within the territory of the PRC. The Generative Artificial Intelligence Services Measures provide, among other things, that the provider of generative AI services of text, image, audio or video to the general public shall (i) assume the responsibilities as the producers of the AI-generated content thereon, and (ii) any provider of generative artificial intelligence services with attribute of public opinions or capable of social mobilization shall conduct security assessment in accordance with the relevant regulations, and complete the formalities for algorithm filing, change or deregistration in accordance with Provisions on the Administration of Algorithm-generated Recommendations for Internet Information Services (互聯網信息服務算法推薦管理規定). However, the AIGC Services Measures do not state what constitutes "general public". Although we do not provide any AIGC products, technologies or services to users within the PRC, as AIGC is a relatively novel technology, we cannot assure you that our use of AIGC technologies will not be subject to any new regulations in the future. During our business operation, we only provide our employees in Mainland China with tools and products utilizing AIGC technologies and services for the purposes of generating advertisement copywriting, translation, image content design, video generation and providing customer services. Our Directors believe that, based on the view of our PRC Data Legal Advisor and since we strictly limit our application of AIGC products and technologies to internal usage and do not provide any AIGC products, technologies, or services to users within the territory of Mainland China, the AIGC Service Measures are not applicable to our Company. In addition, since we strictly limit our application of AIGC products and technologies to internal usage only, without offering any Internet-based information services utilizing AIGC technologies to users within the territory of the PRC, our PRC Data Legal Advisor is of the view that our Company is not required to file for record our algorithms with the CAC. In addition, we cannot assure you that the contents generated by our AIGC technologies will not be deemed as identical or similar to pre-existing works and hence, subject us to lawsuits for infringement on intellectual property rights.

We have adopted internal policies, procedures and guidelines for the protection of personal information of our customers, and to ensure our compliance with relevant laws and regulations with respect to personal information protection. Nevertheless, the efforts that we take to protect our customers' personal information may not always be sufficient or effective. Any non-compliance with the relevant cybersecurity, data security or personal information protection relating laws and regulations, may result in administrative penalties, including fines, a shut-down of our business, suspension of our solutions and services and revocation of requisite licenses, as well as reputational damage or legal proceedings or actions against us, which may result in material adverse effects on our business, financial condition or results of operations.

We may be exposed to risks relating to ESG issues.

Our business and operational activities, such as production and sales of packaging products, storage of raw materials, transportation and exportation of packaging products and certain other activities, are affected by laws and regulations, especially the extensive environmental, health and safety laws and regulations and stringent standards which are promulgated by the PRC government. We are required to obtain and maintain relevant environmental, health and safety related licenses and certificates for production and sales of packaging products. To comply with the extensive environmental laws and regulations relating to air, water and soil quality, waste management and public health and safety in Mainland China, we must prepare environmental impact assessment reports and obtain discharge permits, filings and the relevant approvals for production facilities in operation. In Mainland China, we must also pass both periodic and unscheduled inspections of our production facilities by relevant authorities to ensure the safety of our equipment and facilities. If we fail to obtain such environmental approvals, filings or pass the inspections, the relevant authorities may suspend production at our production facilities and may impose a fine on us. In addition, in recent years, there have been growing concerns from the PRC government on ESG issues, and our manufacturing process of packaging products are subject to various environmental protection laws and regulation, such as the Law of the PRC on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) and the Law of the PRC on Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治法》) which govern the emission, discharge, release and disposal of environmental wastes and other pollutants during our manufacturing process. In the event that we fail to comply with applicable laws and regulations or fail to maintain, renew or obtain the necessary licenses or certificates, our qualification to conduct our various businesses may be adversely affected, which may adversely affect our business, financial condition and results of operations.

Furthermore, there are growing social concerns from the general public, third-party social media platforms and government authorities on ESG issues relating to the sale of apparel and footwear products, such as encouraging the recycling of clothing and packaging materials, boycotting the use of certain raw materials that may involve the deployment of cheap workforce in certain countries, reducing the waste of clothing and packaging materials and reducing the greenhouse gas emissions caused by sea, air or land transportation during the delivery by logistics service providers. Extreme weather conditions have also raised concerns on environmental protection and social responsibilities of enterprises engaging in the sale of apparel and footwear products. We have also noticed the recent negative news on the ESG issues relating to social media platforms, such as Meta, which pointed out the relatively high greenhouse gas emissions, hazardous waste emissions and waste of materials during the manufacturing, packaging and delivery of the products sold through such platforms. Government authorities in our overseas markets, including Asia, has promulgated policies on encouraging the recycling of apparel products and relevant apparel materials, packaging and wrapping materials, to reduce hazardous substance discharge. It is foreseeable that increasingly tightening legislation and regulations aiming at reducing the waste of materials and greenhouse gas emissions may have potential impact on our operations directly or indirectly, as a result of compliance requirement on our suppliers or our logistics service suppliers, and may subject us to additional costs and restrictions, which could adversely impact our financial condition and results of operations. Any implementation of such laws and regulations may also distract the attention of our management and increase our compliance costs. See "Business – Environmental, Social and Corporate Governance – Environmental Management".

The prices of key raw materials and the selling prices of our products may impact our business.

The business operations of our paper packaging business are affected by the prices of our key raw materials for our packaging products. Our packaging operations depend on our ability to consistently obtain sufficient quantities of key raw materials at acceptable prices and quality levels from our suppliers in a timely manner. Raw paper, including black liner board, white liner board, and food grade cardboard are the most important raw materials in the production chain of our paper packaging business. For each year of the Track Record Period, raw material costs associated with our paper packaging business represented approximately 77.9%, 77.9% and 76.1%, respectively, of our total cost of sales of our paper packaging business.

As the purchase of raw paper comprises a substantial portion of our total purchase for our paper packaging business, any increase in the cost of raw paper may have a negative impact on our results of operations and prospects. In addition, the prices of these key raw materials are affected from time to time by a number of factors, including general economic conditions, market demand and supply situation, and may fluctuate beyond our expectation and control from time to time. We may not be able to pass on any increase in key material costs to our enterprise customers immediately or at all. If we fail to pass on such increase in key raw material costs to our enterprise customers, our profitability may be affected.

Furthermore, we do not deploy any financial instrument to hedge the price risks of key raw materials. As such, there is no guarantee that we are able to procure sufficient key raw materials at competitive price. In the event that the prices of these key raw materials fluctuate under abnormal conditions and/or there is a shortage in supply, it may result in disruption to our production schedule and could have a negative impact on our profitability.

We face risks as a result of our acceptance of various payment methods for consumers who make purchase with us.

Our cross-border social e-commerce consumers typically have the option to either pay by (1) cash on delivery to logistics companies, and (2) online payment through third-party payment platforms. During the Track Record Period, the revenue generated from cash on delivery amounted to RMB2,152.5 million in 2022, RMB2,336.6 million in 2023 and RMB1,797.1 million in 2024, representing 69.3%, 54.9% and 53.4% of the revenue from our cross-border social e-commerce business, respectively. The revenue generated from online payment amounted to RMB954.1 million in 2022, RMB1,920.0 million in 2023 and RMB1,568.8 million in 2024, representing 30.7%, 45.1% and 46.6% of the revenue from our cross-border social e-commerce business, respectively. Payment service providers help us handle electronic payment processing, ensuring that our consumers can make purchases seamlessly while adhering to the highest standards of security. For some payment methods, we could be charged interchange and other administrative fees, which might increase over time, which in turn, increase our operational costs, and reduce our profit margins. With regard to the various payment options we provide, notably online payments and cash on delivery options, we may potentially be the target of fraud and other unlawful activities. Our operations could be disrupted, and our reputation could be severely harmed, if the social media platforms or logistics service providers fail to transfer the money they have collected to us promptly or at all, or if they fail to provide these services to us for any reason. We are also subject to various rules, regulations and requirements governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply with. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our consumers, process electronic funds transfers or facilitate other types of online payments, and our business, financial condition and results of operations could be adversely affected.

We face further risks associated with our cash on delivery payment option. Under such option, logistics services providers help us collect payment on our behalf upon delivery of our products. If our consumers refuse to accept the delivery of our products or ask for the product to be returned, they may refuse to pay for the product. In this case, we would incur transportation costs with our logistics service provider for the delivery as well as the product return, without collecting the purchase price for the product. In addition, although we require third party logistics services providers to implement a number of internal control policies to prevent cash misappropriation and embezzlement with respect to orders that are settled through cash, we may be unable to prevent, detect or deter all instances of misconduct. Any misconduct committed against our interests, which may include past acts that have gone undetected or future acts, could subject us to financial losses, harm our reputation and may have a material adverse effect on our business and results of operations.

We depend on certain major suppliers.

During the Track Record Period, our major suppliers include product suppliers, marketing services providers, social media platforms, logistics companies and payment service suppliers. We rely on a limited number of suppliers for a large portion of our total purchases. For each year of the Track Record Period, our total purchase from our top five suppliers accounted for approximately 34.6%, 39.6% and 38.1% of our total purchase. We usually entered into short term contracts with our suppliers. If, for whatever reasons, any of our major suppliers cannot supply us with a sufficient amount of key raw materials at prices acceptable to us, our total cost of purchase may increase or we may face a shortage of the key raw materials for our production. Similarly, if, for whatever reasons, they cannot supply us with the services that support our operations, our ability to operate our cross-border social e-commerce business may be impaired. In any of these events, our results could be adversely affected. The operations of our suppliers might be subject to business interruptions due to natural disasters, infectious diseases or other catastrophic events which may or may not be foreseeable or otherwise within their control. If we fail to timely replace our suppliers, the occurrence of any such business interruptions could cause material shortages or delays in the supply of products by our suppliers.

In addition, we may not be able to identify sufficient numbers of suitable suppliers when we experience significant increases in demand for our products. If we are unable to retain our current major suppliers or contract new suppliers at terms acceptable to us in a timely manner, our business, financial condition and results of operations could be materially and adversely affected.

We have a concentration of enterprise customers for our paper packaging business during the Track Record Period, and we do not enter into long-term sales framework agreements with our major enterprise customers. The loss of any one of our five largest customers under such business for respective periods during the Track Record Period could affect our revenue and have a material adverse effect on our business, financial condition and results of operations.

We have a concentration of customers for our paper packaging business during the Track Record Period. For each year of the Track Record Period, sales to our top five customers amounted to approximately RMB1,545.0 million, RMB1,623.7 million and RMB1,501.5 million, respectively, representing approximately 28.7%, 24.3% and 27.2% of our total revenue, of which, Customer Group A (See "Business – Our Customers – Major Customers"), being our largest customer for each year of the Track Record Period, accounted for approximately 23.8%, 18.6% and 18.8% of our total revenue. Therefore, if our major enterprise customers reduce their purchase orders with us and we cannot solicit a similar amount of purchase orders from other enterprise customers on time, our business, financial condition and results of operation may be adversely affected.

Enterprise customers of our paper packaging business generally enter into a one-year framework sales agreements with us and place orders with us for each time of purchase, rather than into long-term sales agreements with us as the selling price of our packaging products may change along with the price of our key raw materials. As we generally do not have any long-term sales agreement with our major enterprise customers during the Track Record Period, and they are not bound by any exclusivity terms or arrangements with us, there is no guarantee that we will be able to obtain recurring orders from such customers in a timely manner. Accordingly, we do not have contractual assurances as to our future sales. We cannot assure you that our major enterprise customers will continue to place purchase orders with us at the existing volume or pricing level or at all. As such, should there be any adverse development related to our major enterprise customers' operations or any other reasons resulting in any deterioration or termination of our business relationship with one or more of our major enterprise customers, our business, financial condition, operating results and prospects could be materially and adversely affected. If we are unable to use our competitive strengths, marketing expertise and product development capabilities to respond quickly and effectively to the market trends, our profitability and sales volume may be negatively affected. To the extent we provide agreement terms that are more favorable to our major enterprise customers, our profitability may be reduced. The loss of a major enterprise customer, or a material reduction in sales to a major enterprise customer, could materially and adversely affect our product sales, financial condition, results of operations and prospects.

Failure to maintain optimal inventory level could affect on our business, financial condition, results of operations and prospects.

Optimal inventory level is important to the success of our business. We manage our supply chain for our cross-border social e-commerce business through maintaining a certain level of inventory for specific products and purchasing products from suppliers after we receive orders from our customers if the ordered products are out of stock. We achieve effective inventory management through this "rolling inventory" model, allowing us to maintain a lower inventory to sales ratio than the industry average, according to CIC. For each year of the Track Record Period, for our cross-border social e-commerce business, our inventory to sales ratio ranges between 3.2% to 4.0%. For our paper packaging business, we control our inventory level by (i) keeping track of the inventory movements on a real-time basis; and (ii) monthly procurement plans from enterprise customers. For each year of the Track Record Period, our inventory turnover days for our paper packaging business were 58.7 days, 57.4 days and 54.5 days, respectively. Our inventory level is susceptible to various factors which are beyond our control, including, changing fashion trends, consumer needs and market demand, seasonality, and unexpected weather changes. In addition, if we underestimate demand for our products, we may experience inventory shortages which may, in turn, result in unfulfilled enterprise customer demands, leading to a negative impact on enterprise customer experiences and our reputation.

If we fail to accurately anticipate consumer needs, there may be obsolete products in our inventories, which in turn may result in impairment of inventories. As of December 31, 2022, 2023 and 2024, we recorded impairment of inventories of RMB8.5 million, RMB19.5 million and RMB9.5 million, respectively, recognized in cost of sales. For further details, see "Financial Information – Selected Items from the Consolidated Balance Sheets – Inventories". There can be no assurance that we will be able to maintain optimal inventory level, and any such failure may affect our business, financial condition, results of operations and prospects.

If we are not able to manage our expansion successfully, our growth potential, results of operations and business could be materially and adversely affected.

We intend to further expand our cross-border social e-commerce business in the future through acquisitions of brands that have achieved a leading position in certain categories on leading e-commerce platforms, distinctive brand recognition, an existing well-established supply chain and a high customer repurchasing rate. See "Business – Our Strategies". The implementation of our expansion plan will incur additional costs and expenses and put pressure on our managerial, financial, operational and other resources. See "Future Plans and Use of Proceeds". We cannot assure you that we will be able to implement in accordance with our expansion plan, or to recruit qualified staff to support our expansion plan. If we are unable to manage our expansion, or to effectively control expansion-related expenses, our business, prospects, financial condition and results of operations could be materially and adversely affected. In addition, investments and acquisitions transactions involve significant challenges and risks, including:

- difficulties integrating the personnel, operations, products or services into our operations;
- robustness of technology, internal controls and financial reporting of the companies we acquire;
- disrupting our ongoing business, distracting our management and employees and increasing our expenses;
- for investments over which we do not obtain management and operational control, we may lack influence over the controlling partner or shareholder, which may prevent us from achieving our strategic goals in such investment;
- new regulatory requirements and compliance risks that we become subject to as a result of acquisitions in new industries or otherwise;
- actual or alleged misconduct or non-compliance by any company we acquire or invest in (or by its affiliates) that occurred prior to our acquisition or investment, which may lead to negative publicity, government inquiry or investigations against such company or against us;
- unforeseen or hidden liabilities or costs that may adversely affect us following our acquisition of such targets;
- regulations including the anti-monopoly and competition laws, rules and regulations of the PRC and other countries in connection with any proposed investments and acquisitions;
- the risk that any of our pending or other future proposed acquisitions does not close;
- the costs of identifying and consummating investments and acquisitions;
- the use of substantial amounts of cash and potentially dilutive issuances of equity securities;
- significant reduction of the value of our investments at fair value through profit or loss; and

- challenges in achieving the expected benefits of synergies and growth opportunities in connection with these acquisitions and investments.

Any such factors described above could disrupt our business development strategies.

We may be subject to risks associated with our transfer pricing arrangement.

During the Track Record Period, our cross-border social e-commerce business involved inter-company arrangements. See "Financial Information – Transfer Pricing Arrangement". While our transfer pricing advisor concluded that our transfer pricing arrangements were consistent with the arm's length principle from the perspective of PRC and Hong Kong SAR's transfer pricing regulations during the Track Record Period, there were uncertainties associated with the profit allocation and the tax position in respect of the intra-group transaction arrangements. There is no assurance that the tax authorities will not subsequently challenge the appropriateness of our transfer pricing arrangement. If any competent tax authority in the PRC or Hong Kong SAR later consider that our transfer pricing arrangements do not comply with the relevant transfer pricing laws and regulations, we may face adverse tax consequences including additional taxes, interests or penalties, which may result in a higher overall tax liability for us and may adversely affect our business, financial condition and operating result.

We may be subject to tax exposure in various jurisdictions.

Our cross-border social e-commerce business is primarily focused on the sale of a distinctive portfolio of Chinese products carefully selected for consumers in a number of countries and regions, such as Japan, South Korea, Thailand and Saudi Arabia. As global and local policies (including laws, regulations and rules) concerning online sales continue to evolve, we may be subject to potential direct and/or indirect tax that we are required to collect and remit in the jurisdictions where our consumers are located.

Tax policies applicable in various countries and regions are constantly evolving, particularly with respect to cross-border transactions. Inherent uncertainties exist with respect to the interpretation and implementation of tax policies in places where we sell our products, and how these tax policies are interpreted and implemented may impact our business, financial condition and performance. Tax authorities are increasingly scrutinizing the allocation of income between transactional parties. Depending on various circumstances, we may be deemed doing business in places where we sell our products and be subject to direct tax in such jurisdictions.

In addition, it has become increasingly common for tax and customs authorities to impose various taxes (e.g. indirect tax), collection and payment obligations on overseas sellers which do not have physical presence in the importing jurisdictions over time. There is no assurance that we will not be subject to indirect tax exposure, penalties or fines imposed by the relevant government authorities as a result of the potential non-compliance behaviors which have not been reviewed by our tax consultants, or any other non-compliance behaviors which may arise due to the lack of familiarity with the evolving tax and customs policies in the future. Under the transactional arrangements of our cross-border social e-commerce business, the local agencies of the logistic service providers or the local consumers take on the role of Importer of Record upon importation to the jurisdictions involved and the local agencies are responsible for filing the import declaration as well as settling the applicable import taxes. We cannot assure you that we will be fully compliant with the relevant tax and customs policies should any of those third parties fail to perform their obligations. Failure to fully comply with tax and customs policies in the importing jurisdictions would subject us to certain tax exposure and penalties or liabilities which may have a material adverse effect on our business, performance and financial condition.

We have communicated with third-party professional tax consultants and legal counsels with respect to overseas tax and customs to ensure compliance with applicable laws and regulations. As advised by our Tax Advisor, (i) in terms of direct tax, the possibility for us to be subject to overseas direct tax laws and regulations is generally low considering the Group's activities and existence in the overseas jurisdictions where we sell products under our cross-border social e-commerce business and relevant applicable tax laws and treaties, and (ii) in terms of indirect tax, the risk for relevant customs authorities to impose tax liabilities or penalties on us is generally low based on our transaction arrangements as well as relevant applicable customs laws and regulations of the overseas jurisdictions where we sell products under our cross-border social e-commerce business. Due to the facts that the tax and customs environment is different in different countries or regions and that the tax policies regarding various indirect and direct taxes are complex, our overseas operations may expose us to the risks associated with the overseas tax and customs policy changes. We may need to make corresponding judgments to deal with the uncertainties with respect to the tax treatment of certain operating activities. For example, in certain jurisdictions in which we sell our products, there is uncertainty in the interpretation of local policies and jurisprudence as to whether an e-commerce seller could be subject to corporate income tax or indirect tax even it does not have physical presence in the relevant jurisdiction. Furthermore, changes in overseas tax and customs policies may be applicable to us could adversely affect our business, financial condition and performance.

Our sales are subject to seasonality, which could cause our results of operations and financial condition to fluctuate.

For our cross-border social e-commerce business, we typically carry out more sales and marketing activities before and during overseas holiday seasons. As a result, we may maintain higher revenue and have higher level of inventories for our cross-border social e-commerce business to satisfy market demand before and during holiday seasons and relevant shopping events than at other times in the year. On the other hand, our businesses are vulnerable to extreme or unusual weather conditions. For example, the extended period of warm weather during the winter season could render a portion of our apparel products incompatible with such unseasonable conditions, and thus may affect our sales and inventories.

For our paper packaging business, we typically see greater demand for packaging before and during Chinese holiday seasons. We typically engage with our customers well in advance of holiday seasons to design packaging tailored to holiday seasons. As a result, we sometimes achieve higher revenue and have higher level of inventories for our paper packaging business to satisfy market demand before and during holiday seasons. We may be exposed to risks associated with such seasonal factors and the fluctuation of demand of our products. Should there be any adverse change of market conditions during the peak season, our profitability may be adversely affected.

Changes in our preferential tax treatment may materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, we and certain of our subsidiaries enjoyed preferential tax treatment. The Company was qualified as High and New Technology Enterprises on October 21, 2020 (高新技術企業) ("**HNTE**") and was entitled to a preferential tax rate of 15% during the year ended December 31, 2022. Certain of our PRC subsidiaries are accredited as HNTEs and were entitled to preferential tax rate of 15% during the Track Record Period. Certain of our PRC subsidiaries benefited from other preferential tax policies including the policies in Notice on Preferential Corporate Income Tax Policies of Kashgar and Khorgos Special Economic Development Zones in Xinjiang, and policies encouraging industries in Western Mainland China, and were entitled to a preferential corporate income tax rate of 15% or were exempt from corporate income tax during the Track Record Period. For each year of the Track Record Period, our effective income tax rate was 19.8%, 14.1% and 15.4%, respectively. See Note 11 to the Accountant's Report set out in Appendix IA to this Prospectus. There can be no assurances that we would continue to enjoy these preferential tax treatments at historical levels, or at all. Any change, suspension or discontinuation of these preferential tax treatment could adversely affect our business, financial condition and results of operations.

We may not be able to maintain our profit margin in the future.

For each year of the Track Record Period, we achieved gross profit margin of approximately 59.1%, 63.1% and 60.5% for our cross-border social e-commerce business and 15.2%, 18.8% and 17.9% for our paper packaging business, respectively. For the same periods, our net profit margin was approximately 3.2%, 5.0% and 3.3%, respectively. As our profitability is dependent upon a number of factors some of which are beyond our control, such as price of raw materials, advertising costs, procurement costs, costs of logistics services, labor and other production costs, market competition, the market demands and inflationary pressures. In particular, the profitability of our cross-border social e-commerce business is sensitive to our advertising costs, while the profitability of our paper packaging business is sensitive to raw material costs. We may not be able to pass on any increase in such costs to our consumers and/or enterprise customers immediately or at all. If we fail to pass on such increase in costs to our consumers and/or enterprise customers, our profitability may be adversely affected.

Therefore, there is no assurance that we will be able to maintain such gross profit margins or net profit margins in the future as those in the Track Record Period. Any prices and costs fluctuation would have a material adverse impact on our profit margin. Accordingly, our financial conditions may be adversely affected.

We may not be able to collect all of our receivables, thus being exposed to credit risk and may incur impairment losses on our receivables.

Our trade receivables primarily arise from (i) sales to enterprise customers of our packaging business to whom we provide credit terms and (ii) sales of our cross-border social e-commerce business where our payment service provider or logistics service provider has collected payment from the consumer but have not settled with us. As of December 31, 2022, 2023 and 2024, our trade receivables, net were RMB472.0 million, RMB479.1 million and RMB548.9 million, respectively. We seek to maintain strict control over our outstanding receivables and have a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to enterprise customers are reviewed annually. We cannot assure you that we will be able to collect our trade receivables in full, or at all, in the future, despite our efforts to conduct credit assessment on them.

As of December 31, 2022, 2023 and 2024, we recorded current prepayments, other receivables and other assets of RMB199.9 million, RMB162.8 million and RMB141.9 million, respectively. During the Track Record Period, we recorded impairment of deposits and other receivable from an acquiror of equity interests from us (the "**Relevant Receivable**") of RMB62.4 million, RMB17.8 million and nil for each year of the Track Record Period, respectively. See "Financial Information – Key Components of Our Consolidated Statement of Profit or Loss – Impairment Losses on Financial Assets." If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. The assessment of impairment losses involves a significant degree of management judgments as well as estimates in determining the key assumptions. Therefore, there is uncertainty on the prediction of the movement of impairment of receivables. Significant impairment losses on receivables may have a material adverse effect on our financial condition and results of operations.

We are uncertain about the recoverability of our deferred tax assets, which may adversely affect our financial condition in the future.

We are required to make judgments, estimates and assumptions about the carrying amounts of our deferred tax assets. As of December 31, 2022, 2023 and 2024, we had net deferred tax assets of RMB13.5 million, RMB12.2 million and RMB11.1 million, respectively. See Note 32 in Appendix IA to this Prospectus for details of the movements of our deferred tax assets during the Track Record Period. Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilized. This requires judgment on the tax treatments of certain transactions and assessment on the probability, timing and adequacy of future taxable profits available for the deferred tax to be recovered. These judgment and assessment are mainly based on historical experience and other relevant factors. As a result, actual results may differ from these accounting estimates.

The realization of deferred tax assets depends primarily on our estimate of whether sufficient future profits will be available. If sufficient future taxable profits are not expected to be generated or if taxable profits are lower than expected, we may fail to recover our deferred tax assets, which may materially and adversely affect our financial condition.

We are subject to risks in relation to IP infringement or misappropriation, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our intellectual properties and trade secrets are important to our success and competitive position. In addition to intellectual properties already registered in our name, we have applied for registration of certain intellectual properties in Mainland China. Details of our intellectual property rights are set out in Appendix VI to this Prospectus under the heading "Statutory and General Information – Further Information About Our Business – 2. Intellectual Property Rights of the Group". We cannot assure you that such applications will be successful and should any of them be challenged, rejected or become unsuccessful for any other reason, we may be unable to use such intellectual properties and it may be difficult for us to establish any claim against any infringement of those intellectual properties.

Brand name of our brands, or names similar to our self-owned brands, may be registered or in use by third parties in markets we may wish to enter. As a result, we may have to incur significant expenses to acquire the right to use our brand names in such markets. If we are unable to do so, we may be prevented from entering such markets or may only be able to do so using a different brand name.

In addition, we may, from time to time, be involved in IP disputes where third parties claiming infringement of our products to their IP rights. See "Business – Intellectual Property Rights". We seek to develop and implement new technologies and production processes in both our businesses to keep in pace with the market development. In doing so, we may not be aware of other third-party intellectual property rights, and accordingly, we may be unable to assess the scope and validity of those third-party intellectual property rights. In addition, product development is inherently uncertain in a rapidly evolving technology environment where there may be numerous patent applications pending, many of which are confidential when filed with regard to similar technologies. There may also be uncertainty regarding the rightful ownership of newly developed patents or technology. Accordingly, we may be subject to lawsuits for infringement on intellectual property rights.

Therefore, from time to time, we may also be subject to litigation involving claims of patent infringement or violation of other IP rights of third parties in our business operations. An adverse determination in any such litigation or proceedings to which we may become a party could subject us to significant liability to third parties, require us to seek licenses from third parties or redesign our products, or subject us to injunctions prohibiting the development and sale of our products. Protracted litigation could also result in consumers and/or enterprise customers or potential consumers and/or enterprise customers deferring, reducing or canceling their purchases of our products. In addition, we could face disruptions to our business operations as well as damage to our reputation as a result of such claims, and our business, financial condition, results of operations and prospects could be materially and adversely affected. We cannot assure you that such situations will not occur in the future. Our potential loss could include, but are not limited to, loss of revenue, decline in market share and reputational damage, which could have a material adverse effect on our business, results of operations and financial condition.

Failure to fulfill our obligations in respect of contract liabilities could materially and adversely affect our results of operation, liquidity and financial position.

Our contract liabilities represent advance payments from our customers where the products have not been delivered to the customers. As of December 31, 2022, 2023 and 2024, we had contract liabilities of approximately RMB12.9 million, RMB14.8 million and RMB17.9 million, respectively. See "Financial Information – Selected Items from the Consolidated Balance Sheets – Contract Liabilities".

There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the completions of existing and future orders from our enterprise customers are subject to various factors, including our raw material suppliers and logistics service suppliers, and normal operations of our business. If we were not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue, and we may have to return the advanced payments made by our enterprise customers or provide alternative compensation for the deferred revenue due to the enterprise customers. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

We recorded negative cash flows from investing activities and financing activities during the Track Record Period, which may have an adverse effect on our business, financial condition, results of operations and prospects.

For each year of the Track Record Period, we recorded net cash used in investing activities of RMB183.6 million, RMB282.4 million and RMB337.1 million, respectively, primarily as attributable to (i) purchase and withdrawal of deposits with original maturity of more than three months when acquired, (ii) purchase of items of property, plant and equipment and (iii) purchase of financial assets at fair value through profit or loss. For each year of the Track Record Period, we recorded net cash used in financing activities of RMB32.0 million, RMB237.3 million and RMB394.6 million, respectively, primarily due to (i) repayment of bank loans, (ii) dividends paid and (iii) repurchase of shares. For further details, see "Financial Information – Liquidity and Capital Resources – Cash Flows". Net investing and financing cash outflows could impair our ability to make necessary capital expenditures and constrain our flexibility as well as adversely affect our ability to meet our liquidity requirements.

While we believe we have sufficient working capital to fund our current operations, we may, however, experience net cash outflows from our operating activities in the future. If we are unable to maintain adequate working capital, we may default in our payment obligations and may not be able to meet our capital expenditure requirements or pursue our growth strategies, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our use of open-source technology could impose limitations on our business operations.

We use open-source code and expect to continue to use open-source code in the future. Although we monitor our use of open-source code to avoid our software being subject to conditions we do not intend, we may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open-source license, including by demanding release of the open-source code, derivative works, or our algorithms or models that was developed using such code. These allegations could also result in litigation. The terms of many open-source licenses have not been interpreted by courts. There is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our software. In such an event, we may be required to seek licenses from third parties to continue to commercially use our proprietary algorithms or models, and continue to develop algorithms or models based on open-source code, which could adversely affect our business and revenue.

As open-source code is subject to further development and modification by anyone, the use of open-source code may subject us to risks of reducing accuracy of our AI models and increased competition from competitors who also use open-source code as part of their operations.

We may be involved in legal or other proceedings arising from our business operations.

We are exposed to legal or other proceedings arising from our ordinary course of business, including but not limited to disputes with various parties involved in our business operations, our consumers and/or enterprise customers, raw material suppliers, digital marketing service providers, social media platforms, logistics service providers and employees. These disputes may lead to legal, arbitration or other proceedings, which may be both costly and time-consuming, and could significantly divert the efforts and resources of our management and personnel.

In addition, we may encounter compliance issues in the course of our business operations, which may lead to administrative proceedings, and may materially and adversely affect our business, financial condition and results of operations. We cannot assure you that we will not be involved in legal or other proceedings in the future, any negative outcome of such proceedings may materially and adversely affect our business, financial condition and results of operations.

If we fail to comply with applicable anti-corruption and anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations in various jurisdictions in which we conduct activities. Our Company, our officers, Directors, Supervisors, employees, and business partners acting on our behalf, including agents, are prohibited from corruptly offering, promising, authorizing, or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. We are also required to make and keep books, records, and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations would adversely affect our business, reputation, financial condition, and results of operations.

We cannot assure you that each of our employees is able to strictly follow our guidance on compliance with anti-corruption and anti-bribery laws and regulations or, in situations not covered by the guidance. Non-compliance with anti-corruption, anti-bribery by our employees, or even allegations of non-compliance, could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures, and legal expenses, all of which could materially and adversely affect our business, reputation, financial condition, and results of operations.

We may require additional funding to finance our operations, which may not be available to us on favorable terms, or at all, to meet our funding requirements.

We currently fund our operations principally through cash flow generated from operations and borrowings. As of December 31, 2022, 2023 and 2024, we had interest-bearing bank borrowings of RMB312.2 million, RMB258.6 million, and RMB248.2 million, respectively. We may need to obtain adequate external debt financing and equity fund raising from external sources to supplement our internal sources of liquidity in the future in order to finance our ongoing operations, improvement of our supply chain management capabilities, investment in research and development, current and future capital expenditure requirements, other investment plans, and funding requirements.

Our ability to obtain external financing in the future is subject to a variety of uncertainties, including, among other things regulatory approvals to obtain financing in the domestic or international markets, our financial condition, results of operations, cash flows and credit history, the condition of the global and domestic financial markets and changes in the monetary and fiscal policies in Mainland China, with resulting effects on bank interest rates and lending practices and conditions.

In addition, under the terms of one of our loan agreements, we are required to comply with a financial covenant that requires our liabilities-to-assets ratio not higher than 70%. As of the Latest Practicable Date, we were in compliance with covenants under such credit agreement. See "Financial Information – Indebtedness – Borrowings". Financing may not be available in a timely manner or in amounts or on terms acceptable to us, or at all. A large amount of bank borrowings and other debt may result in a significant increase in interest expenses while at the same time exposing us to increased interest rate risks and may also affect our ability to fund our operations and planned developments. If we are required to raise equity financing, this could result in dilution to our Shareholders, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our Shares. Any failure to raise additional funds on favorable terms or in a timely manner or at all could severely restrict our liquidity and have a material adverse effect on our business, financial condition and results of operations.

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

PRC laws and regulations require us to participate in various government sponsored employee benefit plans. These benefit plans include social insurance, housing provident fund and other welfare-oriented payment obligations. According to applicable PRC laws and regulations, employers must open social insurance registration accounts and housing provident fund accounts and pay social insurance premiums and housing provident fund contributions for employees. PRC laws require that we contribute to the plans in amounts equal to certain percentages of salaries, including bonus and allowances, of our employees up to the maximum amounts specified by the local government at locations where we operate our business. Local governments across Mainland China do not have consistent requirements regarding the implementation of employee benefit plans. In addition, according to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (人力資源和社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018, all local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises.

During the Track Record Period, certain PRC operating entities in our Group did not make full contribution to the social insurance and housing provident funds for our employees. For each year of the Track Record Period, the estimated shortfall amount of social insurance was RMB7.3 million, RMB9.7 million and RMB6.4 million, respectively, and the estimated shortfall of housing provident was RMB0.7 million, RMB1.4 million and RMB1.3 million, respectively. According to applicable PRC laws and regulations and as advised by our PRC Legal Advisor, if we fail to make full contribution of social insurance within the prescribed period, we may be required by relevant regulatory authorities to make up the outstanding amount prior to a stipulated deadline and we may be liable for the additional late payment penalty at the daily rate of 0.05% of the shortfalls. Moreover, we may be liable to a fine of one to three times of the outstanding contribution amount in the event that we fail to make such payments in time. In addition, for outstanding housing provident fund contributions that we did not fully pay within the prescribed period, the relevant government authorities may demand that we pay the outstanding housing provident fund contributions by a stipulated deadline. We may also be required by the relevant PRC courts for compulsory enforcement if we fail to rectify by that deadline. As advised by our PRC Legal Advisor, based on relevant laws and regulations, the likelihood that the relevant social insurance and housing provident fund authorities would take initiative to recover the historically unpaid social insurance and housing provident fund from us and/or impose the administrative penalties on us due to our failure to make full payment of the social insurance and housing provident fund is remote, on the basis that (1) we have not received any notifications from the relevant authorities requiring us to pay the shortfalls; and (2) we had not been subject to any administrative penalties relating to inadequate contributions of our current and former employees. We would make full payment within the stipulated deadline as required by relevant authorities once we received the notifications from the relevant authorities requiring us to pay the shortfalls. As a result, we did not make any provisions in connection with the contribution of social insurance and housing fund during the Track Record Period and up to the Latest Practicable Date.

Although we had not been subject to any administrative penalties in connection with our contribution of social insurance plans and housing provident fund during the Track Record Period, there is no assurance that our historical and current practice with respect to the contribution of social insurance plans and housing provident fund will at all times be deemed in full compliance with relevant PRC laws and regulations by PRC government authorities. In the event of any such non- compliance, we may be required to pay any shortfall in social insurance and housing provident fund contributions within a prescribed time period and to pay penalties if we fail to do so.

However, if we are still required to make additional payments in relation to such social insurance and housing provident funds contributions, our operating expenses will increase, which could consequently adversely affect our financial condition and results of operations.

We may be adversely affected by any significant disruption to the warehouses where we store our products.

We primarily store our products in leased and self-owned warehouses in Mainland China and in warehouses operated by our logistic service providers overseas. As of the Latest Practicable Date, for our cross-border social e-commerce business, we leased two warehouses located in Mainland China; for our paper packaging business, we had warehouses that were proximate to each of our production facilities and additionally, we also leased one warehouse in Mainland China as a transition center to store our paper packaging products for certain of our major customers. See "Business – Our Business Model" for details of our warehouses. Any significant downtime arising from major and unexpected repairs or servicing of any of these warehouses that results in major disruptions to our operations could cause us to be unable to store our products for an extended period and require us to make significant unanticipated capital expenditures and/or delay our delivery of products. If any one or more of the above risks were to materialize, our financial condition and results of operations may be adversely affected. The warehouses where we store products are also subject to a number of risks, such as fires, floods, explosions, natural disasters, third-party interference, disruptions in the power supply or power outages, war, terrorism and communal unrest, which could lead to a significant disruption to our operations or result in significant damages to our warehouses or inventories. These hazards could also result in personal injury or wrongful death claims and other damage to our warehouses. These disruptions may materially and adversely affect our business, financial condition and results of operations.

We may incur losses resulting from product liability claims or product recalls.

We are subject to product liability claims with respect to products sold by us. Such claims may arise if any such products are deemed or proven to be unsafe, defective or contaminated or unintentional distribution of counterfeits.

If any products sold by us are alleged to be unsafe, defective or contaminated, we may experience reduced sale of the relevant products and may have to recall them from the market. For instance, during the Track Record Period, in line with our wide-array product strategy, we sold various products, including healthcare products in our cross-border social e-commerce business. For each year of the Track Record Period, our revenue generated from sales of healthcare products accounted for 5.6%, 7.1% and 10.0%, respectively, of the total revenue of our cross-border social e-commerce business. However, as the healthcare industry has been subject to widespread attention that coupled with continuous technology advancements in the scientific research, future academic conclusions, results, reports or publications may cast doubt on the quality, efficiency and safety of healthcare products, which may in turn damage the reputation of the healthcare products we sold as well as the healthcare industry in general. In addition, any regulatory changes outside of Mainland China that adversely affect the sale of healthcare products may pose heavier compliance burden and material and adverse effect on our business and operations.

We cannot guarantee that product recalls will not occur or product liability claims will not be filed against us in the future. A substantial claim or a substantial number of claims against us, if successful, would have a material adverse effect on our reputation, business, financial condition and results of operations. Any product recalls or any claims against us, regardless of merit, can strain our financial resources and consume the time and attention of our management. If any claims against us are successful, we may incur monetary liabilities, and our reputation may be severely damaged.

There are legal defects regarding some of our leased properties.

We lease properties in Mainland China for various purposes. As of the Latest Practicable Date, with respect to 9 of our leased properties in Mainland China, the lessors of such properties had still not provided us valid title certificates, or relevant proofs evidencing the legality of the construction of the leased properties, despite the proactive requests we previously made. Such leased properties are primarily used as offices and, to a lesser extent, production facilities, with an aggregate GFA of approximately 12 thousand sq.m. Of these 9 leased properties, three properties are used as our production and warehousing facilities, with an aggregate GFA of approximately six thousand sq.m. As advised by our PRC Legal Advisor, if the leased properties were deemed by competent government authorities as illegal constructions under relevant PRC laws and regulations, the relevant lease agreements may be invalid, and as a result, we may be required to vacate from the relevant properties and relocate. In this event, our operation in such properties may be impaired and we may not be adequately indemnified by the landlords for our related losses. Also, we will incur additional costs during relocation to other suitable locations, thus affecting our business and financial condition. Furthermore, in the event that any lessor's right to lease was challenged by any party with third-party interests, or if some of our leased properties were challenged by competent government authorities because of the inconsistency between actual usage and prescribed usage in the title documents or due to the lack of construction completion that proves our ability to use, our occupation or lease of such properties is likely to be adversely affected. See "Business – Properties" for remedial measures.

In addition, as of the Latest Practicable Date, among the 40 lease agreements we entered into with respect of our leased properties, 37 lease agreements had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. Our leased properties are primarily used as offices, and to a lesser extent, warehouses and production facilities with an aggregate GFA of over 139 thousand sq.m. As of the Latest Practicable Date, all relevant leases for our production facilitates, with an aggregate GFA of approximately 137 thousand sq.m. had not been registered and filed with the competent PRC government authorities. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Although the failure to do so does not in itself invalidate the leases, we may be ordered by the relevant PRC government authorities to rectify such non-compliance and we may be subject to fines imposed by PRC government authorities. According to the *Administrative Measures for Commercial Housing Leases* (《商品房屋租賃管理辦法》), failure to complete the relevant lease registration may subject the parties to the lease agreement a fine between RMB1,000 to RMB10,000. As a result, if we fail to complete or timely complete such lease registration upon the housing authorities' request, we may face a total maximum fine up to RMB370,000 assuming a maximum fine of RMB10,000 is imposed on each unregistered lease agreement. See "Business – Properties" for remedial measures.

We are subject to uncertainties in accounting estimates for our financial assets at fair value through profit or loss ("FVTPL"). Any fluctuation in the changes in fair value of these financial assets would affect our financial results.

We have invested in shares of a private equity fund that recorded as financial assets at FVTPL of RMB130.9 million in 2024. For more details, see "Financial Information — Selected Items from the Consolidated Balance Sheets — Financial Assets at Fair Value Through Profit or Loss" in this Prospectus. The fair value changes in our financial assets measured at FVTPL may negatively affect our financial performance. The fair value of such financial assets are not traded in an active market, thus are not determined by valuation techniques that maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. Given the inherent uncertainty in the fair value of financial assets at FVTPL, any change in the estimates and assumptions may lead to a change in the fair value of the financial assets, which in turn could negatively affect our financial conditions and results. Moreover, as our investment in the private equity fund is not principal protected, we may lose a part or all of the principal invested, and there is no assurance that we will generate return from such investment.

Our insurance coverage may be insufficient to cover potential losses arising as a result of business interruption, damage to our property or third-party liabilities.

We maintain limited insurance policies covering certain potential liabilities. See "Business – Insurance" for details of insurances we purchased. In line with the industry practice, we have elected not to maintain certain types of insurance, such as business interruption insurance. There can be no assurance that our insurance coverage will be available or sufficient to cover all our risk exposures. Our existing insurance contains exclusions and limitations on coverage. If insurance coverage is unavailable or insufficient to cover any such exposures, we may incur substantial costs and diversion of our resources which, in turn, could materially and adversely affect our business, financial condition and results of operations.

Any loss of our senior management and failure to attract and retain qualified personnel could affect our operations and growth prospects.

The talent, experience and leadership of our senior management team are critical to the success of our business. In particular, Mr. Wang Yapeng, the chairman and an executive Director of our Company, Ms. Zhuang Hao, the founder of our Group, the executive Director and the general manager of our Company, Mr. Zhang Heping, the vice chairman, an executive Director and a deputy general manager of our Company, have been pivotal to our success. Other members of our senior management team also have substantial experience and expertise in our business and have made significant contributions to our growth and success.

In addition, our future success also depends substantially on our ability to recruit, train and retain qualified management and other qualified personnel. For example, our business is dependent on our technical personnel to further develop AI algorithms and apply huge data resources and data insights to our cross-border social e-commerce business. The departure of any of these individuals could have an adverse effect on our business and prospects. We may not be able to easily or quickly replace lost personnel and we may incur additional expenses to recruit, train and retain new hires. The unexpected loss of services of one or more of these individuals could also have a material adverse effect on us.

Failure to comply with relevant laws, regulations and rules on occupational health and safety could subject us to investigations and administrative penalties, which may adversely affect our business, results of operations and financial condition.

As we engage a considerable number of employees in our daily business operations, we are particularly sensitive to legal and regulatory requirements in connection with occupational health and safety, the violation of which may subject us to administrative penalties. During the Track Record Period, we did not encounter any incident resulting from our non-compliance with occupational health and safety laws and regulations that has resulted in a material adverse effect on our financial condition and results of operations. However, we cannot assure you that we will not be subject to regulatory actions or administrative penalties in the future. With a view to ensuring compliance with relevant laws and regulations on occupational health and safety, we have adopted certain internal rules to enhance our compliance with laws, regulations and rules in connection with occupational health and safety. See "Business – Environmental, Social and Corporate Governance." However, we cannot assure you that we or our employees will fully comply with relevant laws and regulations on occupational health and safety in the future. If we fail to comply with the relevant laws and regulations, we could be subject to disciplinary warnings or administrative penalties, which may in turn adversely affect our reputation, our business, financial condition and results of operations.

Enforcement of stricter labor laws and regulations and increases in labor costs in Mainland China may adversely affect the Group's business and results of operations.

We are required by PRC laws and regulations to pay various statutory employee benefits, including pension, housing funds, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government authorities for the benefit of our employees. The relevant governmental authorities may examine whether an employer has made adequate payments for the statutory employee benefits. We expect that our labor costs, including wages and employee benefits, will continue to increase, which may adversely affect our financial condition and results of operation.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY IN THE PRINCIPAL PLACE OF OUR BUSINESS

Economic, political and social factors affecting global macroeconomic environment may adversely impact our business, financial condition, and results of operations.

Economic conditions in markets where we operate are sensitive to global economic conditions, as well as changes in economic and political policies and the expected or perceived overall economic growth rate in markets where we operate. Any severe or prolonged slowdown in the economy may materially and adversely affect our business, results of operations and financial condition. The global macroeconomic environment faces numerous challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies.

Moreover, macroeconomic growth has been accompanied by periods of high inflation globally. In response, the government authorities have implemented policies from time to time to control the global inflation, such as restricting the availability of credit by imposing tighter bank lending policies or higher interest rates. The government authorities may, from time to time, take similar measures in response to future inflationary pressures worldwide. Rampant global inflation without the government authorities' mitigation policies would likely increase our costs, thereby materially reducing our profitability. There is no assurance that we will be able to pass any additional costs to our consumers and/or enterprise customers. On the other hand, such control measures may also lead to slower economic activity globally and we may see reduced demand for our products.

We consume electricity for our daily business operation and during our manufacturing process. During the Track Record Period and up to the Latest Practicable Date, our electricity consumption and daily operations had not been suspended or restricted at the request of the local government authority. We cannot assure you that we will not be subject to any power shortage or blackout in the future, which may adversely impact our business and results of operations.

Furthermore, political conditions, such as the tensions in international trade, could materially and adversely affect our business. For instance, constant changes in global trade practices and foreign policies, such as trade protectionism and ongoing trade disputes, may further affect the global economy and markets, including markets where we operate. In addition, trade restrictions, including tariffs, quotas, embargoes, safeguards and customs restrictions, could restrict our abilities to sell products and arrange cross-border deliveries to other markets and thus may negatively impact our results of operations.

Geopolitical tensions have escalated and may continue to escalate due to, among other things, trade disputes, sanctions and regulations that may prohibit or hinder cross-border transactions. Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities globally. Such tensions, and any escalation thereof, may negatively affect trading and business environments, which may, in turn, adversely impacting our business, financial condition, and results of operations.

In addition, various social conditions, such as social unrest, terrorist threats and potential and ongoing wars, may increase market volatility across the globe, which may adversely affect our business, financial condition and results of operations.

We are subject to risks associated with foreign exchange rate fluctuations.

The fluctuation in the value of RMB against other currencies, is subject to changes resulting from governmental policies and depends to a large extent on international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market factors or government policies may impact the exchange rates between the RMB and other currencies in the future. With the development of foreign exchange markets and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further reforms to the exchange rate regime.

Our sale to consumers in our cross-border social e-commerce business are primarily denominated and settled in foreign currencies, with the remaining mainly denominated and settled in currencies of the countries to which we sell our products. We mainly pay our domestic suppliers in Renminbi. During the Track Record Period, we recorded net foreign exchange losses due to the foreign exchange rate fluctuation in connection with our outstanding trade and other receivables denominated in foreign currencies, most of which were in U.S. dollars. As a result, changes in the exchange rates between the foreign currency, in particular the U.S. dollar and Renminbi could affect our results of operations and competitiveness against overseas sellers. In 2024, we recognized net foreign exchange losses of RMB3.5 million, the amount of which represents 0.06% of our total revenue for the same period. Net foreign exchange gains amounted to RMB10.7 million and RMB1.0 million, representing 0.20% and 0.01% of our total revenue in 2022 and 2023, respectively.

The value of the Renminbi against other foreign currencies may fluctuate due to a number of factors, all of which are beyond our control. Any significant depreciation of other foreign currencies against Renminbi may have a negative impact on our revenue and/or gross profit while any appreciation of other foreign currencies may also have a positive impact on our revenue and/or gross profit. Our revenue generated from cross-border social e-commerce business decreased from RMB4,256.6 million in 2023 to RMB3,365.9 million in 2024. Foreign exchange rate fluctuations in certain key markets, particularly in Japan and South Korea, adversely affected our revenue. In 2024, the depreciation of Japanese yen and South Korean won against Renminbi, and our reduced selling prices for certain products in such areas, led to our lower average selling price per order recognized in Renminbi in such markets. Furthermore, as a result of the unpredictability of exchange rate fluctuations, we strategically reduced the advertising expenses in these markets with significant exchange rate fluctuations in 2024, which also led to the decrease in our number of fulfilled orders and revenue in such markets. We may consider taking measures to mitigate the impact of a depreciation of other foreign currencies after taking the competitive landscape of our products into consideration. However, we cannot assure you that such measures will successfully lead to a satisfactory result in our business operations or financial performance.

In order to manage foreign exchange risk, we generally enter into foreign currency hedging contracts. The contracts have the effect of converting our foreign currency at a fixed rate on a specific date so that we are not exposed to changes in foreign currency rates during a specific period of time. Although we seek to manage our exposure to foreign exchange rate risk in order to minimize any negative effects from exchange rate fluctuations, there can be no assurance that we will be able to do so successfully, especially since the effect of the foreign hedging instruments with respect to RMB are limited at reasonable costs. Our financial condition and results could nevertheless be adversely affected by adverse fluctuations of the foreign exchange rates. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

Furthermore, if interest rate increases by the PBOC, or market disruptions in the United States, EU and other countries or regions, our cost of borrowing may increase, and our ability to access sources of liquidity upon which we may rely to finance our operations and satisfy our debt obligations as they become due may be adversely affected. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges. Any failure of accessing sources of liquidity at reasonable costs to finance our operations or meet our obligations may materially and adversely affect our business, prospects, financial condition and results of operations.

Moreover, the proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the RMB against the Hong Kong dollar and the U.S. dollar may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the RMB may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. There are limited instruments available for us to hedge our foreign currency risk.

Policies regarding foreign currency conversion may impact our foreign exchange transactions, including dividend payment to holders of our H Shares.

Part of our income is denominated in Renminbi. Currently, the conversion of Renminbi into foreign currency has to comply with the relevant laws and regulations, and conversion and remittance of foreign currencies are subject to the PRC foreign exchange regulations. Under the current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us, including the payment of dividends following the completion of the Global Offering, do not require advance approval from the SAFE, but we are required to present written evidence of such transactions and conduct such transactions at designated foreign exchange banks within Mainland China that have the requisite licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved or registered in advance by the SAFE.

The policies regarding foreign exchange transactions under the current account and the capital account may not necessarily continue in the future. In addition, these foreign exchange policies may restrict our ability to obtain sufficient foreign exchange, which could have an adverse effect on our foreign exchange transactions and the fulfillment of our other foreign exchange requirements. If there are changes in the policies regarding the payment of dividends in foreign currencies to shareholders or other changes in foreign exchange policies resulting in insufficient foreign exchange, our payment of dividends in foreign currencies may be affected.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC and majority of our business, assets and operations are located in Mainland China. In addition, the majority of our Directors, Supervisors and executive officers reside in Mainland China, and substantially all of the assets of such Directors, Supervisors and executive officers are located in Mainland China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors, Supervisors or executive officers. Pursuant to arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《最高人民法院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》), which came into effect on January 29, 2024, a party with an enforceable final court judgment rendered by any designated people's court of Mainland China or any designated Hong Kong SAR court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant people's court of Mainland China or Hong Kong SAR court. Moreover, Mainland China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong SAR has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable law and regulations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in Mainland China or Hong Kong SAR in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between Mainland China and the country where the judgment was made.

Holders of H Shares may be subject to PRC taxation.

As a PRC-incorporated company, under applicable PRC tax laws, we are subject to a tax of up to 25% on our global income. Non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares in accordance with applicable PRC tax laws, rules and regulations.

Pursuant to the PRC Individual Income Tax Law (中華人民共和國個人所得稅法) and its implementation rules, non-PRC resident individuals are subject to a 20% PRC individual income tax on their dividend income derived from the PRC and we are required to withhold such tax from our dividend payments. If there is an applicable tax treaty to avoid double taxation and taxation evasion between Mainland China and the jurisdiction where the foreign individual resides, the applicable tax rate shall be determined in accordance with such tax treaty. Considering that the applicable tax rate on dividends is usually 10% according to tax treaties or tax agreements and that the number of stockholders is large for a listed company, to simplify the tax administration, generally a domestic non-foreign-investment enterprise with shares listed in Hong Kong SAR can withhold dividend income tax at a rate of 10%. There remains uncertainty as to whether gains realized by non-PRC resident individuals on disposition of H Shares are subject to PRC individual income tax.

Pursuant to the EIT Law and other applicable PRC tax rules and regulations, non-PRC resident enterprises that do not have establishments or premises in Mainland China, or have establishments or premises in Mainland China but their income is not related to such establishments or premises are subject to a 10% PRC enterprise income tax rate on dividend income received from a PRC company and gains realized upon the sale or other dispositions of equity interest in a PRC company. The 10% tax rate is subject to reduction under any special arrangements or applicable treaties between Mainland China and the jurisdiction where the non-resident enterprise domiciles.

There remains uncertainty as to whether and how non-PRC resident H shareholders are subject to enterprise income tax rate on gains realized upon the sale or other dispositions of their H shares. In addition, the value of your investment in our H Shares may be materially affected by unfavorable changes in the applicable tax rates currently stipulated by the PRC tax authorities.

Under the EIT Law, an enterprise established outside of Mainland China with “de facto management bodies” within Mainland China is considered a “resident enterprise”, meaning that it is treated in a manner similar to a Chinese enterprise for PRC EIT purposes. The implementing rules of the EIT Law define “de facto management bodies” as “management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following are located or resident in Mainland China: (i) senior management personnel and departments that are responsible for daily production, operation and management; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders’ meetings; and (iv) half or more of senior management or directors having voting rights. The State Administration of Taxation of the PRC, or SAT, has subsequently provided further guidance on the implementation of Circular 82.

As most of our operational management is currently based in Mainland China, our offshore subsidiaries may be deemed to be “PRC resident enterprises” for the purpose of the EIT Law. If our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on our global income, except that the dividends they receive from our PRC subsidiaries may be exempt from the EIT to the extent such dividend income constitutes “dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise”. It is, however, unclear what type of enterprise would be deemed a “PRC resident enterprise” for such purposes. The EIT on our subsidiaries’ global income could significantly increase our tax burden and adversely affect our cash flows and profitability.

For additional information, see “Taxation and Foreign Exchange” in Appendix III to this Prospectus.

Payment of dividends is subject to restrictions under the PRC laws.

Under PRC law, dividends may be paid only out of distributable profit. Distributable profit is our profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

In addition, we are required to comply with the dividend distribution rules prescribed by the PRC regulatory authorities when determining our dividend payout ratios and we cannot assure you that the amounts of our dividend distribution and our capital available to support the development and growth of our business will not be affected in the future.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

RISKS RELATING TO THE GLOBAL OFFERING

Regulatory requirements and characteristics of the A share and H share markets may differ.

Our A Shares are currently listed and traded on the SZSE. Following the Global Offering, our A Shares will continue to be traded on the SZSE and our H Shares will be traded on the Hong Kong Stock Exchange. We will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

In addition, the A share and H share markets have different characteristics, including different trading volumes and liquidity and different investor bases. Without regulatory approval, our A Shares and H Shares are neither convertible into nor fungible with each other. As a result of these differences, the trading price of our A Shares and H Shares may not be the same. Fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the A share and the H share markets, the historical prices of our A shares may not be indicative of the performance of our H Shares. You should not rely on the prior trading history of our A Shares when evaluating an investment in our H Shares.

There has been no previous public market for our H Shares prior to the Global Offering and you may not be able to resell our H Shares at or above the price you pay, or at all.

Prior to the completion of the Global Offering, there has been no public market for our H Shares. We cannot guarantee that there will be an active trading market for our H Shares or such market, if developed, will be sustained after completion of the Global Offering. The Offer Price is the result of negotiations between our Company, the Overall Coordinator (for itself and on behalf of the Underwriters), which may not be indicative of the price at which our H Shares will be traded following completion of the Global Offering. The market price of our H Shares may drop below the Offer Price at any time after completion of the Global Offering.

The trading volume and trading price of our H Shares may be volatile, which could result in substantial losses to you.

In addition, the trading volume and trading price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong SAR, Mainland China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Mainland China that have listed their securities in Hong Kong SAR may affect the volatility in the price of and trading volumes for our H Shares. Many companies based in Mainland China have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong SAR. Certain of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of these securities of such companies at the time of or after their initial public offerings may influence the overall investor sentiment towards Mainland China-based companies listed in Hong Kong SAR, whether positively or negatively, and consequently may impact the trading performance of our H Shares. These broad market and industry factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance, and may result in losses on your investment in our H Shares.

A future significant increase or perceived significant increase in the supply of our H Shares in public markets could cause the market price of our H Shares to decrease significantly, and/or dilute shareholdings of holders of H Shares.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H 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 amount 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 holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Our Single Largest Group of Shareholders may have substantial influence over our Company and the interest of our Single Largest Group of Shareholders may not be aligned with those of our other Shareholders.

Our Single Largest Group of Shareholders have substantial influence over our business and operations, including matters relating to management and policies, decisions in relation to acquisitions, expansion plans, business consolidation, the sale of all or substantially all of our assets, the nomination of directors, the payment of dividends or other distributions, as well as other significant corporate actions. Immediately following the completion of the Global Offering, our Single Largest Group of Shareholders will hold approximately 27.3% of our A Shares in aggregate. The concentration of voting power and the substantial influence of our Single Largest Group of Shareholders over our Company may discourage, delay or prevent a change in control of our Company, which could deprive other shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and reduce the price of our H Shares. In addition, our Single Largest Group of Shareholders' interests may differ from those of our other Shareholders. Subject to the Listing Rules, our Articles of Association and other applicable laws and regulations, our Single Largest Group of Shareholders will continue to have the ability to exercise their substantial influence over us and to cause us to enter into transactions or take, or fail to take, actions or make decisions which conflict with the best interests of our other shareholders.

Purchasers of our H Shares will incur immediate and substantial dilution following the Global Offering and may experience further dilution in the future.

As the Offer Price of our H Shares is higher than the net tangible book value per share of our H Shares immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering will experience an immediate dilution. In addition, we may issue additional Shares in the future. Purchasers of our H Shares may experience dilution in the net tangible assets value per Share of their investments in the H Shares if we issue additional H Shares in the future at a price which is lower than the net tangible asset value per Share prior to the issuance of such additional H Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

Dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form dividends will be paid in the future. During the Track Record Period, we declared (i) an interim dividend for the first three quarters of 2022 of RMB99.5 million in January 2023, representing a dividend of RMB2.63 (inclusive of tax) for every 10 A Shares of our Company, (ii) an interim dividend for the half year of 2023 of RMB75.7 million in September 2023, representing a dividend of RMB2.00 (inclusive of tax) for every 10 A Shares of our Company, (iii) an annual dividend of RMB136.8 million for 2023 in March 2024, representing a dividend of RMB3.60 (inclusive of tax) for every 10 A Shares of our Company (based on the number of A Shares as of the date of approval of the dividend declaration by our Board of Directors, excluding the A Shares repurchased and held as treasury shares), and (iv) an interim dividend for the first three quarters of 2024 of RMB68.2 million in November 2024, representing a dividend of RMB1.80 (inclusive of tax) for every 10 A Shares of our Company (based on the number of A Shares as of the date of approval of the dividend declaration by our Board of Directors, excluding the A Shares repurchased and held as treasury shares). Furthermore, in May 2025, we also declared the distribution of annual dividend for 2024, according to which an aggregate amount of RMB59.7 million, representing a dividend of RMB1.58 (inclusive of tax) for every 10 A Shares of our Company (based on the number of A Shares as of the date of the announcement, excluding the A Shares repurchased and held as treasury shares) is announced to be settled in cash. Our Board of Directors may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

Moreover, we may not have sufficient profits or cash flow to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. In any event, the past distribution record should not be used as a reference of the amount of dividends payable in the future.

Accordingly, the return on your investment in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value or even maintain the price at which you purchased the H Shares. You may not realize a return on your investment in our H Shares and you may even risk losing your entire investment in our H Shares.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the SZSE.

Since the listing of our A Shares on the SZSE, we have been subject to periodic reporting and other information disclosure requirements in Mainland China. As a result, from time to time we publicly release information relating to us on the SZSE or other media outlets designated by the SZSE. However, the information we announce in connection with our A Shares listing is based on regulatory requirements and market practices in Mainland China, which differ from those applicable to the Global Offering. Such information does not and will not form a part of this Prospectus. As a result, prospective investors in our H Shares are reminded that in making their investment decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this Prospectus. By applying to purchase H Shares in the Global Offering you will be deemed to have agreed that you will not rely on any information other than that contained in this Prospectus, and any formal announcements made by us in Hong Kong SAR related to the Global Offering.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from governmental sources contained in this Prospectus.

Facts, forecasts and statistics in this Prospectus relating to China's B2C outbound social media e-commerce industry in general and in the Asian market and FMCG paper consumer packaging market are obtained from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources, including governmental sources. We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the Global Offering. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the underwriters or any other party involved in the global offering and no representation is given as to its accuracy. In any event, you should consider carefully the importance placed on such information or statistics.

You should read the entire Prospectus carefully to make your investment decision and should not rely on any information contained in press articles or other media regarding us and the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and/or the Global Offering. Prior to the publication of this Prospectus, there may be press and media coverage regarding us and/or the Global Offering. Such press and media coverage may include references to certain information that does not appear in this Prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this Prospectus, we disclaim responsibility for it and you should not rely on such information. You should only rely on the information included in this Prospectus to make your investment decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our H Shares or the Global Offering.

The forward-looking statements included in this Prospectus are based on various assumptions. There are also uncertainties, risks and other unforeseen factors which may cause our actual performance or achievements to be materially different from those expressed or implied by such forward-looking statements. See "Forward-looking Statements" for details of these statements and the associated risks.

Forward-looking statements contained in this Prospectus are based on certain assumptions and subject to risks and uncertainties.

Certain forward-looking statements and information relating to us contained in this Prospectus are based on our beliefs as well as assumptions made by, and information currently available to, us. When used in this Prospectus, the words "believe", "expect", "estimate", "predict", "aim", "intend", "will", "may", "plan", "consider", "anticipate", "seek", "should", "could", "would", "continue", and similar expressions, as they relate to our Company or our Directors, are intended to identify forward-looking statements. Such statements reflect our current view with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain uncertainties and assumptions, including the other risk factors as described in this Prospectus. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend to publicly update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. You should not place undue reliance on such forward-looking statements and information.

In preparation for the Listing, our Company has applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules as set out below.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG SAR

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong SAR. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong SAR. Since substantially all of the business operations of our Group are managed and conducted outside of Hong Kong SAR, and all of our executive Directors, except Mr. Lu Tashan (陸它山), ordinarily reside in Mainland China, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong SAR for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. Accordingly, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules and paragraph 10 under Chapter 3.10 of the Guide for New Listing Applicants subject to the following conditions:

(a) we have appointed Ms. Zhuang Hao (莊浩) and Mr. Lu, as our authorized representatives for the purposes of Rule 3.05 of the Listing Rules to serve as our principal channel of communication with the Stock Exchange. We have provided the Stock Exchange with their contact details, and they will be available to meet with the Stock Exchange within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;

(b) as and when the Stock Exchange wishes to contact our Directors on any matters, each of our authorized representatives will have means to contact all of our Directors promptly at all times. We will implement measures such that (i) each Director must provide his or her mobile phone number, office phone number, facsimile number and email address to our authorized representatives and the Stock Exchange; and (ii) in the event that a Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his or her accommodation to our authorized representatives. We have provided the Stock Exchange with the contact details of each Director to facilitate communication with the Stock Exchange;

(c) each Director who is not an ordinarily resident in Hong Kong SAR possesses or can apply for valid travel documents to visit Hong Kong SAR and can meet with the Stock Exchange within a reasonable period of time;

(d) we have appointed a compliance adviser, Fosun International Capital Limited, pursuant to Rule 3A.19 of the Listing Rules, which will act as our additional and alternative channel of communication with the Stock Exchange, and its representative(s) will be fully available to answer enquiries from the Stock Exchange. The compliance adviser will advise our Company on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong SAR after the Listing, and will have access at all times to our authorized representatives, Directors and other senior officers to ensure that it is in a position to respond promptly to any inquiries or requests from the Stock Exchange in respect of our Company; and

(e) any meeting between the Stock Exchange and our Directors will be arranged through our authorized representatives or compliance adviser or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and compliance adviser.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our company secretary must be an individual who by virtue of his or her academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules provides that in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. Lu Tashan (陸它山) as one of the joint company secretaries, considering his past working experiences within our Group and his thorough understanding of our internal administration, business operations and corporate culture. As such, although Mr. Lu does not possess the specified qualifications strictly required by Rule 3.28 of the Listing Rules, our Directors believe that Mr. Lu is capable of discharging the functions of a joint company secretary with the assistance of Mr. Lee Chung Shing (李忠成), who meets the requirements under Rule 3.28 of the Listing Rules and has been appointed to act as the other joint company secretary and to assist Mr. Lu in the compliance matters for the Listing as well as other Hong Kong regulatory requirements for an initial period of three years from the Listing Date. Over such period, we will implement the following measures to assist Mr. Lu to satisfy the requisite qualifications as prescribed in Rules 3.28 and 8.17 of the Listing Rules:

(a) Mr. Lee will assist Mr. Lu so as to enable him to discharge his duties and responsibilities as a joint company secretary of our Company. Given Mr. Lee's relevant experiences, he will be able to advise both Mr. Lu and us on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong SAR;

(b) Mr. Lu will be assisted by Mr. Lee for an initial period of three years commencing from the Listing Date, which should be sufficient for him to acquire the requisite knowledge and experience under Rule 3.28 of the Listing Rules;

(c) we will ensure that Mr. Lu has access to the relevant trainings and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange, and Mr. Lu has undertaken to attend such trainings;

(d) Mr. Lee will communicate with Mr. Lu on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Mr. Lee will work closely with, and provide assistance to Mr. Lu with a view to discharging his duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders' meetings; and

(e) pursuant to Rule 3.29 of the Listing Rules, Mr. Lee and Mr. Lu will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarize themselves with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong SAR. Both Mr. Lee and Mr. Lu will be advised by our legal advisors as to Hong Kong SAR law and our compliance adviser as and when appropriate and required.

Accordingly, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the Listing Date (the "**Waiver Period**"). Pursuant to paragraph 13 under Chapter 3.10 of the Guide for New Listing Applicants, the waiver is granted on the conditions: (1) Mr. Lu must be assisted by Mr. Lee, who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (2) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. Prior to the expiry of the three-year period, we will conduct a further evaluation of the qualification and experience of Mr. Lu to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we will liaise with the Stock Exchange to assess whether Mr. Lu, having had the benefit of Mr. Lee's assistance for three years, would have acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules such that there is no need to further apply for a waiver.

For more details of Mr. Lee and Mr. Lu's biographies, please refer to the section headed "Directors, Supervisors and Senior Management".

ALLOCATION OF H SHARES TO EXISTING MINORITY SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

Rule 10.04 of the Listing Rules requires that a person who is an existing shareholder of a listing applicant may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a listing applicant either in his/her/its own name or through nominees if the conditions in Rule 10.03 of the Listing Rules are fulfilled, namely that (i) no securities are to be offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved. Paragraph 5(2) of Appendix F1 to the Listing Rules states that, without the prior written consent of the Stock Exchange, no allocations will be permitted to be made to directors or existing shareholders of a listing applicant or their close associates, unless the conditions set out in Rules 10.03 and 10.04 are fulfilled.

Chapter 4.15 of the Guide provides that the Stock Exchange will consider granting a waiver from Rule 10.04 of the Listing Rules and a consent, pursuant to paragraph 5(2) of Appendix F1 to the Listing Rules, to allow a listing applicant's existing shareholders or their close associates to participate in its initial public offering if any actual or perceived preferential treatment arising from their ability to influence the listing applicant during the allocation process can be addressed.

Prior to the Listing, our share capital comprises entirely A Shares listed on the SZSE. As a company listed on the SZSE with its A Shares publicly traded thereon and with a large public A Shares shareholder base, it would be unduly burdensome for us to seek the prior consent of the Stock Exchange for each of our minority existing Shareholders or their close associates who subscribe for the H Shares in the Global Offering.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of, and a consent under paragraph 5(2) of Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders who (i) hold less than 5% of the voting rights in our Company prior to the completion of the Global Offering and (ii) are not and will not become (upon the completion of the Global Offering) core connected persons of our Company or the close associates of any such core connected person (together, the "**Permitted Existing Shareholder**"), on the following conditions:

(a) each Permitted Existing Shareholder to whom our Company may allocate the H Shares under the International Offering holds less than 5% of the voting rights in our Company prior to the completion of the Global Offering;

(b) each Permitted Existing Shareholder is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;

(c) none of the Permitted Existing Shareholders has the power to appoint any Directors nor have any other special rights in our Company;

(d) allocation to the Permitted Existing Shareholders and their close associates will not affect our Company's ability to satisfy the public float requirement under Rule 8.08(1) of the Listing Rules;

(e) to the best knowledge and belief of our Company and the Joint Sponsors, and based on discussions between our Company and the Overall Coordinators and confirmations required to be submitted to the Stock Exchange by the Joint Sponsors, we will confirm to the Stock Exchange that no preferential treatment will be given to the Permitted Existing Shareholders and/or their close associates in the allocation process by virtue of their relationship with our Company;

(f) in the case of participation as placees, the Overall Coordinators will confirm to the Stock Exchange that, to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to any of the Permitted Existing Shareholders or their close associates by virtue of their relationship with our Company in any allocation in the International Offering; and

(g) the Joint Sponsors will confirm to the Stock Exchange that based on (i) their discussions with our Company and the Overall Coordinators; and (ii) the confirmations provided to the Stock Exchange by our Company and the Overall Coordinators, and to the best of their knowledge and belief, they have no reason to believe that the Permitted Existing Shareholders and/or their close associates received any preferential treatment in the allocation process as placees by virtue of their relationship with our Company, and details of allocation to the Permitted Existing Shareholders will be disclosed in the allotment results announcement of our Company.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors (including any proposed director who is named as such in this Prospectus) 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 any statement herein or this Prospectus misleading or deceptive.

FILING PROCEDURES WITH THE CSRC

Our filing procedures with the CSRC for the submission of the application to list our H Shares on the Stock Exchange and for the Global Offering were completed on January 24, 2025. In completing such 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.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This Prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 6,791,000 Offer Shares and the International Offering of initially 61,119,000 Offer Shares (subject, in each case, to reallocation on the basis as set out in the section headed "Structure of the Global Offering" in this Prospectus). For applicants under the Hong Kong Public Offering, this prospectus set out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this Prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering.

Neither the delivery of this Prospectus nor any offering, sale or delivery made in connection with the H Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this Prospectus or imply that the information contained in this Prospectus is correct as of any date subsequent to the date of this Prospectus.

OFFER SHARES FULLY UNDERWRITTEN

The listing of our H Shares on the Stock Exchange is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. 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 us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price on or before the Price Determination Date. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or around the Price Determination Date, subject to the Offer Price being agreed. The International Offering will be fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement to be entered into.

If, for any reason, the Offer Price is not agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before 12:00 noon on Friday, May 23, 2025, the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this Prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for the 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 the section headed "Structure of the Global Offering" in this Prospectus.

RESTRICTIONS ON OFFER AND SALE OF H SHARES

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

No action has been taken to permit a public offering of the H Shares in any jurisdiction other than Hong Kong SAR, or the distribution of this Prospectus in any jurisdiction other than Hong Kong SAR. Accordingly, this Prospectus may not be used for the purpose 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. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in Mainland China or the U.S.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering.

Under section 44B(l) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the H Shares to be listed on the Stock Exchange pursuant to this Prospectus has been refused before the expiration of three weeks from the date of the closing of the Global Offering or such longer period not exceeding six weeks as may, within the said three weeks, be notified to us by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this Prospectus shall, whenever made, be void.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Dealings in the H Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Tuesday, May 27, 2025. Except for the A Shares that have been listed on the SZSE and our pending application to the Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of our share or debt securities is listed on or dealt in on the Stock Exchange or any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H 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 as determined by HKSCC. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) 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 H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements may affect their rights and interests.

H SHARE REGISTER, STAMP DUTY AND DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

All Offer Shares will be registered on the H Share register of our Company maintained by our H Share Registrar, Computershare Hong Kong Investor Services Limited in Hong Kong SAR. Our register of members will also be maintained by us at our legal address in Mainland China.

Dealings in the H Shares registered on the H Share register of our Company in Hong Kong SAR will be subject to Hong Kong SAR stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the H Shares transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the H Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

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

COMPLIANCE WITH THE LISTING RULES

We will comply with applicable laws and regulations in Hong Kong (including the Listing Rules) and any other undertakings which have been given in favor of the Stock Exchange from time to time. If the Listing Committee finds that there has been a breach by us of the Listing Rules or such other undertakings which may have been given in favor of the Stock Exchange from time to time, the Listing Committee may instigate cancelation or disciplinary proceedings in accordance with the Listing Rules.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed the H Share Registrar, and the H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless the holder delivers a signed form to the H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(i) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and our Articles;

(ii) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each Shareholder, to refer all differences and claims arising from our Articles or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

(iii) agrees with us and each of our Shareholders that our H Shares are freely transferable by the holders thereof; and

(iv) authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors as to the taxation implications of subscribing for, purchasing, holding or disposing of, and/or dealing in the H Shares or exercising rights attached to them. None of us, the Joint Sponsors, the Sponsor-Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective affiliates, directors, supervisors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in, or the exercise of any rights in relation to, the H Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this Prospectus contains translations of Renminbi, Hong Kong dollars and U.S. dollars based on the latest available exchange rates published by the PBOC for foreign exchange translations as of the Latest Practicable Date. Unless indicated otherwise, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of U.S. dollars into Hong Kong dollars, and vice versa, in this Prospectus was made at the following rates:

- RMB0.9276 to HK$1.00;
- RMB7.2095 to US$1.00; and
- US$1.00 to HK$7.7722

No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain members of our Group), 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 shall prevail.

If there is any inconsistency between the English version of this Prospectus and the Chinese translation of this Prospectus, the English version of this Prospectus shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in this English document which are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING AND OTHERS

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

Unless otherwise specified, all references to any shareholdings in our Company are based on figure(s) as of the Latest Practicable Date.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. WANG Yapeng (王亞朋)	North Court, Lucheng Baihe IV No. 2-4 Dirun Road Zhengzhou Henan Province PRC	Chinese
Ms. ZHUANG Hao (莊浩)	No.2-34 Yuandang Road Siming District Xiamen PRC	Chinese
Mr. ZHANG Heping (張和平)	No.2-34 Yuandang Road Siming District Xiamen PRC	Chinese
Mr. ZHUANG Shu (莊澍)	Room 401, No. 96, Sports Road Siming District Xiamen PRC	Chinese
Mr. LU Tashan (陸它山)	Room E, 17/F, Block 12 Pacific Palisades 1 Braemar Hill Road North Point Hong Kong SAR	Chinese
Non-executive Director		
Mr. LIAO Shengxing (廖生興)	Room 1501, Building 35 The Triumphal Arch Zhonghai International Community Nankang Road Zhanggong District Ganzhou Jiangxi Province PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Dr. ZHANG Guoqing (張國清)	303, Building 44 Xiamen University Seaside No. 422 Siming South Road Xiamen PRC	Chinese
Dr. YANG Chenhui (楊晨暉)	801, No. 11 Huizhan North Lane Siming District Xiamen PRC	Chinese
Professor Alfred SIT Wing Hang (薛永恒)	Flat B, 7/F, Block 1 Julimout Garden 8-12 Fu Kun Street Shatin New Territories Hong Kong SAR	Chinese
Mr. HAN Jianshu (韓建書)	6-2-2501, Block A2 Wanda Tianxi Residential Area Xinghualing District Taiyuan Shanxi Province PRC	Chinese
Ms. NG Weng Sin (吳永蒨)	5/F, 267 Castle Peak Road Cheung Sha Wan Kowloon Hong Kong SAR	Chinese

SUPERVISORS

Name	Address	Nationality
Ms. BAI Xueting (白雪婷)	Room 303, No. 93 Hubin Sanli Siming District Xiamen PRC	Chinese
Mr. HE Zhuokai (何卓鍇)	5/F, Unit 1, Building 3 No. 6 Zhongyuan Lane Wuhou District Chengdu PRC	Chinese
Mr. HU Guanhong (胡官宏)	7-1-1503, Jinhui Yuefu Yanta District, Xi'an Shaanxi PRC	Chinese

For details of the biographies and other relevant information of our Directors and Supervisors, see "Directors, Supervisors and Senior Management" in this Prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors and Sponsor-Overall Coordinators *(in alphabetical order)*	**China International Capital Corporation Hong Kong Securities Limited** 29/F One International Finance Centre 1 Harbour View Street Central Hong Kong SAR **CMB International Capital Limited** 45th Floor, Champion Tower 3 Garden Road Central Hong Kong SAR
Overall Coordinators *(in alphabetical order)*	**China International Capital Corporation Hong Kong Securities Limited** 29/F One International Finance Centre 1 Harbour View Street Central Hong Kong SAR **CMB International Capital Limited** 45th Floor, Champion Tower 3 Garden Road Central Hong Kong SAR

Joint Global Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F One International Finance Centre 1 Harbour View Street Central Hong Kong SAR
	CMB International Capital Limited 45th Floor, Champion Tower 3 Garden Road Central Hong Kong SAR
	(in alphabetical order)
	BOCI Asia Limited 26/F Bank of China Tower 1 Garden Road Central Hong Kong SAR
	China Galaxy International Securities (Hong Kong) Co., Limited 20/F Wing On Centre 111 Connaught Road Central Hong Kong SAR
	ICBC International Securities Limited 37/F ICBC Tower 3 Garden Road Hong Kong SAR
	CCB International Capital Limited 12/F CCB Tower 3 Connaught Road Central Central Hong Kong SAR
Joint Bookrunners	**China International Capital Corporation Hong Kong Securities Limited** 29/F One International Finance Centre 1 Harbour View Street Central Hong Kong SAR
	CMB International Capital Limited 45th Floor, Champion Tower 3 Garden Road Central Hong Kong SAR
	(in alphabetical order)

BOCI Asia Limited
26/F Bank of China Tower
1 Garden Road
Central
Hong Kong SAR

China Galaxy International Securities (Hong Kong) Co., Limited
20/F Wing On Centre
111 Connaught Road
Central
Hong Kong SAR

ICBC International Securities Limited
37/F ICBC Tower
3 Garden Road
Hong Kong SAR

CCB International Capital Limited
12/F CCB Tower
3 Connaught Road Central
Central
Hong Kong SAR

Quam Securities Limited
5/F and 24/F (Rooms 2401 and 2412)
Wing On Centre
111 Connaught Road Central
Hong Kong SAR

SDHG International Securities Limited
Floor 38, The Center
99 Queen's Road Central
Central
Hong Kong SAR

Fosun International Securities Limited
Suite 2101-2105, 21/F Champion Tower
3 Garden Road
Central
Hong Kong SAR

Long Bridge HK Limited
Unit 3302, 33/F, West Tower
Shun Tak Centre
No. 168-200 Connaught Road Central
Hong Kong SAR

Livermore Holdings Limited
Unit 1214A 12/F Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong SAR

Sinolink Securities (Hong Kong) Company Limited
Unit 3501-08, 35/F, Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong SAR

Huafu International Securities Limited
Unit 2603-04, 26/F, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong SAR

Joint Lead Managers

China International Capital Corporation Hong Kong Securities Limited
29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong SAR

CMB International Capital Limited
45th Floor, Champion Tower
3 Garden Road
Central
Hong Kong SAR

(in alphabetical order)

BOCI Asia Limited
26/F Bank of China Tower
1 Garden Road
Central
Hong Kong SAR

China Galaxy International Securities (Hong Kong) Co., Limited
20/F Wing On Centre
111 Connaught Road
Central
Hong Kong SAR

ICBC International Securities Limited
37/F ICBC Tower
3 Garden Road
Hong Kong SAR

CCB International Capital Limited
12/F CCB Tower
3 Connaught Road Central
Central
Hong Kong SAR

Quam Securities Limited
5/F and 24/F (Rooms 2401 and 2412)
Wing On Centre
111 Connaught Road Central
Hong Kong SAR

SDHG International Securities Limited
Floor 38, The Center
99 Queen's Road Central
Central
Hong Kong SAR

Fosun International Securities Limited
Suite 2101-2105, 21/F Champion Tower
3 Garden Road
Central
Hong Kong SAR

Long Bridge HK Limited
Unit 3302, 33/F, West Tower
Shun Tak Centre
No. 168-200 Connaught Road Central
Hong Kong SAR

Livermore Holdings Limited
Unit 1214A 12/F Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong SAR

Sinolink Securities (Hong Kong) Company Limited
Unit 3501-08, 35/F, Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong SAR

Huafu International Securities Limited
Unit 2603-04, 26/F, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong SAR

Capital Market Intermediaries

China International Capital Corporation Hong Kong Securities Limited
29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong SAR

CMB International Capital Limited
45th Floor, Champion Tower
3 Garden Road
Central
Hong Kong SAR

(in alphabetical order)

BOCI Asia Limited
26/F Bank of China Tower
1 Garden Road
Central
Hong Kong SAR

China Galaxy International Securities (Hong Kong) Co., Limited
20/F Wing On Centre
111 Connaught Road
Central
Hong Kong SAR

ICBC International Securities Limited
37/F ICBC Tower
3 Garden Road
Hong Kong SAR

CCB International Capital Limited
12/F CCB Tower
3 Connaught Road Central
Central
Hong Kong SAR

Quam Securities Limited
5/F and 24/F (Rooms 2401 and 2412)
Wing On Centre
111 Connaught Road Central
Hong Kong SAR

SDHG International Securities Limited
Floor 38, The Center
99 Queen's Road Central
Central
Hong Kong SAR

Fosun International Securities Limited
Suite 2101-2105, 21/F Champion Tower
3 Garden Road
Central
Hong Kong SAR

Long Bridge HK Limited
Unit 3302, 33/F, West Tower
Shun Tak Centre
No. 168-200 Connaught Road Central
Hong Kong SAR

Livermore Holdings Limited
Unit 1214A 12/F Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong SAR

Sinolink Securities (Hong Kong) Company Limited
Unit 3501-08, 35/F, Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong SAR

Huafu International Securities Limited
Unit 2603-04, 26/F, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong SAR

Legal Advisors to our Company

As to Hong Kong and U.S. law
Dentons Hong Kong LLP
Suite 3201
Jardine House
1 Connaught Place
Central
Hong Kong SAR

As to local Hong Kong SAR law
Robertsons
57/F, The Center
99 Queen's Road Central
Hong Kong SAR

As to PRC law
Beijing Kangda Law Firm
8/F, Emperor Group Centre
No. 12D, Jianwai Avenue,
Chaoyang District
Beijing
PRC

As to PRC data compliance
JunHe LLP
20/F, China Resources Building
8 Jianguomenbei Avenue
Beijing
PRC

As to the law of Taiwan
Lee and Li, Attorneys-at-Law
8F, No. 555
Sec.4, Zhongxiao E. Rd.
Taipei 110055
Taiwan

As to Singapore law
Dentons Rodyk & Davidson LLP
80 Raffles Place
#33-00 UOB Plaza 1
Singapore 048624

As to the law of the Kingdom of Saudi Arabia
Al Tamimi & Company
Abdulhadi Al Hugayet Tower, 9th Floor,
Prince Turki Street, Al Shamaliah Area
PO Box 1227, Al Khobar 31952, Saudi Arabia

As to Korean law
Shin & Kim LLC
23F, D-Tower (D2)
17 Jongno 3-gil, Jongno-gu
Seoul 03155, Korea

As to Japanese law
Anderson Mori & Tomotsune
Otemachi Park Building
1-1-1 Otemachi, Chiyoda-Ku
Tokyo 100-8136
Japan

As to law of the Philippines
SyCip Salazar Hernandez & Gatmaitan
SyCipLaw Center
105 Paseo de Roxas
Makati City 1229
The Philippines

As to Malaysian law
Christopher & Lee Ong
Level 22, Axiata Tower
No.9, Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia

As to law of Thailand
Weerawong, Chinnavat & Partners Ltd.
No. 1 Park Silon Tower, 39th Floor
Convent Road, Silom
Bangrak, Bangkok 10500
Thailand

Legal Advisors to the Underwriters and the Joint Sponsor

As to Hong Kong and U.S. law
Jia Yuan Law Office
Suites 3502-03, 35/F
One Exchange Square
8 Connaught Place
Central, Hong Kong

As to Hong Kong law
Allen Overy Shearman Sterling
9/F, Three Exchange Square
Central
Hong Kong SAR

As to PRC law
Han Kun Law Offices
9/F, Office Tower C1, Oriental Plaza
1 East Chang An Ave., Dongcheng District
Beijing
PRC

Auditor and Reporting Accountants

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King’s Road
Quarry Bay,
Hong Kong SAR

Compliance Adviser	**Fosun International Capital Limited** Suite 2101-2105, 21/F, Champion Tower 3 Garden Road Central Hong Kong SAR
Industry Consultant	**China Insights Industry Consultancy Limited** 10/F Block B, Jingan International Center 88 Puji Road Jingan District Shanghai PRC
Tax Advisor	**Ernst & Young (China) Advisory Limited** 50/F, Shanghai World Financial Center 100 Century Avenue Pudong New Area Shanghai PRC
Receiving Bank	**CMB Wing Lung Bank Limited** 45 Des Voeux Road Central Hong Kong

Registered Office and Headquarter in the PRC	No. 9 Putou Road, Dongfu Industry Park II Haicang District Xiamen, Fujian Province PRC
Principal Place of Business in Hong Kong	Office 5, 15/F Bank of East Asia Harbour View Centre No. 56 Gloucester Road Hong Kong SAR
Company's Website	**www.jihong.cn** *(The information contained on the website does not form part of this Prospectus)*
Joint Company Secretaries	Mr. LU Tashan Room E, 17/F, Block 12 Pacific Palisades 1 Braemar Hill Road North Point Hong Kong SAR Mr. LEE Chung Shing *(CPA of HKICPA, FCCA of ACCA)* 46/F, Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong SAR
Authorized Representatives	Ms. ZHUANG Hao No.2-34 Yuandang Road Siming District Xiamen PRC Mr. LU Tashan Room E, 17/F, Block 12 Pacific Palisades 1 Braemar Hill Road North Point Hong Kong SAR
Strategy Committee	Mr. WANG Yapeng *(Chairperson)* Ms. ZHUANG Hao Mr. HAN Jianshu
Audit Committee	Dr. ZHANG Guoqing *(Chairperson)* Ms. NG Weng Sin Dr. YANG Chenhui
Remuneration and Appraisal Committee	Ms. NG Weng Sin *(Chairperson)* Dr. ZHANG Guoqing Mr. ZHUANG Shu

Nomination Committee	Dr. YANG Chenhui *(Chairperson)* Professor Alfred SIT Wing Hang Mr. ZHANG Heping
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong SAR
Principal Banks	**China Merchants Bank, Xiamen branch** No. 18 Lingshiguan Road Siming District Xiamen Fujian Province PRC **Agricultural Bank of China Limited, Xiamen Haicang branch** No. 254 Haifu Road Haicang District Xiamen Fujian Province PRC

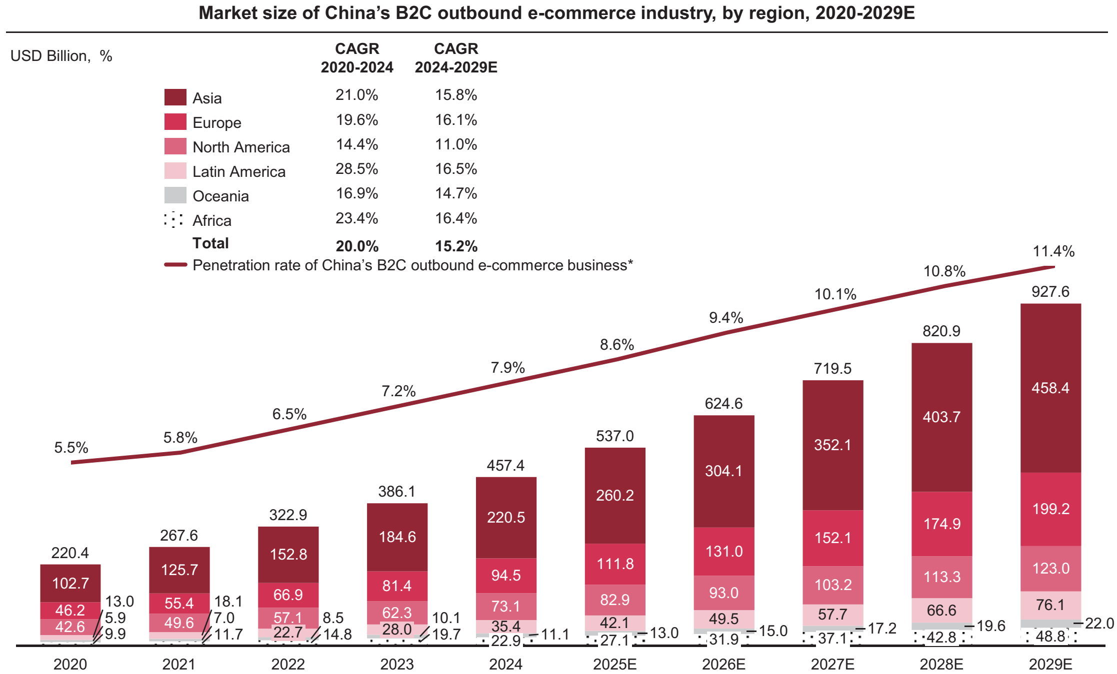
The information and statistics set out in this section and other sections of this Prospectus were extracted from the report prepared by CIC, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the Global Offering. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy.

OVERVIEW OF CHINA'S B2C OUTBOUND E-COMMERCE MARKET

With the ever-growing number of Internet users and the rapid advancements in mobile technology, the e-commerce industry has revolutionized the consumer shopping experience by offering greater flexibility and efficiency, as well as an extensive range of products, transcending geographical and temporal boundaries. The seamless integration of digital payment systems and cutting-edge logistics technology has further propelled the growth of the B2C e-commerce industry. As a result, the global e-commerce market has been flourishing, reaching a market size of US$5.8 trillion in 2024, as measured by revenue.

Global B2C cross-border e-commerce entails global B2C e-commerce transactions extending beyond customs borders. Amidst the thriving e-commerce industry, the global B2C cross-border e-commerce market has exhibited remarkable resilience, as global trade becomes increasingly interconnected. Leveraging rapid advancements in digital technology, logistics infrastructure, and supply chain optimization, the share of the global cross-border e-commerce market within the overall global B2C e-commerce market continues to expand. In 2024, as measured by revenue, the global B2C cross-border e-commerce market reached US$1,232.8 billion.

China's B2C outbound cross-border e-commerce refers to the sales model in which Chinese enterprises utilize online channels to sell products to consumers overseas. The market size of China's B2C outbound cross-border e-commerce business encompasses revenue generated by Chinese enterprises through online sales channels to countries and regions outside of Mainland China, excluding any e-commerce revenue derived from sales within Mainland China itself. Leveraging China's advanced production capabilities and diverse industrial clusters, e-commerce enterprises have effectively introduced a wide range of high-quality products to the global market through the Internet, catering to the diverse demands of international consumers. As global trade continues to integrate, China's B2C outbound e-commerce market has demonstrated remarkable market vitality. In terms of revenue, the size of China's B2C outbound e-commerce market was US$457.4 billion in 2024, accounting for 7.9% of the global B2C e-commerce market. Furthermore, the market size is expected to reach US$927.6 billion in 2029, representing 11.4% of the global B2C e-commerce market, with a CAGR of 15.2% from 2024.



Note: Penetration rate of China's B2C outbound e-commerce business refers to the percentage of China's B2C outbound e-commerce revenue in relation to global B2C e-commerce revenue.

Source: CIC Report

Main Drivers of China's B2C Outbound E-commerce Market

Continuous increase in global Internet usage: As network infrastructure continues to advance and advanced Internet technologies become more widely adopted, users are experiencing faster and more stable Internet access. The global trend towards information interconnection and digitization has further accelerated the widespread adoption of the Internet globally, resulting in an increase in the global Internet penetration rate from 55.4% in 2020 to 60.7% in 2024. As the prevalence of mobile Internet and the availability of online content continue to increase, individuals will increasingly rely on the Internet for accessing information, entertainment, and social interactions. This ongoing trend is projected to fuel the global Internet penetration rate, reaching an estimated 67.3% by 2029. The continuous growth in global Internet usage is anticipated to result in an expanding consumer base for the e-commerce industry on a global scale, presenting significant opportunities for businesses to tap into a larger market and capitalize on the increasing demand for online shopping.

Increasing acceptance of e-commerce by overseas consumers: Owing to the convenient online shopping experience, the continuous enhancement of global logistics networks and the global popularization of online shopping, overseas consumers have increasingly embraced the concept of online shopping. The increasing popularity of online shopping can be attributed to its convenience, with features such as one-click ordering, doorstep delivery, and seamless digital payment processes. Additionally, online shopping provides enhanced shopping experiences through live-streaming demonstrations and short video product showcases. This effectively overcomes the previous limitation of not being able to try products before purchasing through online channels, which was a common concern for consumers in the past. Consequently, in terms of revenue, the share of e-commerce sales in the global retail market has experienced a rapid surge, rising from 17.1% in 2020 to 19.0% in 2024. With the escalating adoption of online shopping worldwide, the percentage is anticipated to continue its upward trajectory, reaching an estimated 22.1% by 2029.

Simultaneously, as e-commerce is increasing accepted, consumers generally are no longer only satisfied with the goods manufactured locally. Instead, they are actively pursuing novel and convenient shopping experiences and a diverse range of products from overseas to cater for their personal needs and preferences, further contributing to the development of the B2C outbound e-commerce industry.

Policy support for the e-commerce industry: The Chinese government has implemented a range of policies to facilitate the international outbound expansion of Chinese e-commerce enterprises. The implementation of policies such as the 'Opinions of the Stabilize General Office of the State Council on Effectively Making Cross-cycle Adjustments to Further Stabilise Foreign Trade' (〈國務院辦公室關於做好跨週期調節進一步穩外貿的意見〉) underscores a focus on fiscal support, expediting tax rebates, promoting new trade forms, alleviating logistics pressures, and supporting key sectors and corporations. The 'Opinions on Stabilizing the Scale and Optimizing the Structure of Foreign Trade' (〈關於推動外貿穩規模優結構的意見〉) advocated for market expansion, domestic exhibition restoration, increased financial support, and enhancement of the foreign trade environment. Additionally, initiatives such as the establishment of comprehensive pilot zones for cross-border e-commerce enterprises have significantly bolstered the growth of China's B2C outbound e-commerce industry. In addition, the Chinese government has implemented favorable policies for cross-border social e-commerce business. For instance, the 'Business Development Plan for the 14th Five-Year Plan Period'(〈'十四五'商業發展計劃〉) promoted foreign trade with cross-border e-commerce initiatives, standards, and overseas warehouse improvements to aim for a 10% trade share by 2025. The 'Plan for the Development of E-Commerce The 14th Five-Year Plan Period' (〈'十四五'電子商務發展規劃〉) strengthened supply chain service innovation, supported new courier services, and builds an international logistics system. Furthermore, the 'Plan for Development of the Digital Economy During the 14th Five-Year Plan Period' (〈'十四五'數字經濟發展規劃〉) aimed to guide high-quality foreign trade, promote new trade methods, and support diverse trade services including overseas warehousing. Concurrently, the export destination countries have also implemented a range of policies, encompassing initiatives to streamline customs clearance processes and provide tax incentives, to attract goods from other nations through cross-border e-commerce channels.

China's supply chain advantage: Leveraging the robust manufacturing infrastructure and resilient supply chains in Mainland China, products manufactured in Mainland China offer consumers diverse options, catering to specific consumer requirements. These products boast strong appeal in terms of quality, pricing, and innovativeness, addressing the diverse consumption needs of overseas consumers and fostering sustained growth of the industry.

Enhancement of global logistics infrastructure: The ongoing advancements in the global logistics network have substantially mitigated the costs associated with long-distance global transportation, enabling cross-border e-commerce enterprises to deliver products more effectively and conveniently all over the world, and establishing a solid foundation for new market exploration. Such ongoing advancements have consistently driven the expansion of China's B2C outbound e-commerce market.

Competitive Landscape of China's B2C Outbound E-commerce Market

China's B2C outbound e-commerce market was fragmented, with the top five players accounting for less than 20% of total market share, and the Group's share is 0.1%. The chart below sets forth the top five participants in China's B2C outbound e-commerce market in terms of revenue in 2024:

Rank	Company	Revenue generated from China's B2C outbound e-commerce market, 2024, RMB billion	Market share in terms of revenue generated from China's B2C outbound e-commerce market, 2024, %
1	Company A (1)	~300	~9.2%
2	Company B (2)	~100	~3.1%
3	Company C (3)	~60	~1.8%
4	Company D (4)	~40	~1.2%
5	Company E (5)	~25	~0.8%

Notes:

(1) Company A was established in 2012, and originated from Mainland China. It is a B2C outbound e-commerce seller specializing in fashion products.

(2) Company B was established in 2004, and is headquartered in Dongguan, China. It is a consumer electronics and mobile communications company.

(3) Company C was established in 2010, and is headquartered in Beijing, China. It is a technology company that offers smartphones, smart devices, and IoT platforms. It is a listed company on the HKEX.

(4) Company D was established in 2009, and is headquartered in Dongguan, China. It is technology company that manufactures and offers smartphones, audio devices, and other consumer electronics.

(5) Company E was established in 2013, and is headquartered in Shenzhen, China. It is a major global player in the AI device ecosystem sector.

OVERVIEW OF CHINA'S B2C OUTBOUND SOCIAL MEDIA E-COMMERCE MARKET

In 2024, as measured by revenue, the market size of China's B2C outbound social media e-commerce industry accounted for 12.7% of China's B2C outbound e-commerce market. Internet traffic serves as the cornerstone for cross-border e-commerce sellers to acquire potential consumers and seize sales opportunities. Larger Internet traffic volumes translate into a larger audience and more potential consumers, thereby enhancing the likelihood of sales and potential revenue. The magnitude of traffic acquisition directly impacts the level of product exposure and visitation, while the precision of traffic acquisition influences the sales conversion rate. Categorized by their source, there are three types of Internet traffic: organic traffic, platform traffic, and social media traffic. Each traffic source exhibits distinct advantages, drawbacks, and characteristics. Consequently, e-commerce companies adopt varied strategies to harness the benefits of the different traffic sources.

- *Organic traffic.* Organic traffic comprises data flows generated from user searches or visits without redirection through other intermediary channels, such as direct traffic and search traffic. Organic traffic is typically sourced from the three avenues: (i) brand awareness, which attracts consumer visits and eventual purchases; (ii) search engine optimization, or SEO, aiming to enhance website or product visibility and ranking in search engine results by optimizing website content, keywords, and external links; (iii) word-of-mouth marketing, where satisfied customers recommend products or services to others, leading to increased visits and conversions. Organic traffic is renowned for attracting high-quality consumers with enduring loyalty. However, acquiring organic traffic is a gradual process that demands considerable time and effort. A typical example of organic traffic is when consumers enter an e-commerce independent website by directly typing the website's URL or searching for the website or brand's name on a search engine. For instance, when a consumer types shein.com into the browser's address bar or searches for Xiaomi on Google and enters Xiaomi's e-commerce independent website, such visits are considered organic traffic.

- *Platform traffic.* Platform traffic refers to data flows on third-party platforms such as e-commerce platforms. Platform traffic refers to data flows generally accumulated from (i) improving rankings of product or brand visibility through effective search engine optimization strategies and (ii) utilizing paid advertisements on e-commerce platforms. For platform traffic, consumers usually have a specific type of product in mind and initiate the search on the platforms themselves. When leveraging platform traffic for sales conversions, companies focus on highlighting their brand strengths and product advantages to persuade consumers to select their products among products in the same product category. Platform traffic presents an opportunity for certain e-commerce companies operating online storefronts within third-party e-commerce platforms and leverage platform traffic. While leveraging platform traffic can yield significant benefits, these companies are inherently reliant on the policies and dynamics of the e-commerce platforms they inhabit. Taking Xiaomi and Amazon as an example, consumers attracted by Xiaomi's products showcased on Amazon is referred to as platform traffic. Xiaomi can increase their platform traffic by allowing their products to be viewed by more consumers for free or increase exposures through paid rankings or recommendations.

- *Social media traffic.* Social media traffic refers to the data flows across various social media platforms, such as Facebook, Twitter, LinkedIn, Instagram, Pinterest, particularly relating to paid advertisements, e-commerce companies can take advantage of their effective precise targeting capabilities. Social media traffic refers to data flows typically originating from (i) paid advertisements on social media, and (ii) engaging key opinion leaders (KOLs) and/or key opinion consumers (KOCs) to promote products across social media platforms. However, it is crucial to acknowledge that paid advertisements operate within a competitive landscape and can incur significant costs. Advertisers must possess refined precise marketing skills to maintain its competitive edge. When contrasted with organic and platform traffic, consumers attracted through social media traffic often lack a specific target product in mind. As a result, sellers must proactively stimulate consumers' purchase intent, as individuals attracted through social media traffic may require additional persuasion to complete a purchase.

Overview of the social e-commerce business model that discovers target customers actively and precisely

In traditional e-commerce operations, consumers actively seek products or services to meet their needs after becoming aware of them. On the other hand, the social e-commerce business model that discovers target customers actively and precisely requires e-commerce sellers to identify consumer needs based on consumer profiles and to guide them towards final purchases.

With the advent of e-commerce in late 1990s, the traditional sales approach meets consumers' initial needs for shopping diversity and convenience. However, with the rapid expansion of the e-commerce landscape, there has been a surge in product variety and information, challenging the efficacy of the traditional model. Simultaneously, with advancements in big data and artificial intelligence technologies, various social media platforms have gained access to more extensive consumer preferences and behavioural data, enabling the viability of the social e-commerce business model that discovers target customers actively and precisely. The proliferation of interest-driven e-commerce and live-streaming sales channels further propels the evolution of this model. Consequently, the social e-commerce business model that discovers target customers actively and precisely has become a trend. This model adeptly assists consumers in uncovering latent needs, effectively complementing the traditional model and bringing fresh opportunities for both businesses and consumers.

Under this dynamic landscape, different e-commerce players are actively exploring the implementation of this model. For instance, leading e-commerce platforms, such as Amazon, are enhancing their product recommendation capabilities based on user profiles. Social media platforms, such as TikTok Shop, are swiftly expanding their market presence in the e-commerce industry through the social e-commerce business model that discovers target customers actively and precisely.

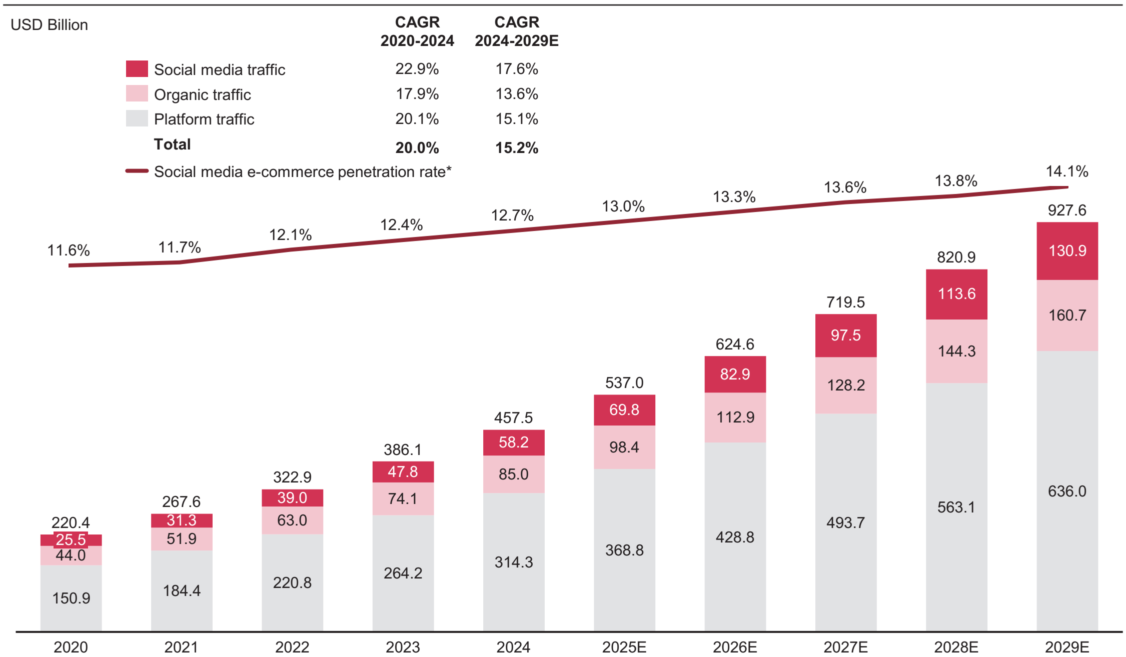
Meanwhile, independent e-commerce websites are also diligently expanding their advertising and marketing strategies, exploring novel applications of the social e-commerce business model that discovers target customers actively and precisely. Precision and efficiency in advertisement placements represent a crucial capability for independent e-commerce websites to "discover" potential consumers. Independent e-commerce websites started to identify their target customer segments based on their brand positioning and product mix. This involves detailed analysis of the target customers' preferences and behaviours. In particular, independent e-commerce websites need to adeptly disseminate engaging or informative content to potential customers who are likely to show interest based on the understanding of the target customers' persona commonly through precise advertisement pushing and/or collaboration with KOLs or KOCs to tap into consumers' potential purchase intentions.

Both of the social e-commerce business model that discovers target customers actively and precisely and the traditional model, are important components of the e-commerce ecosystem. However, they exhibit significant differences in terms of user initiative, selling strategies, and user experience. The following chart sets forth the differences between the traditional model and the social e-commerce business model that discovers target customers actively and precisely:

	The traditional model	**The social e-commerce business model that discovers target customers actively and precisely**
User initiative	Consumers typically have clear shopping targets and thus actively search and select products.	Consumers usually do not have specific shopping targets and receive product information while accessing non-shopping-related information.
Selling strategies	Focus on Search Engine Optimization, or SEO, and product diversity, emphasizing the effectiveness of their products in meeting consumer needs when consumers search for product information.	Focus on user behaviour analysis and targeted marketing strategies, assisting consumers in uncovering their needs and stimulating their desire to purchase, thereby driving sales conversions.
User experience	E-commerce providers typically focus on efficient shopping experience when users have clear goals. Consumers expect to quickly find products that meet their needs.	E-commerce providers generally aim to provide a more personalized shopping experience, enabling consumers to discover products they may be interested in but have not previously sought or have not considered important.

In recent years, driven by the swift evolution of social media platforms and the sustained growth in their user base and engagement, these platforms have emerged as pivotal channels for cross-border e-commerce sellers to generate traffic and drive sales conversions. Social media traffic is recognized as the fastest-growing source of traffic in China's B2C outbound e-commerce market. As social media platforms continue to play an increasingly pivotal role for Internet users, China's B2C outbound social media e-commerce market is poised for further development. In 2024, as measured by revenue, the market size of China's B2C outbound social media e-commerce industry reached US$58.2 billion, accounting for 12.7% of China's B2C outbound e-commerce market. By 2029, the market size is anticipated to expand to US$130.9 billion, reflecting a CAGR of 17.6% from 2024. It is projected that by 2029, the market size of China's B2C outbound social media e-commerce market will be approximately 14.1% of China's B2C outbound e-commerce market.

Market size of China's B2C outbound e-commerce industry, 2020-2029E

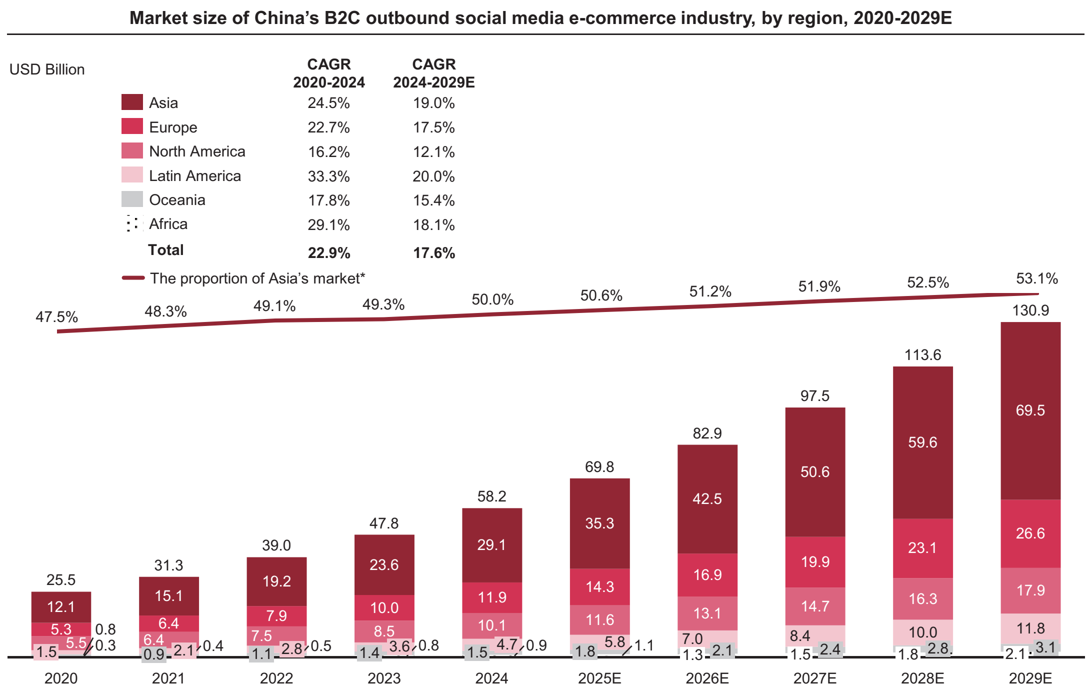


Note: Social media e-commerce penetration rate refers to the percentage of China's B2C outbound social media e-commerce revenue in relation to China's B2C outbound e-commerce revenue.

Source: CIC Report

China's B2C outbound social media e-commerce refers to the business model where domestic enterprises in Mainland China utilize social media platforms for product promotion and traffic acquisition, and convert this traffic into sales through transactions with overseas consumers conducted outside the social media platforms. Diverging from the sales models observed in the other two traffic source patterns, where consumers need to proactively search for products based on their planned needs, cross-border social media e-commerce enterprises actively identify potential consumers and stimulate their demand through the prominent display of product features through advertisements on social media platforms to encourage consumers from these platforms to purchase their products. As a result, China's B2C outbound social media e-commerce model enables companies to deliver personalized product recommendations and drive sales by understanding consumers' interests and preferences.

B2C outbound social media e-commerce enterprises possess the flexibility to strategically allocate resources across various social media platforms, adapting to fluctuations in traffic cycles and adjustments in platform policies. This flexibility empowers them to achieve optimal traffic acquisition outcomes under diverse market conditions. Furthermore, these enterprises can leverage the global reach of social media platforms to access more countries and regions, creating abundant opportunities for cross-regional business expansion and fostering sustained market growth. Simultaneously, through the implementation of precision marketing, B2C outbound e-commerce enterprises can accurately identify the intended audience for a product, effectively connecting with consumers who demonstrate a high willingness to purchase. Given the preferences and strong demand for the product, target consumers demonstrate a relatively lower level of price sensitivity. By strategically reaching these consumers, China's B2C outbound social media e-commerce enterprises can implement an optimized pricing strategy.



Note: The proportion of Asia's market refers to the percentage of China's B2C outbound social media e-commerce business in the Asian market in relation to China's B2C outbound social media e-commerce market.

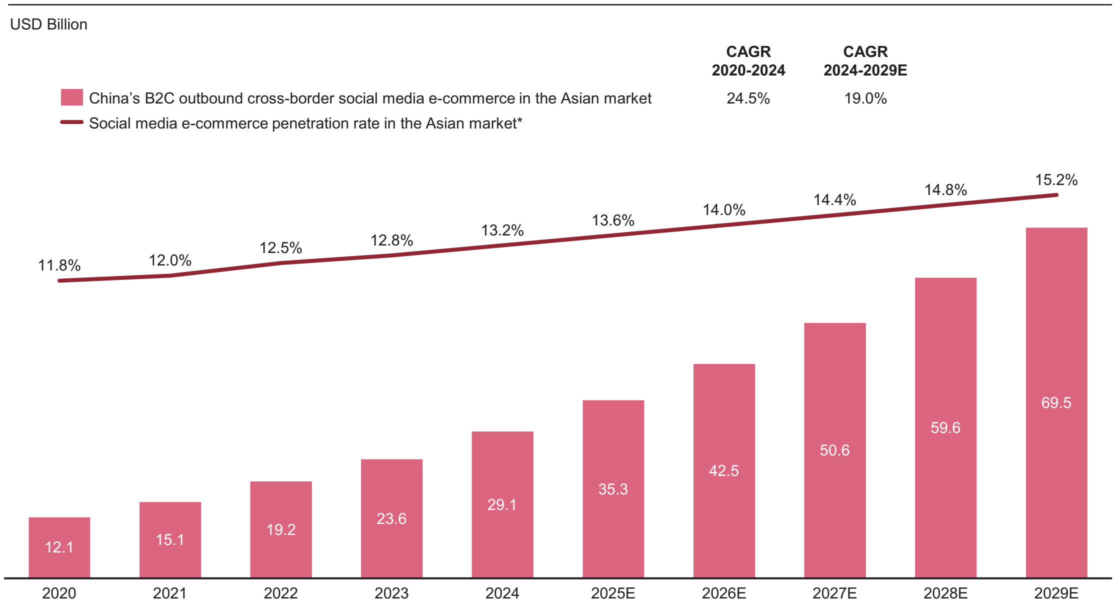
Source: CIC Report

OVERVIEW OF CHINA'S B2C OUTBOUND SOCIAL MEDIA E-COMMERCE BUSINESS IN THE ASIAN MARKET

China's B2C outbound social media e-commerce businesses that sell products to consumers in Asia (excluding Mainland China) are poised for robust growth due to its significant population base, increasing Internet penetration, expanding middle-class population, and comparatively lower cross-border logistics costs from Mainland China to the rest of Asia. Unlike mature e-commerce markets globally, the e-commerce landscape in Asia outside of Mainland China is still in its early development stage. Compared to consumers in Europe and America who are accustomed to purchasing from platform-based e-commerce and well-known independent online stores, consumers outside Mainland China in Asia are gradually adapting to the evolving online shopping landscape, with a higher acceptance of social media commerce. As a result, e-commerce models that are highly integrated with social media traffic are experiencing accelerated growth in regions outside Mainland China in Asia.

In 2024, the social media penetration rate in Asia, excluding Mainland China, reached approximately 50.7%, showcasing a notable increase from roughly 42.6% in 2020. With the ongoing proliferation of the mobile Internet in the Asian region, it is poised to exhibit significant growth potential in the future. It is anticipated that the social media penetration rate in Asia, excluding Mainland China, will increase to 55.0% by 2029, opening up even more opportunities for social media e-commerce. Consequently, Asia has demonstrated tremendous strategic value for China's B2C outbound social media e-commerce industry and has emerged as one of its key export destinations. In 2024, in terms of revenue, the market size of China's B2C outbound social media e-commerce in the Asian market amounted to US$29.1 billion. It is anticipated that the market size will increase to US$69.5 billion in 2029, with a CAGR of 19.0% from 2024. This growth rate surpasses the rest of China's B2C outbound e-commerce industry in Asia, highlighting the sector's strong performance and potential.

Market size of China's B2C outbound social media e-commerce in the Asian market, 2020-2029E



Note: Social media e-commerce penetration rate in the Asian market refers to the percentage of China's B2C outbound social media e-commerce revenue generated from the Asian market in relation to China's B2C outbound e-commerce revenue generated from the Asian market.

Source: CIC Report

Main Drivers of China's B2C Outbound Social Media E-commerce Business in the Asian Market

The expansion of traffic on social media platforms: The continuous expansion of user bases and the increasing time spent by users on social media platforms have contributed to a sustained growth in social media traffic. The heightened user activity on social media platforms not only enhances potential consumer exposure but also encourages businesses to leverage social media for sales purposes.

Continuous advancements in data analysis and advertising technology: The ongoing evolution of data analysis and advertising technology is marked by the utilization of advanced big data and large-scale modeling technologies on social media platforms. These technologies have enhanced the platforms' ability to precisely comprehend consumer needs and identify potential consumers, thereby increasing consumer purchasing motivation and improving conversion rates.

Enhancing consumer trust in social media platforms: Social media platforms, fostering a diverse range of content within a relaxed environment, uphold a notable standard of content credibility and transparency, which has resulted in a rising level of consumer trust in the content disseminated on these platforms. The growing confidence consumers place in social media platforms inclines them toward initiating the purchasing process through these channels, thereby steadily reinforcing the role of social media platforms as a primary gateway for shopping traffic.

Main Trends of China's B2C Outbound Social Media E-commerce Business in the Asian Market

Operational digitization and intelligence: B2C outbound social media e-commerce enterprises directly engage with end consumers, generating substantial sales data for each product. The strategic application of technologies, including artificial intelligence, big data analysis, and blockchain, facilitates the effective analysis of massive datasets. This, in turn, enables improvements in various areas such as product selection, marketing, supply chain management, and online customer service. Consequently, this enhances operational efficiency and delivers a more intelligent user experience. Simultaneously, the difficulty in analyzing extensive data volumes and intricate supply chains poses notable barriers for small-scale e-commerce enterprises looking to enter the market.

Multi-platform approach: In the context of rapid technological advancements and evolving user demands, a plethora of new social media platforms are continually emerging. Each platform possesses distinctive features and caters to specific user groups, offering e-commerce businesses a range of diverse traffic channels. Leading China's B2C outbound social media e-commerce enterprises are capable of delivering personalized recommendations to consumers with different interests and preferences on different social media platforms. By strategically promoting their products across a diverse spectrum of social media platforms, these enterprises effectively reach a broader target consumer audience allowing them to maintain and expand their business scale and respond adaptively to the dynamic and changing landscape of consumer preferences.

Enhancing product portfolio diversification: With the advancement of global logistics technology, cross-border e-commerce enterprises are now more adept at efficiently managing a diverse range of product categories. In China's B2C outbound social media e-commerce market, there has been a notable shift away from a singular focus on best-selling categories of products. Instead, enterprises are consistently broadening the scope and depth of their product offerings. This strategic diversification of product portfolios aligns with the evolving and diverse consumption needs of consumers, illustrating a commitment to meeting a wider array of preferences in the market. Furthermore, each consumer possesses unique personal preferences, interests, and values, resulting in diverse demands for products and services. A diversified product portfolio provides consumers with more choices, facilitating the fulfillment of their individualized needs and presenting businesses with greater expansion opportunities.

Strategic emphasis on brand development: Prominent B2C outbound social media e-commerce enterprises strategically attract and retain consumers through a concerted effort to enhance product quality, optimize customer service, and diversify promotional channels on various social media platforms. This systematic approach enables these enterprises to gain trust and recognition from consumers and incrementally build their own brands, elevating the competitiveness of their products, and ultimately culminating in the attainment of a brand premium.

Competitive Landscape of China's B2C Outbound Social Media E-commerce Business in the Asian Market

In terms of revenue in 2024, China's B2C outbound social media e-commerce market accounted for 12.7% of China's B2C cross-border e-commerce market and 2.1% of the overseas B2C e-commerce market. The total market share of the top five China's B2C outbound e-commerce players was approximately 6.5% in terms of revenue generated through social media e-commerce business in Asia in 2024. Various players in the market have different focuses on categories and sales channels. In general, cross-border e-commerce companies that specialize in all categories possess the advantage of swiftly adapting their sales strategies to meet changing consumer demands. This flexibility, coupled with their diverse product selections, enables them to maintain a consistent revenue stream. Additionally, compared to cross-border e-commerce companies reliant on e-commerce platforms, those with independent e-commerce websites face fewer restrictions, therefore exhibiting stronger resilience to risks. Furthermore, cross-border e-commerce enterprises with advanced data intelligence capabilities will gain additional advantages in operational efficiency and profitability.

In terms of revenue generated through social media e-commerce business in Asia in 2024, the Group ranked second among China's B2C outbound e-commerce players, accounting for a market share of 1.3%. The chart below sets forth the top five participants in China's B2C outbound social media e-commerce business in the Asian market in terms of revenue in 2024:

Rank	Company	Revenue generated from China's B2C outbound social media e-commerce business in the Asian market, 2024, RMB billion	Market share in terms of revenue generated from China's B2C outbound social media e-commerce business in the Asian market, 2024, %
1	Company A	~9.5	~4.6%
2	**The Group**	**2.7**	**1.3%**
3	Company F[(1)]	~0.5	~0.3%
4	Company G[(2)]	~0.4	~0.2%
5	Company H[(3)]	~0.3	~0.2%

Source: CIC Report

Notes:

(1) Company F was established in 2011, and is headquartered in Changsha, China. It is a player in charging technology and consumer products that support premium audio, home entertainment, home security and more. It is a listed company on the SZSE.

(2) Company G was established in 2009, and is headquartered in Guangzhou, China. It is a B2C outbound e-commerce company.

(3) Company H was established in 2014, and originated from Mainland China. It primarily engages in B2C outbound e-commerce operations specializing in children's apparel.

Entry Barriers of China's B2C Outbound Social Media E-commerce Market

Digitalization and AI application capability: By enhancing their digitalization and AI application capabilities, enterprises can gain profound insights into industry trends, align themselves with evolving market demands, and enhance their operational efficiency. Furthermore, the long-term accumulation of diverse data serves as a crucial asset for enterprises to effectively leverage digitalization and AI application capabilities. New market entrants often lack access to reliable and precise data, making it challenging to establish barriers to digitalization and AI application capabilities solely through the acquisition of software systems.

Precision targeting capability: B2C outbound cross-border social media e-commerce employs a sales model centered on drawing consumers from various social media platforms and converting this traffic into revenue. As a result, the initial and critical phase of the sales chain involves attracting consumers and seamlessly channeling traffic. To achieve this, leading B2C outbound e-commerce enterprises strategically implement personalized marketing strategies, by providing product recommendations targeting individual consumer needs through precise advertising. Through precision targeting capabilities, China's B2C outbound social media e-commerce enterprises enjoy lower advertising costs through optimization of the conversion efficiency of their advertisements. New entrants without precision targeting capabilities may face challenges in controlling customer acquisition costs and achieving a favorable profit margin.

Product selection capability: Precisely discovering and recommending relevant products can captivate consumers and kindle their purchasing interest, leading to increased click-through and sales conversion rates on landing pages. This fosters customer acquisition and enhances the return on marketing investment. Additionally, a more precise alignment of products with consumer needs improves product appeal, accelerates inventory turnover, reduces inventory risks, and alleviates operational cost pressures. The constrained industry experience and limited sales data of players under mid-tier present challenges in achieving precise product selection, thereby impeding their ability to scale up production.

Localization capability: Due to inherent historical and cultural differences, global regional markets exhibit substantial variations in language, payment methods, logistics, consumption habits, and preferences. To adeptly navigate these distinctions in regional markets, B2C outbound social media e-commerce enterprises must implement tailored strategies based on regional market characteristics and invest in localization technologies such as translation capabilities and having dedicated team for different regions. This approach enhances global consumer acceptance and broadens their presence in regional markets.

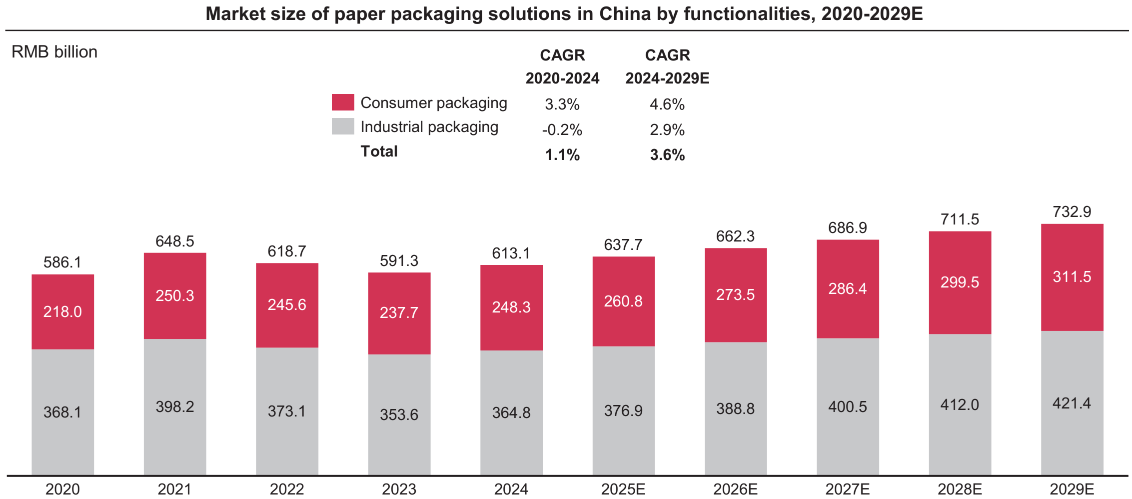
Multi-platform management capability: Social media platforms display unique user characteristics and traffic patterns, with the dynamics of user traffic evolving over time. Top-tier China's B2C outbound social media e-commerce enterprises need to properly comprehend these traffic cycles, closely monitor trends on each social media platform, consistently refine traffic deployment strategies, and judiciously allocate resources across different social media platforms.

Supply chain management capability: Enterprises need robust supply chain management capabilities to swiftly adapt to shifts in market demand. By employing precise demand forecasting and timely information communication, these enterprises can seamlessly integrate global resources and adjust inventory, ensuring both product quality and a reliable supply. During the period from 2022 to 2024, the average inventory-to-sales ratio for B2C outbound e-commerce companies in China was approximately 15%. Companies with stronger supply chain management capabilities are able to achieve a lower inventory-to-sales ratio, thereby reducing operational costs and enhancing resilience to inventory write-down risks. Additionally, given the extensive logistics chain in cross-border e-commerce, dominant enterprises must forge effective global logistics partnerships to achieve prompt and secure transportation of their products to consumers.

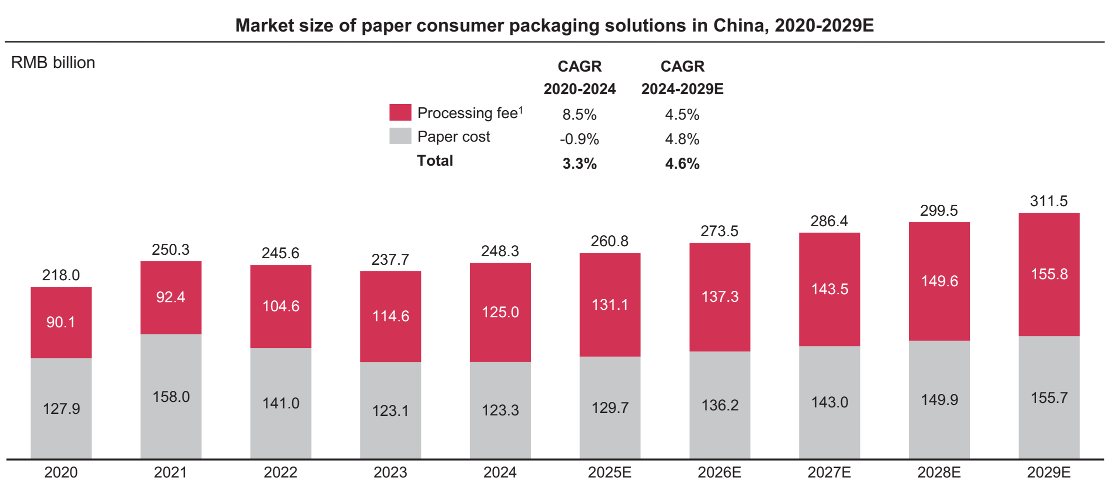
OVERVIEW OF PAPER CONSUMER PACKAGING MARKET IN MAINLAND CHINA

Paper packaging refers to enclosing or protecting products made of paper-based materials, used for distribution, storage, sale, and usage. As a prominent packaging type, paper packaging possesses attributes such as lightweight, high pliability, environmentally friendly, ease of processing, excellent print adaptability, and logistical convenience. Widely utilized in industries including food and beverage, catering, daily necessities, consumer electronics, industrial sectors, healthcare, and logistics, paper packaging plays a pivotal role in meeting diverse packaging needs and adds value to the products that packaging is used for. With the development of China's economy, the promotion of environmental protection initiatives, and advancements in paper packaging technology, China's paper packaging industry has been developing steadily. In 2024, the market size reached RMB613.1 billion, as measured by revenue.

Categorized by functionality, paper packaging can be divided into industrial packaging and consumer packaging. Industrial packaging refers to the materials and containers used for safeguarding, storing, transporting, and handling goods. Its design prioritizes cost-effectiveness and functionalities during storage and transportation, while placing minimal emphasis on graphic and structural design requirements. Consumer packaging refers to the packaging that end consumers directly contact with and is employed at terminal sales units. This category encompasses packaging products such as color paper packaging cartons/boxes, eco-friendly paper bags, food packaging, paper cups, multi-packs, and printed corrugated cartons. Characterized by their intricate design and diverse structures, consumer packaging aims to elicit consumer purchasing behavior and emphasize notable marketing and display features. As a result, paper consumer packaging particularly prioritize excellence in marketing design. Moreover, these packaging products necessitate strict oversight of factors in other business processes such as raw material quality, production technology, and timely packaging product transportation and logistics in subsequent stages.



Amidst intensifying competition and transformations in the consumer market, the marketing value of paper consumer packaging is increasingly pronounced. Paper consumer packaging contributes to elevating the product experience, swiftly establishing brand identity, and actively participating in differentiated competition through innovative packaging. Consequently, downstream industries are consistently augmenting their investments in paper consumer packaging. The market size of paper consumer packaging in Mainland China was RMB248.3 billion in 2024, as measured by revenue. The market size is notably impacted by fluctuations in raw material prices, whereas the processing fees associated with paper consumer packaging have exhibited a comparatively consistent growth pattern. Fueled by the evolution of packaging marketing concepts and heightened investments, the market size of paper consumer packaging in Mainland China is poised for sustained expansion, and is projected to reach RMB311.5 billion by 2029.



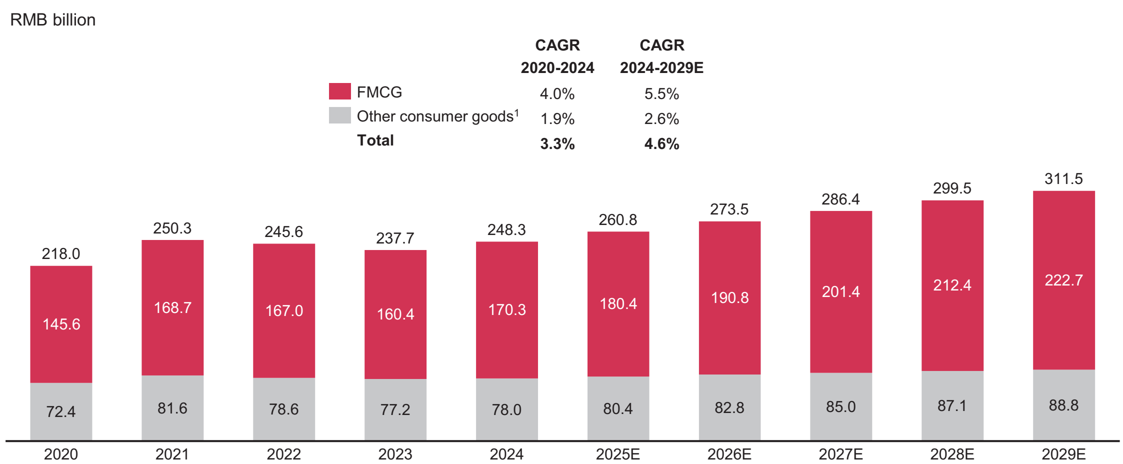
Note: Processing fees refer to the additional revenue components apart from the paper cost.

Source: CIC Report

OVERVIEW OF FMCG PAPER CONSUMER PACKAGING MARKET IN MAINLAND CHINA

Paper consumer packaging can be primarily used in FMCG and other consumer goods, including cigarettes, consumer electronics and medicine. FMCG paper consumer packaging refer to a suite of paper consumer packaging products specifically catering for the FMCG (fast-moving consumer goods) industry.

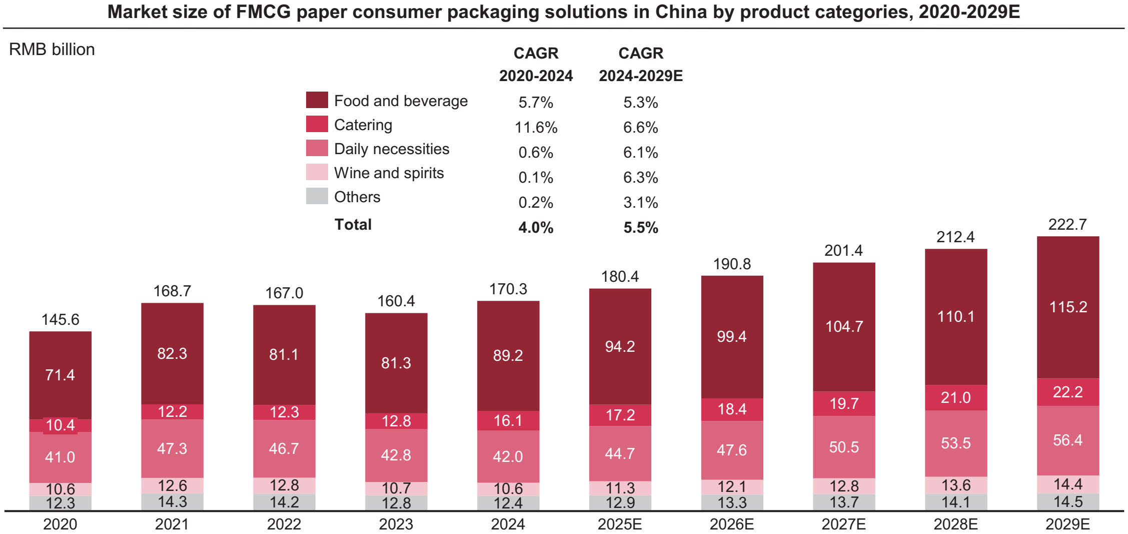
Market size of paper consumer packaging solutions in China by application fields, 2020-2029E



Note 1: Other consumer goods include cigarette, consumer electronics, medicine, and others.

FMCG refers to consumable products characterized by a short lifespan and rapid consumption, encompassing categories such as food and beverage, catering, daily necessities, wine and spirits, and others. As high-frequency consumer goods in everyday life, FMCG is characterized by substantial consumption volume, thereby creating significant demand for packaging products. Paper packaging also impresses FMCG consumers with its attributes, including lightweight, environmentally friendly, and high esthetics value. Amidst an increasing emphasis on environmental sustainability and consumer experience, consumers increasingly prefer paper packaging.

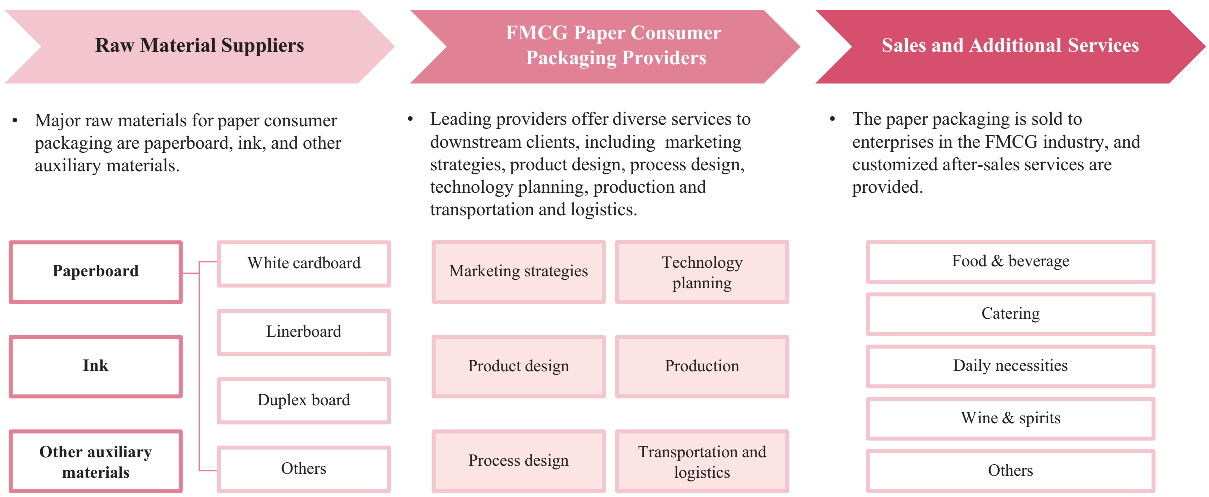
Market size of FMCG paper consumer packaging solutions in China by product categories, 2020-2029E



Value Chain of FMCG Paper Consumer Packaging Industry in Mainland China

The value chain of FMCG paper consumer packaging industry in Mainland China includes raw material suppliers, FMCG paper consumer packaging providers, and sales and additional services. Given the varied applications and contexts of use for paper packaging, downstream clients exhibit distinct demands for these items. To better cater to the needs of these customers, leading paper packaging enterprises extend their offerings beyond the production of paper packaging products, and provide a comprehensive suite of services, including marketing strategies, product design, process design, technology planning and transportation and logistics, all tailored to enhance client satisfaction and product effectiveness. The following diagram illustrates the value chain of FMCG paper consumer packaging industry in Mainland China.

Value chain of FMCG paper consumer packaging industry in Mainland China

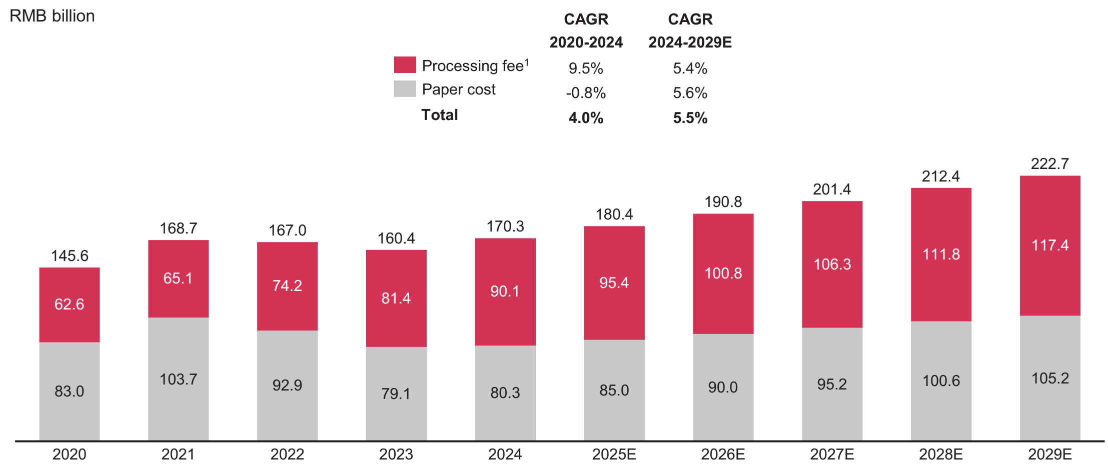


Source: CIC Report

Market Size of FMCG Paper Consumer Packaging Industry in Mainland China

FMCG paper consumer packaging plays a crucial role as the primary interface between consumers and FMCG products during the purchasing process. It serves as a pivotal element to influence consumer buying decisions and as an ideal medium for brands to convey brand philosophies and implement marketing strategies. Consequently, the FMCG industry continues to witness a sustained increase in investment in paper consumer packaging. The market size of FMCG paper consumer packaging in Mainland China has grown from RMB145.6 billion in 2020 to RMB170.3 billion in 2024, in terms of revenue. With the continual realization of the marketing value inherent in FMCG packaging, the market size of FMCG paper consumer packaging is expected to experience sustained expansion, and is projected to reach RMB222.7 billion by 2029.

Market size of FMCG paper consumer packaging solutions in China, 2020-2029E



Note: Processing fees refer to the additional revenue components apart from the paper cost.

Source: CIC Report

Main Drivers of FMCG Paper Consumer Packaging Market in Mainland China

Acceleration in the introduction of new product releases: With the continuous enhancement of consumer purchasing power, consumers have increasingly higher expectations for FMCG products. To meet the constantly evolving product demands, the FMCG industry has been experiencing a surge in innovative FMCG products, encompassing new brands, flavors, and formulations. Furthermore, there has been a rapid increase in the frequency of product category updates. Consequently, the FMCG industry's evolving requirements for paper consumer packaging have generated additional demand in the FMCG paper consumer packaging market in Mainland China.

Environmental policies expanding the utilization of paper packaging: Amidst growing environmental awareness, Mainland China has consistently introduced environmental policies in the packaging sector. These ongoing initiatives continue to drive the substitution of fossil-based products such as plastic packaging with renewable and environmentally friendly materials such as paper. For example, the 'Opinions on Further Strengthening the Governance of Plastic Pollution' (〈關於進一步加強塑料污染治理的意見〉) advocate for the widespread adoption of environmentally friendly alternatives, including cloth bags, paper bags, and other non-plastic products, in locations such as shopping malls, supermarkets, pharmacies, bookstores, and similar establishments. In addition, the '14th Five-Year Action Plan for Plastic Pollution Control' (〈'十四五'塑料污染治理行動方案〉) advocates for scientifically and prudently promoting the use of plastic alternative products. Fully consider the environmental impacts throughout the life cycle of bamboo and wood products, paper products, biodegradable plastic products, etc., and improve the quality and food safety standards of relevant products accordingly. Paper packaging, distinguished by its natural biodegradability, exceptional packaging performance, and cost-effectiveness, emerges as a primary alternative to plastic packaging. The continuous displacement of plastic packaging by paper packaging in the FMCG industry, propelled by environmental considerations, is poised to create an expanding market space for FMCG paper consumer packaging.

Enhanced added value of packaging: In the FMCG industry, competition among similar products is intensifying. The formulation of a brand philosophy is pivotal for establishing product differentiation, meeting the ever-expanding consumer demands for experiential and emotional value, and ultimately fostering brand loyalty. To bolster brand awareness, FMCG enterprises increasingly prioritize the outward manifestation of brand philosophy, highlighting the increasingly significant role of consumer packaging in marketing. Consequently, marketing design for FMCG consumer packaging is consistently becoming more sophisticated and the demand for added value of consumer packaging is increasing, leading to a continuous uptrend in industry investments in FMCG paper consumer packaging.

Main Trends of FMCG Paper Consumer Packaging Industry in Mainland China

Market consolidation: The demand for environmentally friendly technologies in FMCG paper consumer packaging continues to grow alongside the increasing environmental consciousness and heightening environmental protection requirements. Leading enterprises in this sector demonstrate robust environmental production capabilities, enabling better adaptability to evolving market demands. Conversely, smaller players at the industry's tail end, lacking the necessary production environments and technologies, may be forced to exit the market. Simultaneously, stricter standards for environmental protection and hygiene contribute to the higher demand for quality raw materials, leading to a gradual increase in raw material costs in the industry. Packaging enterprises without advanced technology and effective cost control capabilities may find their competitive edge diminishing. In contrast, leading enterprises with advanced technology and strong bargaining power over raw materials are positioned to dominate, which could result in a more pronounced industry concentration and the prevalence of key players.

In-depth service enhancement: As paper consumer packaging gains prominence in the FMCG industry, FMCG paper consumer packaging providers are increasingly involved in the packaging development process. Leading enterprises can provide one-stop paper packaging products and services, covering marketing design, process design, technology planning, production, and transportation and logistics continually enhancing service depth. To provide marketing designs and production management tailored to the characteristics of packaging products and clients' demand, the providers need to possess an in-depth understanding of packaging materials, structures, and processes. Furthermore, the provision of in-depth services places heightened demands on the technological capabilities across various facets of providers, encompassing marketing design, process design, technology planning and production. Leading packaging enterprises actively participate in various stages of the packaging development process, enhancing the collaboration effect of each stage and production efficiency, thereby providing significant support to FMCG enterprises.

Category coverage capability enhancement: With ongoing product innovation in the FMCG industry, the demand for more diverse paper consumer packaging categories from FMCG enterprises is expected to continue to rise. To better serve FMCG clients, FMCG paper consumer packaging providers are expected to consistently broaden the spectrum of packaging product types. For instance, paper-based packaging for fast food is rapidly replacing plastic cups, plastic food containers, and other plastic consumer packaging products, thereby presenting significant market growth opportunities. Companies need to expand their production capacity for paper packaging for quick service restaurants and enhance its waterproof and grease-resistant properties to achieve business expansion. Meanwhile, enterprises with stronger category coverage capabilities are better equipped to meet the evolving packaging needs of existing clients. They also have the potential to attract more clients with similar needs, thereby securing additional orders and revenue. Consequently, FMCG paper consumer packaging providers with comprehensive category production capabilities are poised to gain a significant advantage in the market.

Competitive Landscape of FMCG Paper Consumer Packaging Industry in Mainland China

In terms of revenue in 2024, FMCG paper consumer packaging market in Mainland China accounted for 68.6% of paper consumer packaging market in Mainland China, and the latter accounted for 10.6% of packaging market in Mainland China. The total market share of the top five participants in China's FMCG paper consumer packaging industry was approximately 4.5% in terms of revenue in 2024. As environmental protection and automated production requirements intensify, leading enterprises are well-positioned to capitalize on this trend. There is an anticipation that market concentration will persistently rise in the future.

The chart below sets forth the top five participants in China's FMCG paper consumer packaging industry in terms of revenue in 2024. The Group is the largest FMCG paper consumer packaging provider in Mainland China, in terms of revenue in 2024.

Ranking	Company	Revenue generated from FMCG paper consumer packaging in 2024 (RMB billion)	Market share
1	**The Group**	**2.0**	**1.2%**
2	Company I[(1)]	~1.7	~1.0%
3	Company J[(2)]	~1.4	~0.8%
4	Company K[(3)]	~1.4	~0.8%
5	Company L[(4)]	~1.2	~0.7%

Source: CIC Report

Notes:

(1) Company I was established in 1988, and is headquartered in Shanghai, China. It is centered on packaging and printing, and supported by FMCG distribution, import and export trade, real estate, and venture capital. It is a listed company on the SZSE.

(2) Company J was established in 1990, and is headquartered in Guangdong Province, China. It mainly provides folding cartons, rigid boxes, molded pulp and promotional tools, etc. It is a listed company on the SZSE.

(3) Company K was established in 1996, and is headquartered in Guangdong Province, China. Its products mainly include boutique boxes, color boxes, paper boxes, cigarette packs, wine packaging and leather boxes, etc.

(4) Company L was established in 1996, and is headquartered in Shenzhen, China. It is a packaging provider mainly providing color boxes and gift boxes. It is a listed company on the SZSE.

Entry Barriers of FMCG Paper Consumer Packaging Industry in Mainland China

One-stop service capability: The FMCG paper consumer packaging providers demonstrate their overall strength through their capability to provide one-stop service, encompassing marketing design, production, and transportation and logistics, thereby fostering coordination and efficiency throughout diverse phases of packaging development. Simultaneously, the one-stop service capability substantially reduces the number of parties engaged in the packaging development process, thereby reducing both time and costs for customers who would otherwise contract with multiple service providers. In effect, leading providers can increase customer satisfaction levels and add value to packaging production through the provision of one-stop services. This comprehensive service capability presents a considerable challenge for other market participants, as most of them often grapple with the complexities of providing such services, impeding their ability to establish advantageous customer relationships and competitive service pricing.

Top-tier client coverage: Top-tier FMCG enterprises have forged partnerships with numerous prominent clients, ensuring a consistent revenue flow through the steady demand for packaging from these major FMCG players. Concurrently, these leading FMCG companies set higher benchmarks for the technological and quality aspects of paper consumer packaging, compelling providers with certain scale to continually enhance their research and development capabilities and technical expertise. Furthermore, the experience gained from servicing top-tier clients not only validates the corporate strengths of FMCG paper consumer packaging providers but also serves as a magnet for potential clients, thereby facilitating the expansion of their business footprint. Conversely, relatively small enterprises encounter formidable challenges in their business development endeavors due to the absence of resources associated with top-tier clients.

Process design and technology planning capability: Process design plays a pivotal role in marketing design for FMCG paper consumer packaging and carries substantial importance in achieving the functionality, structure, and graphic design goals of FMCG paper consumer packaging. Process design encompasses precise selection of materials and processes for packaging production, targeted planning of technologies, and meticulous cost allocation and management. By actively engaging in process design, FMCG paper consumer packaging providers are required to seamlessly integrate ideas and information of marketing design into the production process, leading FMCG paper consumer packaging providers adeptly provide process design services to clients, addressing their branding and marketing needs more effectively. This demands extensive process design experience, excellent craft expertise, and robust research and development capabilities, posing a formidable barrier for relatively small enterprises.

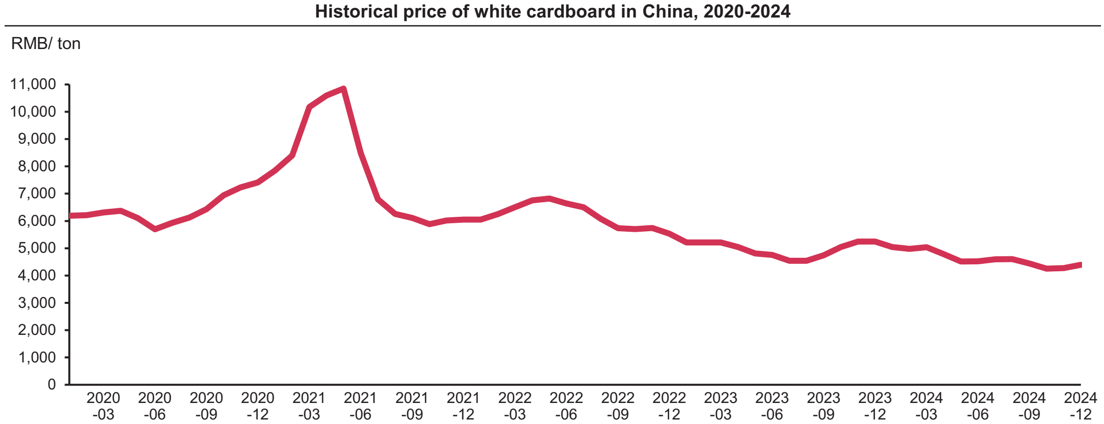
Adaptability to the policy environment and emphasis on ESG: As an integral component of the FMCG products, FMCG paper consumer packaging is widely seen in daily life with large volumes, and both of its production and post-use disposal are expected to have a significant influence on our society and environment. The evolving landscape of environmental awareness and the implementation of ESG policies are reshaping the policy environment for FMCG paper consumer packaging. There is a discernible industry shift towards embracing the "Replace plastic with paper" trend, leading to an escalating emphasis on environmental standards for FMCG paper consumer packaging. Forward-thinking industry leaders are proactive in anticipating policy changes, enabling them to secure a competitive advantage in the dynamic market landscape. Conversely, relatively small enterprises often lack the accumulated expertise in the research and development of functional paper packaging and the validation of plastic substitutes, making it challenging for them to adapt to shifts in the policy environment.

Technology capability: In response to the persistent trend of heightened differentiation in the competitive FMCG market landscape, there is a growing need for advanced technology capability to consistently develop high-quality paper packaging products. Furthermore, in an environment where labor costs are steadily increasing, the adoption of automated production through digitization and intelligent technologies has become an essential requirement for attaining cost advantages. This poses a formidable challenge for relatively small enterprises, especially when contending with leading FMCG paper consumer packaging providers who have already solidified proficient research and development teams and implemented sophisticated digitized production processes.

Historical Trends of Prices on Major Raw Materials of FMCG Paper Consumer Packaging Industry in Mainland China

At present, white cardboard have emerged as the dominant raw material employed by FMCG paper consumer packaging. Due to macroeconomic conditions, supply and demand, as well as changes in global pulp future market, the price of white cardboard underwent substantial fluctuations from 2020 to 2024. Particularly in 2021, the price of white cardboard surged to its highest level in nearly five years, driven by the upward movement in pulp prices upstream, which exerted a pronounced influence on both costs and pricing dynamics within the FMCG paper consumer packaging industry. A combination of various social and economic factors, such as strikes, global reflation and Renminbi appreciation, drove the increase in pulp price in 2021. For example, the large-scale strike in South Africa and the outbreak of the pandemic in South America in the second half of 2020 led to a reduction in production volume of major raw materials for white cardboard paper, including softwood and hardwood pulp. From the demand side, since the latter half of 2020, major economies worldwide, with Mainland China at the forefront, have embarked on a recovery phase, stimulating downstream demand and driving the increase in pulp price. The following diagram illustrates the historical prices of 250g white cardboard in Mainland China for the periods indicated.

Historical price of white cardboard in China, 2020-2024



Source: CIC Report

The pricing of FMCG paper consumer packaging is predominantly dictated by the raw material costs, along with supplementary charges arising from processing procedures. Commonly encompassed within these costs are printing plate charges, paperboard materials costs, printing processing fees, and post-processing fees. The selection of paperboard material, its quantity, and the techniques employed to achieve marketing design objectives, encompassing both the quantity and complexity of processes, all contribute to the determination of the final product price. Additionally, FMCG paper consumer packaging enterprises can diversify revenue streams by offering a wide range of value-added services. During the Track Record Period, we were able to pass on most of the increase in raw material prices to our customers and our gross profit margin had not been materially and adversely affected by the fluctuation of raw material prices during the Track Record Period.

SOURCE OF INFORMATION

CIC was commissioned to conduct research and analysis of, and produce a report on China's B2C outbound social media e-commerce industry and China's FMCG paper consumer packaging industry at a fee of approximately RMB890,000. The commissioned report has been prepared by CIC independently without the influence from the Company or other interested parties. CIC offers industry consulting services, commercial due diligence, and strategic consulting. With a consultant team actively tracking the latest market trends in various industries such as consumer goods and services, agriculture, chemicals, marketing and advertising, culture and entertainment, energy and industry, finance and services, healthcare, TMT, and transportation, CIC possesses the most relevant and insightful market intelligence in these sectors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report. We have also referred to certain information in the "Summary", "Risk Factors", "Business" and "Financial Information" sections to provide a more comprehensive presentation of the industry in which we operate.

CIC employed both primary and secondary research methods using a variety of resources. Primary research included interviews with key industry experts and leading participants, while secondary research involved analyzing data from publicly available sources, such as the National Bureau of Statistics and General Administration of Customs of the PRC. The market projections in the CIC Report are based on the following key assumptions during the forecast period: (i) a stable social, economic, and political environment, (ii) steady economic and industrial growth with urbanization, (iii) key industry drivers influencing China's B2C outbound social media e-commerce industry and China's FMCG paper consumer packaging industry, and (iv) no extreme force majeure or unforeseen industry regulations affecting the market fundamentally.

Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries, there is no material and adverse change in the market information since the date of the CIC Report, which may qualify, contradict or have an impact on the information in this section.

LAWS AND REGULATIONS IN THE PRC

Overview

The following sets forth a summary of the most significant aspects of PRC laws and regulations.

Regulations Relating to Import and Export Goods

Import and Export Management

Pursuant to the *Foreign Trade Law of the PRC* (《中華人民共和國對外貿易法》) which was promulgated by the Standing Committee of the National People's Congress, or the SCNPC on May 12, 1994 and implemented on July 1, 1994, and subsequently revised on April 6, 2004, November 7, 2016 and December 30, 2022, the State adopts a unified foreign trade system, encourages the development of foreign trade, and maintains a fair and free foreign trade order. The amendment to the *Foreign Trade Law of the People's Republic of China* on December 30, 2022 deleted the provisions regarding the record-filing and registration of foreign trade operators. Starting from December 30, 2022, all local commerce departments will cease processing the record-filing and registration of foreign trade operators.

Pursuant to the *Customs Law of the PRC* (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 and amended on July 8, 2000, June 29, 2013, December 28, 2013, November 7, 2016, November 4, 2017 and April 29, 2021, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the Customs. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall register with the Customs in accordance with the laws.

Pursuant to the *Administrative Provisions of the Customs of the PRC on the Filing of Customs Declaration Entities* (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and taking effect from January 1, 2022, the consignees and consignors for imported or exported goods and the customs brokers engaged in customs declarations shall undergo recordation formalities at the relevant administration department of customs in accordance with the laws.

Imported and Exported Commodities Inspection

According to the *Law of the PRC on Import and Export Commodity Inspection* (《中華人民共和國進出口商品檢驗法》) which was promulgated by the SCNPC on February 21, 1989 and implemented on August 1, 1989, and last revised on April 29, 2021, and the *Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection* (《中華人民共和國進出口商品檢驗法實施條例》) which was promulgated by the State Council on August 31, 2005 and implemented on December 1, 2005, and last revised on March 29, 2022, the General Administration of Customs is responsible for inspection of import and export commodities. The entry- exit inspection and quarantine authorities shall conduct inspection on the import and export commodities listed in the catalog and other import and export commodities that shall be subject to the inspection of the entry-exit inspection organs as prescribed by laws and administrative regulations. For the import and export commodities other than those that are subject to statutory inspection by the entry-exit inspection and quarantine authorities as mentioned above, the entry-exit inspection and quarantine authorities may conduct random inspection in accordance with state regulations. No import commodity subject to statutory inspection that has not been inspected could be sold or used. No export commodity subject to statutory inspection that has not been inspected or fails to pass the inspection could be exported.

Regulations Relating to Packaging and Printing

Printing related operation permit

According to the *Administrative Regulations on the Printing Industry* (《印刷業管理條例》) revised by the State Council on December 6, 2024 and effective on January 20, 2025 and the *Interim Provisions on the Qualifications for Operators of Printing Industry*(《印刷業經營者資格條件暫行規定》) revised by the State Administration of Press, Publication, Radio, Film and Television on December 11, 2017 and effective on the same day, the State adopts a printing business permit system, and no organization or individual may engage in printing business activities without obtaining a printing business permit.

According to the *Administrative Regulations of the People's Republic of China on Production Licenses for Industrial Products* (《中華人民共和國工業產品生產許可證管理條例》) revised by the State Council on July 20, 2023 and effective on the same day as well as the *Catalog of Products Subject to the Production License System (2012)* (《實行生產許可證制度管理的產品目錄(2012)》) promulgated by the General Administration of Quality Supervision(has been removed), Inspection and Quarantine on November 20, 2012 and effective on the same day, enterprises engaging in the production of products in direct contact with food materials are required to obtain the national production license for industrial products.

Laws and regulations relating to environment protection

According to the *Environmental Protection Law of the PRC* (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989 and implemented on the same date, and subsequently revised on April 24, 2014, enterprises, public institutions and other producers and operators shall prevent and reduce environmental pollution and ecological damage, and shall take the liabilities for the damages caused according to the laws. The state adopts the pollution discharge permit management system. Enterprises, public institutions and other producers and operators which are subject to the pollution discharge permit management shall discharge pollutants according to the requirements of the pollution discharge permit; and those that fail to obtain the pollution discharge permit shall not discharge pollutants.

The *Classification and Administration Lists of Pollutant Discharge Permits for Stationary Pollution Sources* (固定污染源排污許可分類管理名錄) issued by the Ministry of Ecology and Environmental (生態環境部) on December 20, 2019 provides for the trial implantation of pollution registration for entities that produce and discharge pollutants but have a minimal impact on the environment. Pollutant discharging entities on the list are not required to apply for a pollutant discharge permit, but should fill in a pollutant discharge registration form on the National Pollution Discharge Permits Administration Information Platform.

Laws and Regulations Relating to Foreign Investment and Overseas Investment

Foreign Investment

The *PRC Company Law* (《中華人民共和國公司法》) was promulgated by the SCNPC on December 29, 1993 and implemented on July 1, 1994, and last revised on December 29, 2023 and came into effect on July 1, 2024. Under the Company Law of the PRC, companies are generally classified into two categories, namely, limited liability companies and joint stock limited companies. The PRC Company Law also applies to foreign-invested enterprises. Pursuant to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail.

Investment activities in Mainland China by foreign investors are principally governed by the *Catalog of Encouraged Industries for Foreign Investment* (《鼓勵外商投資產業目錄》), and the *Special Administrative Measures (Negative List) for Foreign Investment Access* (《外商投資准入特別管理措施(負面清單)》), or the Negative List, which are promulgated and amended from time to time by the MOFCOM, and the National Development and Reform Commission, or the NDRC, and together with the *PRC Foreign Investment Law* (《中華人民共和國外商投資法》), or the Foreign Investment Law, and its respective implementation rules and ancillary regulations.

The Foreign Investment Law was promulgated by NPC in March 2019 and came into effect on January 1, 2020, which replaced the *PRC Sino-Foreign Equity Joint Venture Enterprise Law* (《中華人民共和國中外合資經營企業法》), the *Sino-Foreign Cooperative Joint Venture Enterprise Law of PRC* (《中華人民共和國中外合作經營企業法》) and the *Wholly Foreign-owned Enterprise Law of PRC* (《中華人民共和國外資企業法》), serving as the legal basis for foreign investment in Mainland China. The Foreign Investment Law, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition. According to the Foreign Investment Law, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the Negative List, which is promulgate or approve by the State Council. The negative list administrative system refers to the special administrative measures for access of foreign investment in specific fields as stipulated by the State. Foreign investors may not invest in any of the prohibited fields set out in the negative list, and may only invest in any of the restricted fields upon satisfying the conditions set out in the negative list. To ensure the effective implementation of the Foreign Investment Law, the *Regulations on Implementing the Foreign Investment Law of PRC* (《中華人民共和國外商投資法實施條例》), or the Foreign Investment Implementation Regulations, was promulgated by State Council in December 26, 2019 and came into effect on January 1, 2020, which further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment and advances a higher-level opening.

The NDRC and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》), or the 2024 Negative List, on November 1, 2024, to replace the previous encouraging catalog and negative list thereunder. Pursuant to the Foreign Investment Law, the Foreign Investment Implementation Regulations and the 2024 Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed "permitted" for foreign investments.

Overseas Investment

Pursuant to the *Administrative Measures for Outbound Investment* (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial competent commerce authorities shall carry out administration either by record-filing or approval, depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions, or sensitive industries shall be subject to administration by approval. Outbound investment by enterprises that falls in any other circumstances shall be subject to administration by record-filing.

Pursuant to the *Administrative Measures for Outbound Investment of Enterprises* (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, a domestic enterprise, or the Investor, making an outbound investment shall obtain approval, conduct record-filing or other procedures applicable to outbound investment projects, or the Projects, report relevant information, and cooperate with the supervision and inspection. Sensitive Projects carried out by Investors directly or through overseas enterprises controlled by them shall be subject to approval; non-sensitive Projects directly carried out by Investors, namely, non-sensitive projects involving investors' direct contribution of assets or rights and interests or provision of financing or guarantee shall be subject to record-filing. The aforementioned "sensitive project" means a project involving a sensitive country or region or a sensitive industry. The NDRC shall promulgate the catalog of sensitive industries. The currently effective sensitive industry catalog is the *Catalog of Sensitive Sectors for Outbound Investment (2018 Edition)* (《境外投資敏感行業目錄(2018年版)》), effective on March 1, 2018.

Laws and Regulations Relating to Taxation

Income Tax

Pursuant to the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得税法》), or the EIT Law, promulgated by the NPC on March 16, 2007 and implemented by the SCNPC on January 1, 2008 and last revised on December 29, 2018 and the *Implementation Rules of the EIT Law* (《企業所得税法實施條例》) initially promulgated by the State Council on December 6, 2007 and came into effect on January 1, 2008 and subsequently revised on December 6, 2024 and took effect on January 20, 2025, a domestic enterprise which is established within Mainland China in accordance with the laws or established in accordance with any laws of foreign country or region but with an actual management entity within Mainland China shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside Mainland China. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State.

According to the EIT Law, high-tech enterprises are entitled to a reduced EIT rate of 15%. The *Administrative Measures for Certification of High and New Technology Enterprises* (《高新技術企業認定管理辦法》) which was amended on January 29, 2016 and became effective on January 1, 2016, provides that, an enterprise legally certificated as a High and New Technology Enterprise is entitled to apply for preferential income tax policies according to EIT law and relevant regulations. A qualified enterprise will be issued the High and New Technology Enterprise Certificate (高新技術企業證書) and the qualification of a certificated enterprise shall be valid for a term of three years from the issuance date of the certificate.

Transfer Pricing

According to the Corporate Income Tax Law and its Implementation Regulations, as well as the *Tax Collection and Administration Law of the People's Republic of China* (《中華人民共和國稅收徵收管理法》) that was revised by the SCNPC on April 24, 2015 and became effective on the same day, and the *Implementing Regulations of the Tax Collection and Administration Law of the People's Republic of China* (《中華人民共和國稅收徵收管理法實施細則》) that was revised by the State Council on February 6, 2016 and became effective on the same day, for business transactions between affiliated enterprises, the receipt or payment of prices and fees shall follow the arm's length principle. Where the receipt or payment of prices and fees does not follow the arm's length principle and results in a reduction of taxable income, the tax authorities shall have the right to make reasonable adjustments.

Based on the *Announcement of the State Taxation Administration on Matters Relating to the Improvement of the Administration of Related Party Transaction Reporting and Contemporaneous Documentation* (《國家稅務總局關於完善關聯申報和同期資料管理有關事項的公告》) promulgated and became effective on June 29, 2016, enterprises which have related-party transactions and meet corresponding conditions shall prepare their contemporaneous documentation (同期資料) per tax year and submit to the tax authority if required by the same. Contemporaneous documentation includes master file (主體文檔), local file (本地文檔) and special issue file (特殊事項文檔).

According to the *Announcement of the State Taxation Administration on Issuing the Administrative Measures for Special Tax Adjustment and Investigation and Mutual Agreement Procedures* (《國家稅務總局關於發佈特別納稅調查調整及相互協商程序管理辦法的公告》) which partially repealed the *Implementation Regulations for Special Tax Adjustments (Trial)* (特別納稅調整實施辦法(試行)), and was issued on March 17, 2017 and became effective on May 1, 2017 and was amended on June 15, 2018, an enterprise may adjust and pay taxes at its own discretion when it receives a special tax adjustment risk warning or identifies its own special tax adjustment risks, while the tax authorities may also carry out special tax investigation and adjustment in accordance with the relevant provisions in regard to enterprises that adjust and pay taxes at their own discretion.

Value-Added Tax

According to the *Interim Regulations of the PRC on Value-added Tax* (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993 and last revised on November 19, 2017, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance on December 25, 1993 and last amended on October 28, 2011, entities and individuals that sell goods or labor services of processing, repair or replacement, sell services, intangible assets, or immovables, or import goods within Mainland China are taxpayers of value-added tax, or the VAT, and shall pay VAT in accordance with law. Unless otherwise stipulated, the VAT rate is 17% for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods; 11% for taxpayers selling transportation, postal, basic telecommunications, construction, or immovable leasing services, selling immovables, transferring land use rights, or selling or importing specific goods; unless otherwise stipulated, 6% for taxpayers selling services or intangible assets.

According to the *Circular of the MOF and the SAT on Adjusting Value-added Tax Rate* (《財政部、稅務總局關於調整增值稅稅率的通知》), which was promulgated by the MOF and the SAT on April 4, 2018 and became effective on May 1, 2018, the tax rates for the taxable sales or goods import activity, which were subject to the tax rates of 17% and 11% respectively, were adjusted to 16% and 10% respectively.

According to the *Circular on Policies in Relation to the Deepening of Value-added Tax Reforms* (《關於深化增值稅改革有關政策的公告》), which was jointly promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the tax rate of 16% and 10% originally applicable to general VAT taxpayers' VAT taxable sales or goods import shall be adjusted to 13% and 9%, respectively.

According to *The Notice of the Ministry of Finance and the State Administration of Taxation on VAT and Consumption Tax Policies for Exported Goods and Services* (《財政部、國家稅務總局關於出口貨物勞務增值稅和消費稅政策的通知》), which was promulgated on May 25, 2012 by the Ministry of Finance of the PRC and SAT, of which some terms became effective from January 1, 2011, and other terms became effective from July 1, 2012, exported goods and services of export enterprises are eligible for VAT exemption and refund policy. Except for the export VAT refund rate (hereafter referred to as the "tax refund rate") otherwise provided for by the Ministry of Finance and SAT according to the decision of the State Council, the tax refund rate for exported goods shall be the applicable tax rate. SAT shall promulgate the tax refund rate through the Tax Refund Rate Catalog of Exported Goods and Services according to the aforesaid provisions for the implementation of the tax authorities and taxpayers. In the event of adjustment to the tax refund rate, the implementing date shall be subject to the export date as indicated in the Customs Declaration of Goods for Export (specifically for export tax refund) (including the goods under process, repair and fitting) except as otherwise provided.

Labor, Social Insurance and Housing Provident Funds

Labor Law and Labor Contract Law

According to the *Labor Law of the PRC* (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995 and last revised on December 29, 2018, and the *Labor Contract Law of the PRC* (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007, revised on December 28, 2012 and came into effect on July 1, 2013, written labor contracts shall be executed between an entity and its employees if an employment relationship is established. Employers are required to inform their employees about their job responsibilities, working conditions, occupational hazards, remuneration and other matters with which the employees may be concerned. Employers shall pay remuneration to employees on time and in full in accordance with the commitments set forth in their employment contracts and the relevant PRC laws and regulations.

Social Insurance

According to the *Law of Social Insurance of the People's Republic of China* (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and becoming effective on July 1, 2011, and last amended on December 29, 2018 and put into effect on the same day, Chinese social insurance includes five categories, namely basic endowment insurance, basic medical insurance, work injury insurance, unemployment insurance and maternity insurance to protect citizens' right to receive material assistance from the state and society in accordance with the law due to old age, illness, work-related injury, unemployment and childbirth. Employers shall apply to social insurance agencies for social insurance registration for their employees within 30 days from the date of employment. If the employer fails to pay the social insurance premiums in full and on time, the social insurance premium collection agency shall order the payment or replenishment within a certain period of time and shall impose a late payment fee of five-hundredth of one percent per day from the date of non-payment. If the late payment is still not made, the relevant administrative department shall impose a fine of one to three times the amounts of unpaid contributions.

Pursuant to the *Opinions of the General office of the State Council on strengthening Comprehensively Promoting the Consolidation of Maternity Insurance and Employees' Basic Medical Insurance* (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) issued by the GOSC on March 6, 2019 and implemented on the same day, the State promotes the consolidation of maternity insurance funds into the employees' basic medical insurance fund system for unified collection and payment.

According to the *Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions* (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》), issued by the Ministry of Human Resources and Social Security on September 21, 2018 and put into effect on the same date, before the reform of social security collection agencies is put in place, the prevailing social security contribution bases, rates and other related collection policies adopted in different regions of the country shall remain unchanged. Local authorities in charge of social insurance premiums collection are strictly prohibited from acting on their own to enforce settlement of social insurance premiums defaulted on by enterprises over the years.

Housing Provident Fund

According to the *Regulation on the Administration of Housing Provident Fund* (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999 and becoming effective on the same day, and last amended on March 24, 2019 and put into effect on the same day, employers in Mainland China should register with the Housing Provident Fund Management Center for contributions and go through the procedures of setting up housing provident fund accounts for their employees and each employee can only have one housing provident fund account. If the employer hires an employee, it should register with the Housing Provident Fund Management Center within 30 days from the date of employment and go through the procedures of setting up or transferring the employee's housing provident fund account. The monthly contribution to the employee's housing provident fund is the employee's average monthly salary for the previous year multiplied by the housing provident fund contribution ratio adopted by the employer, which shall not be less than 5%.

In case that the employer fails to register for housing provident fund contributions or establish a housing provident fund account for an employee, the Housing Provident Fund Management Center shall order the employer to do so within a specified period. If the employer fails to do so within the said period, a fine ranging from RMB10,000 to RMB50,000 will be imposed. If the employer fails to contribute or make full contribution to the housing provident fund, the Housing Provident Fund Management Center shall order the employer to do so within a specified period, and if the employer still default on payment it may apply to the people's court for enforcement.

Laws and Regulations Related to Intellectual Property Rights

Patent

According to the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》) which was promulgated by the SCNPC on March 12, 1984 and becoming effective on April 1, 1984, last amended on October 17, 2020 and put into effect on June 1, 2021 and the *Implementing Rules of the Patent Law of China* (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001 and becoming effective on July 1, 2001, which was last amended on December 11, 2023 and came into effect on January 20, 2024, there are three types of patents in Mainland China invention patents, utility model patents and design patents. Under the currently effective Patent Law, the protection period of a patent right for invention patents shall be 20 years, the protection period of a patent right for utility model patents shall be 10 years, and the protection period of a patent right for design patents shall be 15 years, both commencing from the filing date.

Trademark

According to the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》) which was adopted by the SCNPC on August 23, 1982 and becoming effective on March 1, 1983, and last amended on April 23, 2019 and put into effect on November 1, 2019 and the *Implementation Regulation of the Trademark Law of the People's Republic of China* (《中華人民共和國商標法實施條例》) which was last revised by the State Council on April 29, 2014 and becoming effective on May 1, 2014, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the period of validity, the registrant who intends to keep using the trademark shall go through the formalities for renewal within twelve months prior to the date of expiry. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark.

Copyright and Software Registration

Copyright is protected by the *Copyright Law of the PRC* (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020 and effective from June 1, 2021 and the *Implementation Regulations of the Copyright Law of PRC* (《中華人民共和國著作權法實施條例》) issued by the State Council on August 2, 2002, last amended on January 30, 2013 and put into effect on March 1, 2013, which provided provisions on the classification of works and the obtaining and protection of copyright and the related rights.

The *Regulation on Computers Software Protection* (《計算機軟件保護條例》), which was promulgated by the State Council on June 4, 1991, last amended in January 30, 2013 and put into effect on March 1, 2013, respectively, was formulated for the purposes of protecting the rights and interests of copyright owners of computer software, regulating the relationship of interests generated in the development, dissemination and use of computer software, encouraging the development and application of computer software, and promoting the development of software industry and the informatization of national economy. According to the Regulation on Computer Software Protection, Chinese citizens, legal entities or other organizations are entitled to the copyright in the software which they have developed, whether published or not. A software copyright owner may register with the software registration institution recognized by the copyright administration department of the State Council. A registration certificate issued by the software registration institution is a preliminary proof of the registered items.

According to the *Computer Software Protection Regulations (《計算機軟件保護條例》)* and *the Measures for the Registration of Computer Software Copyright* (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, and put into effect on the same day, the National Copyright Administration is mainly responsible for the registration and management of national software copyright, and the China Copyright Protection Center is recognized as the software registration agency. The China Copyright Protection Center will grant registration certificates to computer software copyright applicants who conform to the Measures for Registration of Computer Software Copyright and the Regulations on Computer Software Protection.

Domain Name

In accordance with *Measures for the Administration of Internet Domain Names* (《互聯網域名管理辦法》) which was promulgated by the Ministry of Industry and Information Technology (工業和信息化部) on August 24, 2017, and came into effect on November 1, 2017, those who are engaged in Internet domain name service provision, operation and maintenance as well as supervision and administration of Internet domains and related activities within Mainland China shall be subject to the said measures. The Ministry of Industry and Information Technology is the main regulatory agency responsible for the management of domain names for Internet users in Mainland China. The registration of a domain name shall follow the principle of "registration being granted to the first applicant". Upon completion of the application process, the domain name applicant becomes the domain name holder.

Regulations on Internet Security

Pursuant to the *Ninth Amendment to the Criminal Law of the PRC* (《中華人民共和國刑法修正案(九)》), issued by the SCNPC in August 29, 2015, which became effective in November 1, 2015, any Internet service provider that fails to fulfill its obligations related to Internet information security administration as required under applicable laws and refuses to rectify upon orders shall be subject to criminal penalty in certain circumstances.

On November 7, 2016, the SCNPC promulgated the *Cybersecurity Law* (《網絡安全法》), which became effective on June 1, 2017. The Cybersecurity Law requires network operators to comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services.

Pursuant to the Cybersecurity Law, network operators shall follow their cybersecurity obligations pursuant to the requirements of network security classified protection, including: (i) formulating internal security management systems and operating instructions, determining the persons responsible for cybersecurity, and implementing the responsibility for cybersecurity protection; (ii) taking technological measures to prevent computer viruses, network attacks, network intrusions and other actions endangering cybersecurity; (iii) taking technological measures to monitor and record the network operation status and cybersecurity incidents, and such records shall be kept for no less than 6 months; (iv) taking measures such as data classification, and back-up and encryption of important data; and (v) other obligations stipulated by laws and administrative regulations. Furthermore, under the Cybersecurity Law, critical information infrastructure operators generally shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC.

On June 10, 2021, the SCNPC passed the *Data Security Law* (《數據安全法》), which became effective as of September 1, 2021. The Data Security Law is broadly applicable to and will impact all operators that engage in the processing of all types of data. The Data Security Law defines "data" as any record of information in electronic or other forms, and "data processing" includes the collection, storage, use, processing, transmission, provision and disclosure of data and others. The Data Security Law shall apply to data processing activities and security supervision of such activities within the territory of the PRC; where data processing activities outside the territory of the PRC damage the national security, public interests or the legitimate rights and interests of citizens and organizations, it shall also be subject to the Data Security Law.

The Data Security Law provides for data security protection obligations on entities and individuals carrying out data processing activities, introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data are tampered with, destroyed, leaked, or illegally acquired or used. It also provides for a national security review procedure for data activities that may affect national security. The Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities.

On July 30, 2021, the State Council issued the Regulations on Protecting the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), effective on September 1, 2021, pursuant to which, a "critical information infrastructure" refers to critical network facilities and information systems involved in important industries and sectors, such as public communication and information services, energy, transportation, water conservancy, finance, public services, governmental digital services, science and technology related to national defense industry, as well as those which may seriously endanger national security, national economy and citizen's livelihood or public interests if damaged or malfunctioned, or if any leakage of data in relation thereto occurs. In addition, competent departments and administration departments of each important industry and field, or protection departments, shall be responsible to formulate determination rules and determine the critical information infrastructure operator in the respective important industry or field. The result of the determination of critical information infrastructure operator shall be informed to the operator and notify the public security department of the State Council.

On September 24, 2024, the State Council published the Regulations on the Administration of Network Data Security (《網絡數據安全管理條例》) (the "**Network Data Security Regulations**"), which came into effect on January 1, 2025. The Network Data Security Regulations serve to refine, supplement, and enhance existing laws such as the Cybersecurity Law (《網絡安全法》), the Data Security Law (《數據安全法》), and the Personal Information Protection Law (《個人信息保護法》). The Network Data Security Regulations provide implementing rules that include, but are not limited to, detailed requirements for personal information processing rules, procedures for handling requests to transmit personal information to a third party, the need to sign contracts with data recipients when providing or entrusting the processing of personal information to other network data processors, and the legal conditions for cross-border transfer of personal information.

On December 28, 2021, the CAC, the NDRC, and other relevant PRC governmental authorities jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective on February 15, 2022. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that purchase network products and services and Internet platform operators engaging in data processing activities that affect or may affect national security are subject to cybersecurity review under the Cybersecurity Review Measures. Moreover, Internet platform operators who process more than one million users' personal information must report to the Office of Cybersecurity Review for a cyber security review in the event of a "foreign listing" (國外上市).

Regulations on Personal Information Protection

Pursuant to the Cybersecurity Law, the "personal information" refers to all kinds of information recorded by electronic or otherwise that can be used to independently identify or be combined with other information to identify individuals' personal information including but not limited to: individuals' names, dates of birth, ID numbers, biologically identified personal information, addresses and telephone numbers, etc.

The Cybersecurity Law provides that: (i) to collect and use personal information, network operators shall follow the principles of legitimacy, rightfulness and necessity, disclose rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data are gathered; (ii) network operators shall neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or the scopes of consent given by the persons whose data are gathered; and shall dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; (iii) network operators shall not divulge, tamper with or damage the personal information they have collected, and shall not provide the personal information to others without the consent of the persons whose data are collected. However, if the information has been processed and cannot be recovered and thus it is impossible to match such information with specific persons, such circumstance is an exception.

The Supreme People's Court and the Supreme People's Procuratorate issued the *Interpretations on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information* (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) on May 8, 2017 and effective on June 1, 2017, stipulates that the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

On May 28, 2020, the SCNPC issued the Civil Code (《民法典》), which became effective on January 1, 2021. The Civil Code stipulates that the personal information of a natural person shall be protected and the law provides main legal basis for privacy and personal information infringement claims under the Chinese civil laws.

On August 20, 2021, the SCNPC passed the *Personal Information Protection Act* (《個人信息保護法》) ("**PIPL**"), which became effective on November 1, 2021. The PIPL defines personal information as all kinds of information, recorded by electronic or other means, related to identified or identifiable natural persons, not including information after anonymization. The processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure and deletion, etc. of personal information. The PIPL shall apply to the processing of the personal information of natural persons within the territory of the PRC; the PIPL shall also apply to the processing of the personal information of Chinese people outside the territory of the PRC when: (i) where the purpose is to provide Chinese people with products or services; (ii) where the activities of Chinese people are analyzed and evaluated; and (iii) other circumstances as prescribed by laws and regulations.

Pursuant to the PIPL, personal information shall be processed under the principle of lawfulness, propriety, necessity and good faith, and may not be processed by misleading, fraud, coercion or other means. Personal information shall be collected within the minimum scope required for achieving the processing purpose, and excessive collection of personal information is forbidden. Processors shall take necessary measures to ensure the security of the personal information processed. The PIPL provides the rights of data subjects, including right to information, right to object and right to restriction of processing, right of access, right to portability, right to rectification, right to erasure, right to explain processing rules, right for close relatives of a dead person.

On July 7, 2022, the CAC issued the Measures for Security Assessment for Outbound Data Transfer (《數據出境安全評估辦法》), which became effective on September 1, 2022. The Measures for Security Assessment for Outbound Data Transfer shall apply to the security assessment of important data and personal information collected and generated by a data processor in its operation within the PRC, which are to be transferred abroad. A data processor shall apply for the security assessment of an outbound data transfer to the national cybersecurity and information authorities through the local cyberspace administration at the provincial level if it provide data outside the PRC and fall into one of the following circumstances: (i) it provides important data abroad; (ii) it is a critical information infrastructure operator or it processes the personal information of more than 1 million individuals in total; (iii) it has exported the personal information of more than 100,000 persons in aggregate or the sensitive personal information of more than 10,000 persons in aggregate since January 1, of the previous year; or (iv) other circumstance subject to a security assessment for data export as required by the national cybersecurity and information authorities.

Laws and Regulations on Securities and Overseas Listings

Securities Laws and Regulations

The *Securities Law of the People's Republic of China* (《中華人民共和國證券法》), which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in Mainland China securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the *Trial Measures for the Administration on 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》), or the Overseas Listing Trial Measures, together with several supporting guidelines (collectively referred to as the "Overseas Listing Regulations"). Under Overseas Listing Regulations, domestic companies in Mainland China that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Regulations provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller.

The CSRC and three other relevant government authorities jointly promulgated the *Provisions on Strengthening the Confidentiality and Archives Administration Related to the 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》) on February 24, 2023 and put into effect on March 31, 2023. Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within Mainland China by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within Mainland China. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

LAWS AND REGULATIONS IN HONG KONG SAR

There is no specific statutory requirement for our Group to obtain any license to carry out our business in Hong Kong SAR other than the requirement to register our business in accordance with the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong). Below is a summary of the laws and regulations in Hong Kong SAR which are relevant to our Group's business.

Business Registration

For our Group's business in Hong Kong SAR, we are required to apply for business registration and display valid business registration certificate at our place of business under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong).

We held valid business registration certificates throughout the Track Record Period and as at the Latest Practicable Date.

Intellectual Property

Trade Marks Ordinance

The Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) makes provision in respect of the registration of trade marks and provides for connected matters.

It provides that a person infringes a registered trade mark if he uses in the course of trade or business a sign which is:

(a) identical to the registered trade mark in relation to goods or services which are identical to those for which it is registered;

(b) identical to the registered trade mark in relation to goods or services which are similar to those for which it is registered and such use is likely to cause confusion on the part of the public;

(c) similar to the registered trade mark in relation to goods or services which are identical to or similar to those for which it is registered and such use is likely to cause confusion on the part of the public; or

(d) identical or similar to the registered trade mark in relation to goods or services which are not identical or similar to those for which the trademark is registered, and the trade mark is entitled to protection under the Paris Convention as a well-known trade mark, and such use, being without due cause, takes unfair advantage of or is detrimental to the distinctive character or repute of a trade mark.

Under the Trade Marks Ordinance, the owner of a trade mark may bring infringement proceedings against the infringer for damages, injunction, accounts or any other relief available in law.

Copyright Ordinance (Chapter 528 of the Laws of Hong Kong)

The Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) makes provisions in respect of copyright and related rights and for connected purposes.

It provides that the copyright owner has the exclusive right to, among other things, copy the work and to issue, rent and make available copies of the work to the public.

Those acts if carried out by anyone without the license of the copyright owner constitute primary infringement of the copyright.

The following acts, among other things, if done without the license of the copyright owner, constitute secondary infringement:

(a) imports into Hong Kong SAR or exports from Hong Kong SAR, otherwise than for his private and domestic use, a copy of the work which is, and which he knows or has reason to be believe to be, an infringing copy of the work; and

(b) possesses for the purpose of or in the course of any trade or business, sells or lets for hire or offers or exposes for sale or hire, exhibits in public or distributes for the purpose of or in the course of any trade or business, or distributes (otherwise than for the purpose of or in the course of any trade or business) to such an extent as to affect prejudicially the owner of the copy right, a copy of the work which is, and which he knows or has reason to be believe to be, an infringing copy of the work.

Infringement of copyright is actionable through civil litigation.

Further, under section 118(1) of the Copyright Ordinance, a person commits an offense if he, without the consent of the copyright owner of a copyright work, among other things, makes for sale, or hire an infringing copy of the work, or importing into Hong Kong SAR or exporting from Hong Kong SAR an infringing copy of the work otherwise than for his private and domestic use, or possesses an infringing copy of the work with a view to its being, among other things, sold or let for hire by any person for the purpose of or in the course of that trade or business.

A person who contravenes section 118(1) of the Copyright Ordinance shall be guilty of an offense and shall be liable to a fine of $50,000 and to imprisonment for 4 years.

Employment

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) provides that an employer is liable for any personal injury by accident arising out of and in the course of the employment to the employee in accordance with the Ordinance.

It further provides that no employer shall employ any employee in the any employment unless there is in force in relation to such employee a policy of insurance issued by an insurer for more than the specified amount in respect of the liability of the employer.

It is an offense if there is no or insufficient insurance coverage for the employees. The maximum penalty is, on conviction on indictment, a fine of HK$100,000 and imprisonment for 2 years and, on summary conviction, a fine of HK$100,000 and imprisonment for 1 year.

An employer is also required to display in a conspicuous place a notice of insurance on each of its premises where any employee is employed. Failure to do so is an offense with a maximum penalty of a fine of HK$10,000.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

Under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), employers must take all practicable steps to ensure that their employees who are at least 18 but under 65 years of age and employed for 60 days or more become members of a registered scheme (except for certain exempt persons) within the first 60 days of employment.

Failure to do so without reasonable excuse is an offense and the maximum penalty is a fine of HK$350,000 and imprisonment for 3 years, and a daily penalty of HK$500 after the permitted period.

It is also mandatory for employers to make mandatory contributions to the mandatory provident fund scheme. Subject to the maximum and minimum levels of income, an employer shall deduct 5% of the employee's income as contribution to the scheme.

Inland Revenue Ordinance

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), for a company carrying on a trade, profession or business in Hong Kong SAR, its assessable profits arising in or derived from Hong Kong SAR shall be chargeable to profits tax.

The Inland Revenue Ordinance also provides for the obligation to do the followings:

(a) to keep sufficient records of the company's income and expenditure to enable the assessable profit to be readily ascertained for at least 7 years;

(b) to inform the Inland Revenue Department of its chargeability to tax;

(c) to submit tax return as required; and

(d) to inform the Inland Revenue Department of the commencement and cessation of employment of its employees.

Transfer Pricing

Section 20A of the Inland Revenue Ordinance gives the Inland Revenue Department wide powers to collect tax due from non-residents. The Inland Revenue Department may also make transfer pricing adjustments by disallowing expenses incurred by the Hong Kong SAR resident under sections 16(1), 17(1)(b) and 17(1)(c) of the Inland Revenue Ordinance, make additional assessments under section 60 of the Inland Revenue Ordinance and challenging the entire arrangement under general anti-avoidance provisions such as sections 61 and 61A of the Inland Revenue Ordinance.

In December 2009, the Inland Revenue Department released Departmental Interpretation and Practice Notes No.46 ("**DIPN 46**"). DIPN 46 provides clarifications and guidance on the Inland Revenue Department's views on transfer pricing and how it intends to apply the existing provisions of the Inland Revenue Ordinance to establish whether related parties are transacting at arm's length prices. In general the practices followed by the Inland Revenue Department are based on the transfer pricing methodologies recommended by the OECD Transfer Pricing Guidelines.

In April 2009, the Inland Revenue Department released Departmental Interpretation and Practice Notes No. 45 ("**DIPN 45**"). DIPN 45 provides that where double taxation arises as a result of transfer pricing adjustments made by the tax authorities of another country, a Hong Kong SAR taxpayer may potentially claim relief under the treaty between Hong Kong SAR and that country (countries entered into tax arrangements with Hong Kong SAR includes Mainland China).

The Hong Kong Government has gazetted the Inland Revenue (Amendment) (No. 6) Ordinance 2018 ("**Amendment Ordinance No. 6**") on July 13, 2018. The Amendment Ordinance No. 6 introduces provisions for a statutory transfer pricing regime and for transfer pricing documentation in Hong Kong SAR. The major issues covered under the Amendment Ordinance No. 6 are as follows:

- Codify arm's length principle for related party transactions;
- Introduce transfer pricing documentation in Hong Kong SAR, which includes country-by-country report, master file and local file;
- Codify Advance Pricing Arrangement ("**APA**") regime and extend application to unilateral APAs;
- Introduce legal framework for mutual agreement procedures, which includes arbitration.

The major provisions under the Amendment Ordinance No. 6 start to apply for years of assessment commencing from April 1, 2018.

On July 19, 2019, the HKIRD issued Departmental Interpretation and Practice Notes No. 59 ("**DIPN 59**") – "Transfer Pricing between Associated Persons". DIPN 59 explains Rule 1 in Section 50AAF of the Amendment (No. 6) (i.e. arm's length principle for provision between associated persons) and its application; clarifies the criteria for exemption of domestic transactions available under Rule 1; provides guidance on grandfathered transactions (i.e. transactions before the commencement date of Amendment (No. 6); explains the key aspects of determining arm's length price including functional analysis, comparability analysis, functional characterizations, global price lists, business strategies, etc.; and provides guidance on penalties and additional taxes for non-compliance with Rule 1.

LAWS AND REGULATIONS IN THE PHILIPPINES

Below is a summary of the laws and regulations in the Philippines which are relevant to our Group's business.

Data Privacy Regulations

The Data Privacy Act of 2012 (Republic Act No. 10173) ("**DPA**") governs the collection, processing and sharing of "personal information." As defined by statute, the term "personal information" refers to "to any information whether recorded in a material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual." On the other hand, the term "sensitive personal information," which is a subset of personal information, refers to "personal information:

(1) About an individual's race, ethnic origin, marital status, age, color, and religious, philosophical or political affiliations;

(2) About an individual's health, education, genetic or sexual life of a person, or to any proceeding for any offense committed or alleged to have been committed by such person, the disposal of such proceedings, or the sentence of any court in such proceedings;

(3) Issued by government agencies peculiar to an individual which includes, but not limited to, social security numbers, previous or current health records, licenses or its denials, suspension or revocation, and tax returns; and

(4) Specifically established by an executive order or an act of Congress to be kept classified."

The DPA has extraterritorial application and applies to an act done or practice engaged in and outside of the Philippines by an entity if:

(a) The act, practice or processing relates to personal information about a Philippine citizen or a resident;

(b) The entity has a link with the Philippines, and the entity is processing personal information in the Philippines or even if the processing is outside the Philippines as long as it is about Philippine citizens or residents such as, but not limited to, the following:

(i) A contract is entered in the Philippines;

(ii) A juridical entity unincorporated in the Philippines but has central management and control in the country; and

(iii) An entity that has a branch, agency, office or subsidiary in the Philippines and the parent or affiliate of the Philippine entity has access to personal information; and

(c) The entity has other links in the Philippines such as, but not limited to:

(i) The entity carries on business in the Philippines; and

(ii) The personal information was collected or held by an entity in the Philippines.

Under the DPA, the processing of personal information shall be permitted only if not otherwise prohibited by law, and when certain conditions exist, including the consent of the data subject or when the processing of personal information is necessary and is related to the fulfillment of a contract with the data subject or in order to take steps at the request of the data subject prior to entering into a contract.

Under the implementing rules and regulations of the DPA, a personal information controller or personal information processor that employs fewer than 250 persons shall not be required to register its data processing system with the Philippine National Privacy Commission unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals.

LAWS AND REGULATIONS IN THAILAND

Below is a summary of the laws and regulations in Thailand which are relevant to our Group's business.

Consumer Protection Law

Consumer Protection

In Thailand, the Consumer Protection Act B.E. 2522 (1979) (as amended) (the "**CPA**") is the main piece of legislation that provides protection for consumers. Under the CPA, the consumers are entitled to the rights to, *inter alia*, receive correct and sufficient information and description as to the quality of goods or service and have the injury considered and compensated in accordance with the laws on such matters. Additionally, the CPA also provides requirements with respect to the advertisement, safety, and labels of products, among others. Particularly, the CPA prohibits an advertisement which is unfair to consumers, which includes, without limitation, an advertisement that contains statements which, *inter alia*, are false or exaggerated or will cause misunderstanding in the essential elements concerning goods or services. Violation of the foregoing prohibitions with regards to the advertisement is subject to imprisonment of not exceeding three months or a fine of not exceeding sixty thousand baht, or both.

Unfair Contract Terms

In Thailand, with respect to an agreement entered into between a trader on one side and a consumer on the other (a "**Contract**") is subject to the Unfair Contract Terms Act B.E. 2540 (1997) (the "**UCTA**"). Under the UCTA, a Contract which provides an unreasonable advantage in favor of a trader over the consumer is enforceable insofar as it is fair and reasonable in a particular case. The UCTA provides examples of such unfair terms which may not be enforceable, which include, without limitation, in respect of a sale contract, a term excluding or restriction the trader's liability for a defect unless the consumer had the knowledge of such defect at the time of the contract (in which case such term shall only be enforceable insofar as it is fair and reasonable in a particular case).

Product Liability

In Thailand, the Product Liability Act B.E. 2551 (2008) (the "**PLA**") prescribes that Entrepreneurs (which refers to, *inter alia*, (i) manufacturer or hirer, (ii) importer, or (iii) seller) be jointly liable to the injured person for the damages caused by the unsafe product, regardless of whether the damages are intentionally or negligently caused by the Entrepreneur(s); the PLA prescribes that the seller(s) shall only be liable in the case where the manufacturer, the hirer, or the importer cannot be identified.

In this regard, an "unsafe product" refers to a product which causes or may cause damages either by its manufacture defect; or its design defect; or by having no instruction preservation, warning messages, or relevant information about the product; or having incorrect or unclear information with regards to its nature including its usual usage and preservation.

Under the PLA, the injured person needs only to prove that he or she suffers from damages caused by the Entrepreneur's products and the usage or preservation of such products by its nature without needing to prove which Entrepreneur causes such damage.

However, an Entrepreneur shall not be liable for damages caused by the unsafe products if they can prove that: (i) such products are not unsafe products; (ii) the injured person has already been aware that the products are unsafe; or, (iii) the damages were caused by an incorrect usage or preservation when an Entrepreneur has put the correct and clear usage, preservation, warning message or relevant information on the product.

Personal Data Protection Law

The main legislation governing personal data protection in Thailand is the Personal Data Protection Act B.E. 2562 (the "**Thailand PDPA**").

Thailand PDPA is applicable to a foreign entity located and operated overseas when such entity collects, uses, or disclose personal data of individuals in Thailand for the purposes of offering goods or services to the data subjects in Thailand. As we offer goods and services to the data subjects in Thailand and collects, uses, and discloses personal data (e.g., names, addresses, and payment information) of buyers of the products who are located in Thailand for such purposes, we may be considered a "data controller" and subject to certain obligations under the Thailand PDPA, which includes:

i. Privacy Notice: We may have a duty to provide privacy notice to the data subject containing various information, e.g., the purpose of collection, the data to be collected, and the categories of third parties to whom such data disclosed prior to or at the time of data collection. This privacy notice requirement is typically satisfied by posting a privacy notice that is easily accessible to the relevant individuals, such as on our website.

ii. Legal Bases and Consent: Personal data can only be collected, used, and/or disclosed with consent of individuals, unless legal bases (e.g., contractual performance basis, legal obligations basis, or legitimate interest basis) can be relied upon, and that the personal data is used in accordance with the purpose notified in the privacy notice unless a new purpose has been notified and consent (or legal basis) has been obtained for the use of such data.

iii. Cross-Border Transfer of Personal data: The cross-border transfer of the personal data of data subjects located in Thailand is restricted unless (i) the destinated countries have adequate personal data protection standards (yet to be determined by the Personal Data Protection Committee (the "**PDPC**"), which is the authority in charge of overseeing the Thailand PDPA in Thailand); (ii) consent is obtained from the data subject after having been informed of the inadequate standards; (iii) we implement suitable protection measures which enable the enforcement of data subjects' rights, including effective legal remedial measures; (iv) we transfer data to other companies within our group under approved corporate rules; or (v) the transfer falls under other exemptions to be published by the PDPC.

iv. On-going obligations: We may be required to (a) implement appropriate security measures; (b) notify personal data breach to the Office of the PDPC, including to the individuals concerned (under certain circumstances); (c) take action to prevent unlawful or unauthorized use or disclosure of personal data; and (d) prepare and maintain records of processing activities under the Thailand PDPA; among others.

Importation of Goods

Under Thai laws, importation of certain goods may be subject to permit, license, custom tariff and/or value added tax. However, the obligations to obtain the relevant permit and/or license, and to pay the applicable custom tariff and/or value added tax, fall upon the importer (in the case of us, the customer who orders the goods from us is deemed to be the importer) of such goods.

LAWS AND REGULATIONS IN SINGAPORE

Below is a summary of the laws and regulations in Singapore which are relevant to our Group's business.

Import and Export

Regulation of Imports and Exports Act 1995

Under the Regulation of Imports and Exports Act 1995 of Singapore ("**RIEA**"), the Minister of Trade and Industry may make regulations for the registration, regulation and control of all or any class of goods imported into, exported from, transhipped in or in transit through Singapore. The Regulation of Imports and Exports Regulations ("**RIER**") was prescribed in 1999 to control the import, export or transhipment of certain goods through the requirement of permits. In addition, the importation and exportation of specific products into and out of Singapore may be subjected to certain registration requirements imposed by the relevant governmental authorities in Singapore.

Under the RIEA, any person who imports, exports or tranships any goods and either applies or causes an incorrect trade description to be applied to the goods, or has in his possession for sale or trade any goods which have an incorrect trade description, may be liable on conviction to a fine and/or imprisonment. Trade descriptions mean any description, statement or indication which, directly or indirectly and by whatever means given, relates to the place of origin, manufacture or production of the goods. Additionally, where there is suspicion of contravention of the regulations under the RIEA or RIER, the RIEA grants designated personnel specific powers to:

(a) examine, open or search any package, box, chest or article;

(b) remove any package, box, chest or article or any goods to a police station or examination station; or

(c) enter upon any islet, landing place, wharf, dock, railway or quay or the premises of a provider of licensed port services or facilities, without a warrant, for the purposes of exercising the powers in (a) and (b).

Consumer Protection

Consumer Protection (Fair Trading) Act 2003

The Ministry of Trade and Industry oversees the implementation of the Consumer Protection (Fair Trading) Act 2003 of Singapore ("**CPFTA**"). The CPFTA is administered by the Competition and Consumer Commission of Singapore (with effect from 1 April 2018) and aims to protect consumers against unfair practices and to give consumers additional rights in respect of, amongst others, goods that do not conform to contract.

The CPFTA grants consumers additional rights and remedies against sellers for non-conforming goods. The CPFTA will apply to a contract of sale of goods if the buyer deals as consumer, and the goods do not conform to the applicable contract at any time within the period of six (6) months starting from the date on which the goods were delivered to the buyer, and if the contract was made on or after September 1, 2012. Goods do not conform to a contract of sale of goods if there is, in relation to the goods, a breach of (a) an express term of the contract, (b) the implied condition that the goods will correspond with the description or samples provided by the seller to the buyer, or (c) the implied condition that the goods are of satisfactory quality or fitness for the purpose for which the goods were supplied.

Under the CPFTA, buyers will have a statutory right to demand the repair or replacement of nonconforming goods. The seller will have to repair or replace the non-conforming goods at its own costs, within a reasonable period of time and without causing significant inconvenience to the buyer. If the seller fails to do so or if repair or replacement is impossible or disproportionately costly, buyers may instead require the seller to reduce the price paid for the goods or may reject the goods altogether and obtain a refund.

Consumer Protection (Trade Descriptions and Safety Requirements) Act 1975

The Consumer Protection (Trade Descriptions and Safety Requirements) Act 1975 of Singapore ("**CPTSA**") prohibits application of a false trade description to any goods and supply of goods which have a false trade description. A false trade description under the CPTSA includes a trade description which is false or likely to mislead, whether from anything contained in or omitted from the description.

Under the CPTSA, the Minister of Trade and Industry may by regulations impose requirements for ensuring that, amongst others:

(a) certain goods are marked with or accompanied by any information or instruction;

(b) any description of advertisements of certain goods should contain or refer to any information relating to the goods, or of an indication of how such information may be obtained; and

(c) certain goods are subject to safety requirements relating to composition, design, construction, finish and packing and marked with or accompanied by any information, warning or instruction.

Under the Consumer Protection (Safety Requirements) Regulations ("**CPSRR**"), no person is allowed to supply specified controlled goods unless these goods are registered with the Enterprise Singapore Board, conform to the prescribed safety requirements and have the Safety Mark affixed to them. In the event of non-compliance, the Enterprise Singapore Board is empowered under the CPSRR to require any person to effect a recall of the controlled goods which were sold in contravention of the CPSRR and take steps to inform users of the controlled goods of potential dangers associated with such use. A person who breaches these provisions shall be guilty of an offense and shall be liable on conviction to a fine not exceeding S$2,000 or to imprisonment for a term not exceeding 12 months or to both.

Data Protection

Personal Data Protection Act 2012

The Personal Data Protection Act 2012 of Singapore (the "**Singapore PDPA**") governs the collection, use and disclosure of individuals' personal data (i.e. data, whether true or not, about an individual who can be identified from that data or other information accessible to the relevant organization), and seeks to ensure that organizations comply with a baseline standard of protection for personal data of individuals.

An organization is required to comply with the following obligations under the Singapore PDPA:

(a) **Accountability obligation** – organizations must develop and implement the necessary policies and practices in order to meet its obligations under the Singapore PDPA and make information about its policies and practices available on request;

(b) **Notification obligation** – individuals must be notified of the purposes for the collection, use or disclosure of their personal data, prior to such collection, use or disclosure;

(c) **Consent obligation** – the consent of individuals must be obtained for any collection, use or disclosure of their personal data, unless exceptions apply. Additionally, an organization must allow the withdrawal of consent which has been given or is deemed to have been given;

(d) **Purpose limitation obligation** – personal data must be collected, used or disclosed only for purposes that a reasonable person would consider appropriate in the circumstances, and if applicable, have been notified to the individual concerned;

(e) **Accuracy obligation** – an organization must make reasonable efforts to ensure that personal data collected by or on its behalf is accurate and complete if such data is likely to be used to make a decision affecting the individual or if such data will be disclosed to another organization;

(f) **Protection obligation** – an organization must implement reasonable security arrangements for the protection of personal data in its possession or under its control;

(g) **Retention limitation obligation** – an organization must not keep personal data for longer than it is necessary to fulfil: (i) the purposes for which it was collected; or (ii) a legal or business purpose;

(h) **Transfer limitation obligation** – personal data must not be transferred out of Singapore except in accordance with the requirements prescribed under the Singapore PDPA;

(i) **Access and correction obligations** – when requested by an individual and unless exceptions apply, an organization must: (i) provide that individual with access to his personal data in the possession or under the control of the organization and information about the ways in which his personal data may have been used or disclosed during the past year; and/or (ii) correct an error or omission in his personal data that is in the possession or under the control of the organization; and

(j) **Data breach notification obligation** – organizations must take steps to determine, in the event of a data breach, whether it likely results in significant harm to individuals, and/or are of significant scale, and is hence considered a notifiable breach, of which the data breach must be brought to the attention of the PDPC and/or affected individuals.

If an organization is found to be in breach of the Singapore PDPA, the Personal Data Protection Commission of Singapore may require the organization to (i) stop collecting, using or disclosing personal data in contravention of the Singapore PDPA; (ii) destroy personal data collected in contravention of the Singapore PDPA; (iii) provide access to or correct the personal data; and/or (iv) pay a financial penalty of an amount not exceeding S$1 million or 10% of the organization's annual turnover in Singapore, whichever is higher. A contravention of the Singapore PDPA may also give rise to civil or criminal liabilities.

LAWS AND REGULATIONS IN SOUTH KOREA

Below is a summary of the laws and regulations in South Korea which are relevant to our Group's business.

The Act on Consumer Protection for Transactions through Electronic Commerce

A business operator, pursuant to the Act on Consumer Protection for Transactions through Electronic Commerce, is required to take necessary measures to maintain the security of consumer information related to our electronic settlement services. A business operator is also required to notify consumers when electronic payments are made and to indemnify consumers for damages resulting from misappropriation of consumer information by third parties.

The Personal Information Protection Act

The Personal Information Protection Act and related legislation, regulations, and orders (the "**PIPA**") governs the collection, use, dissemination, storage, and destruction of personal information. PIPA specifies the circumstances under which consent must be obtained to collect, use, or disseminate a person's personal information. PIPA places limits on the circumstances in which personal information can be required and on the collection of some types of personal information (such as identifiers granted by law for identification purposes). PIPA grants an individual right to request perusal, correction, or deletion of one's own personal information, and specifies the methods to exercise such rights. Additionally, PIPA establishes requirements for information destruction, such as a requirement that personal information should be destroyed if it is no longer necessary to achieve the purpose for which it was collected.

Under PIPA, in the event a leak of personal information is discovered, the processor of personal information is required to promptly notify the affected person(s). PIPA requires notification to the authorities and other measures in certain circumstances.

PIPA imposes monetary remedies, penalties, and statutory damages for violations of its restrictions. Class action relief for the leakage of personal data is available in certain circumstances, and some conduct, such as collection of personal information without consent, can be subject to criminal punishment.

LAWS AND REGULATIONS IN JAPAN

Below is a summary of the laws and regulations in Japan which are relevant to our Group's business.

Data Protection

The Act on the Protection of Personal Information (Act No. 57 of 2003, as amended)

The Act on the Protection of Personal Information (Act No. 57 of 2003, as amended) imposes various requirements on businesses that use databases containing personal information. Under this Act, any holder of personal information must lawfully use such personal information and must not use it beyond the scope of the the purposes specified when the information was obtained. Entities holding personal information are also restricted from providing personal information to third parties, subject to certain narrow exceptions. This Act is also applicable to the operators outside Japan which obtain personal information in relation to the provision of goods or services to persons in Japan.

Consumer Protection Regulation

The Act on Specified Commercial Transaction (Act No. 57 of 1976, as amended)

Pursuant to the Act on Specified Commercial Transactions, a seller must include certain details of a product in its advertisement and application form, when such advertising and application for purchase are done via websites or other media, and where the transaction of the product is conducted via communication devices (postal mail or other information processing devices). These details include selling prices, timing and means of paying, time of delivery, the applicable policy on withdrawal/cancellation of the transaction. A seller is also prohibited from making misleading advertisements, as well as sending advertisements via email without the consent of the recipient.

The Specified Commercial Transactions Act prohibits "indication that differs vastly from the truth" or "indication that misleads people into believing that it is vastly better or more advantageous than it is in reality" in order to prevent consumer problems caused by misleading advertising, or advertisements which vastly differ from the truth (Art. 12).

Trademark Act (Act No. 127 of 1959, as amended)

The Trademark Act aims to protect registered trademarks. A holder of registered trademark right or an exclusive license thereof may demand a person who infringes or is likely to infringe the trademark right or the exclusive license to stop or prevent such infringement.

Product Liability Act (Act No. 85 of July 1, 1994)

The Product Liability Act sets forth the liabilities of a manufacturer or importer for damages caused by defects in a product. A seller who was not involved in the manufacturing or import of a product could still be liable under this Act if its name was indicated on the product and consumers are led to believe that the seller was the manufacturer or importer. Liability under this Act can be imposed even if the manufacturer or importer (and the said seller) was not negligent.

LAWS AND REGULATIONS IN TAIWAN

Below is a summary of the laws and regulations in Taiwan which are relevant to our Group's business.

Cross-Strait Regulations

The Act Governing Relations between the People of Taiwan Area and the Mainland Area ("**Cross-Strait Act**"), along with its accompanying regulations, is the primary law in Taiwan that governs relations between the people of Taiwan and Mainland China. Its main objective is to safeguard the security and well-being of the people of Taiwan, regulate interactions between the people of Taiwan and the mainland China, and address legal issues that may arise from such interactions.

The trade of goods between Taiwan and Mainland China is regulated by Article 35 of the Cross-Strait Act and the Regulations Governing Trade between the Taiwan Area and the Mainland Area ("**Cross-Strait Trading Rule**"). According to these regulations, products that are not prohibited or restricted by the Taiwan competent authorities or Taiwan can be traded and imported to Taiwan without the need for a special import license. Goods that may endanger Taiwan's regional security or have serious negative impacts on related industries will not be permitted for importation to Taiwan. Any violation of the Cross-Strait Trading Rule may result in punishment by the competent authority in Taiwan, including the suspension of export-import goods for a period of two months to one year, or the revocation of registration as an exporter or importer.

According to Article 34 of the Cross-Strait Act and the Regulations for Advertising Goods, Labour and General Services of the Mainland Area in Taiwan (the "**Cross-Strait Advertising Rule**"), products that are legally permitted to be imported in accordance with the Cross-Strait Trading Rule may be advertised or promoted in Taiwan.

Fair Trade Act

A business operator is subject to the Fair Trade Act when conducting business in Taiwan. The Fair Trade Act is administered and enforced by the Fair Trade Commission of Taiwan. The Fair Trade Act regulates business activities which might involve unfair competition, including monopolies, mergers, concerted actions and improper restriction of competition.

Under the Fair Trade Act, a business operator is prohibited from preventing competitors' participation or engagement in competition through inducement with low prices or other improper means. A business operator is also prohibited from making or using false or misleading representations relevant to the goods and services that may affect consumer decisions, either on the goods or in advertisements relating thereto. A business operator may not engage in any deceptive or apparently unfair conduct that may affect the market order.

If a business operator violates said restrictions, the Fair Trade Commission may order the business operator to cease or rectify its conduct or take necessary corrective action, and/or impose fines ranging from NT$50,000 to NT$25 million. For any failure to meet the deadline for rectification, the business operator may further be punished by consecutive fines ranging from NT$100,000 to NT$50 million each time until the rectification is made.

Personal Data Protection Act

The main statute governing personal data protection in Taiwan is the Personal Data Protection Act ("**Taiwan PDPA**").

Under the Taiwan PDPA, the scope of "personal data" covers a natural person's name, date of birth, ID card number, occupation, contact information and any other information that may be used to directly or indirectly identify a natural person. The Taiwan PDPA applies to all of the data collection and processing activities taking place in Taiwan without regard to whether the data subjects are residents of Taiwan or not. International data transfers are permitted under the Taiwan PDPA, unless the central competent authority issues any order to prohibit or restrict international data transfers.

When collecting or processing personal data, a non-government agency is required to notify the data subject on certain matters specified under the Taiwan PDPA, which in general include the identity of the non-government agency; the purposes of the collection; the type of data collected; the term, place and method of use; and the data subject's rights and the manner in which such rights may be exercised.

The collection, processing, and use of personal data shall not go beyond the necessary extent of the purposes for which the data was collected, and must be reasonably and justifiably related to such purposes.

For sending marketing communications without a legal basis for collection, or if the marketing activities are not compatible with the specific purposes for which the data was collected as prescribed under the Taiwan PDPA, a non-government agency may be subject to an administrative fine of up to NT$500,000 and will be ordered to take corrective measures; otherwise, it may be fined consecutively until correction is made.

On June 5, 2013, the Ministry of Justice of Taiwan issued a letter (Ref. No. Fa-Lyu-Chih-10203503410) stating that the PDPA in Taiwan would apply if an offshore company collects, processes, or uses personal data within Taiwan. To date, the competent authority has not provided specific explanations on whether the collection, processing, or use of personal data of Taiwan residents by an offshore company through the Internet (where the webpages and servers are located overseas) would be subject to the Taiwan PDPA.

Product Liability

Generally speaking, the consumer protection regulatory regime in Taiwan, mainly including the Civil Code and the Consumer Protection Act, applies to the consumer relations within Taiwan.

A consumer is entitled to seek compensation from a product manufacturer/distributor for their personal injury or damage to property incurred in connection with defective or faulty products primarily based on the aforesaid laws and regulations. For example, (i) if the product distributor has warranted the quality of the products, the consumer may claim for damages due to non-performance, instead of rescission of the contract or of a reduction of the price (Article 360 of the Civil Code); or (ii) a manufacturer is liable for any damage caused by its products, unless it is able to prove that the products have met and complied with the contemporary technical and professional standards of reasonably expected safety requirements prior to the launching of such products into the market (Articles 7 and 8 of the Consumer Protection Act). In addition, for a defective product, if a manufacturer/distributor breaches their statutory obligations, such as fraud, criminal or civil liability may also be imposed on them.

For overseas consumer disputes (including but not limited to product liability issues), according to the announcement of the Consumer Protection Committee, Executive Yuan, considering that they may be subject to private dispute resolution, consumers may seek remedies via the enterprise's local competent consumer dispute authority.

LAWS AND REGULATIONS IN SAUDI ARABIA

Below is a summary of the laws and regulations in Saudi Arabia which are relevant to our Group's business.

Personal Data Protection

The Saudi Personal Data Protection Law ("**PDPL**") is the Kingdom's first comprehensive data protection law. The PDPL came into effect in September 2023 and was subject to a grace-period which ended in September 2024. The competent supervisory authority is the Saudi Data and Artificial Intelligence Authority (SDAIA).

The PDPL has extra-territorial scope, in that it applies to the processing of "personal data" (by any means) that, relates to individuals that takes place in the Kingdom, including processing of Personal Data of individuals residing in the Kingdom by parties that are outside the Kingdom.

The PDPL and the processing of personal data pursuant to the PDPL are based on the following general principles:

- The purpose of collecting personal data must be directly related to the purposes of the controlling entity, and not conflict with any provision of law.

- The methods and means of collecting personal data may not conflict with any provision of law, and be appropriate to the circumstances of its owner, and be direct, clear, safe, and free from methods of deception, misleading or extortion.

- The content of personal data must be appropriate and limited to the minimum necessary for achieving the purpose of collecting it, while avoiding including anything that leads to specifically identifying its owner, as long as the purpose of collecting it is achieved.

- If it becomes clear that the personal data collected is no longer necessary for achieving the purpose of its collection, the controlling entity must stop collecting it and immediately destroy the data that it has previously collected.

These principles aim to ensure that the collection of personal data is lawful, fair, relevant and proportionate, and that the data subject's rights and interests are respected.

Consent is the primary legal basis for processing personal data under the PDPL. However, personal data may be processed without the consent of the data subject under the following exceptions:

- If the processing serves actual interests of the data subject, but communicating with the data subject is impossible or difficult

- If the processing is pursuant to another law or in implementation of a previous agreement to which the data subject is a party

- If the controller is a public entity and the processing is required for security purposes or to satisfy judicial requirements

- Processing is necessary for the purpose of legitimate interest of the controller (without prejudice to the rights and interests of the data subject) and provided that no sensitive data is to be processed.

Under the PDPL, data subjects have the following rights with respect to their personal data:

- Right to be informed

- The right of access and the right to obtain personal data in a readable and clear format

- The right to request correction, completing or updating personal data and the right to request the destruction/erasure of personal data

- The right to restrict processing and the right to object to processing

- The right to lodge a complaint

- The right to withdraw consent (if consent is the only applicable legal basis for processing)

With respect to international transfers of personal data, Article 29 of the PDPL allows for personal data to be disclosed or transferred outside of the Kingdom for limited purposes and subject to certain conditions being met, including the condition that transfers are only made to countries that provide an adequate level of protection for personal data.

Even if the recipient country is not granted "adequacy status", transfers of personal data are still permissible, provided that an appropriate safeguard is implemented. The Regulation on Personal Data Transfer Outside the Kingdom (Transfer Regulations) provide the following safeguards:

- binding common rules (appropriate for intra-group transfers)
- standard contractual clauses (model clauses issued by SDAIA which can be adopted by the transferring parties)
- accreditation certifications (further guidance on this safeguard is pending).

Breaches of the PDPL can attract significant penalties with fine of up to SAR 5 million (approx. USD1.3 million).

E-Commerce Regulations

The Saudi E-Commerce Law, enacted to regulate online sales and protect consumers, mandates that e-commerce platforms and sellers provide detailed information about the terms of service, return and exchange policies, and accurate product descriptions. Additionally, data protection and privacy are emphasized, requiring businesses to safeguard consumer data and inform customers about data usage.

The E-Commerce Law governs online commercial activities, emphasizing consumer protection, data privacy, and transaction security:

- Data Protection: Requires businesses to protect personal data and inform customers about its use.
- Cybersecurity Measures: Mandates the implementation of robust cybersecurity protocols to safeguard online transactions and customer information.
- Regulatory Compliance: Online businesses must ensure compliance with licensing, taxation, and import/export regulations.

The E-Commerce Law has extraterritorial scope and applies to foreign e-commerce service providers that are providing goods to customers in the Kingdom. As per the E-Commerce Law and its implementing Regulations, e-commerce service providers are required to comply with the following obligations when concluding sales online:

- Disclose their name or any identifying characteristic, their contact information, and any other data specified by the Regulations in their e-shop, unless they are registered with an e-shop authentication entity (this registration requirement only being available to e-commerce operators established in Saudi Arabia).
- Provide the consumer with a statement that includes the terms and conditions of the contract, as well as information related to the service provider, the basic characteristics of the products or services, the total price, the arrangements for payment, processing, and delivery, the warranty information, and any other information specified by the Regulations.

- Provide the consumer with an itemized invoice stating the total price, including all charges and taxes, and delivery fees, if any, as well as the date and place of delivery, as specified by the Regulations.

- Not retain, use, or disclose the consumer's personal data or electronic communications for unauthorized or impermissible purposes, unless the consumer consents or is required by law, and they must take necessary measures to protect and maintain the confidentiality of such data.

- Comply with the rules governing electronic advertisements, which must not include false or misleading statements, claims, or representations, or counterfeit or unauthorized logos or trademarks, and which must include the name of the advertised product or service, the name of the service provider and any identifying characteristic, the contact information of the service provider, and any other information specified by the Regulations.

- Respect the consumer's right to rescind the contract within seven days from the date of receipt of the product or the date of the service contract, unless the product or service falls under the exceptions specified by the Law or the Regulations, or the consumer has used or benefited from the product or service.

- Breaches of the E-Commerce Law can result in penalties that include one or more of the following: a warning, a fine not exceeding 1,000,000 riyals (approx. USD 266,000), temporary or permanent suspension of the e-commerce activity, and blocking the e-shop, partially or completely, temporarily or permanently, in coordination with the competent authority.

Product Liability in Saudi Arabian Jurisdiction

Product liability is a critical area of focus, ensuring that businesses are held accountable for the safety and integrity of their products. This responsibility is anchored in a combination of consumer protection laws, specific regulations issued by the Saudi Standards, Metrology, and Quality Organization (SASO), and principles derived from Islamic Sharia, which collectively safeguard consumer interests and uphold the principle of harm prevention.

Consumer Protection Laws

Saudi Arabia's consumer protection framework is designed to safeguard consumers' rights, ensuring transparency, quality, and fairness in commercial transactions. The Consumer Protection Association, under the auspices of the Ministry of Commerce, enforces:

This law is the cornerstone of product liability, setting out the rights of consumers and the obligations of businesses. It mandates that all products must meet established safety standards and be free from defects. Businesses are required to provide clear, truthful information about their products and to warn consumers of any potential risks.

The Saudi Consumer Protection Association (SCPA) and the Ministry of Commerce play pivotal roles in enforcing consumer protection laws. These entities ensure that businesses adhere to practices that protect consumers from unfair practices, with regulations that are increasingly aligned with international standards to support the Kingdom's Vision 2030 economic reforms.

Businesses must provide consumers with clear information about products or services, including quality, price, warranty, and return policies. This information must be transparent and accessible before the conclusion of any sale, as stipulated in the Saudi Commerce Law, to ensure consumer trust and confidence in online transactions.

- Pre-contractual Information: Businesses must provide clear information about products or services before any transaction, including price, quality, warranty, and return policies.

- E-Commerce: Online sellers must adhere to the Commerce Law, which mandates the disclosure of full details regarding merchant identity, product specifications, and consumer rights.

- Consumer Rights: Regulations protect consumers against misleading advertising, and defective goods, and enforce the right to return or exchange products within a specified period.

In cases of product defects or harm, companies are subject to the provisions of the Consumer Protection Law, which can involve compensatory measures, fines, and mandatory product recalls. Liability is assessed based on negligence, breach of warranty, or strict liability principles, depending on the circumstances surrounding the product issue.

Saudi Standards, Metrology and Quality Organization (SASO)

The Saudi Standards, Metrology and Quality Organization (SASO) is a government agency under the Saudi Ministry of Commerce. Established to maintain and enforce standards for quality and safety across all products and services in the Kingdom, SASO's primary objectives include:

- Protecting Consumers: Ensuring products and services within the market comply with safety and quality standards to protect consumer health and safety.

- Enhancing Product Quality: Promoting higher quality in manufacturing and service provision to boost the competitiveness of Saudi products domestically and internationally.

- Facilitating Trade: Streamlining the trade process by adopting and enforcing international standards, thus removing technical barriers to trade.

SASO's technical regulations and standards play a pivotal role in defining product safety and quality requirements. Compliance with SASO standards is not optional; it's a legal requirement for all products marketed in Saudi Arabia. These standards cover a wide range of products, from electrical appliances to toys, ensuring they meet specific safety and environmental criteria. Implications of Product Liability:

- Liability for Defective Products: Businesses may face claims if their products cause harm due to defects in design, manufacturing, or inadequate instructions/warnings. The law covers various remedies for consumers, including repair, replacement, or compensation.

- Recalls and Penalties: In cases where products are found to be unsafe, companies may be required to initiate recalls to remove these products from the market. Failing to comply with safety regulations or to address harmful product issues can result in significant penalties, including fines, business license revocation, and legal action.

For businesses operating in or exporting to Saudi Arabia, actively monitoring SASO's updates on technical regulations and standards is crucial. Engaging in regular compliance audits, obtaining necessary certifications, and aligning product development processes with SASO's guidelines are proactive steps to ensure compliance and minimize product liability risks.

OVERVIEW

Our operations span across our cross-border social e-commerce business and FMCG paper packaging business. The history of our Group can be traced back to December 2003 when our Company was founded by Ms. Zhuang Hao (莊浩) (our executive Director and general manager).

Ms. Zhuang Hao has over 25 years of experience in the packaging and advertisement industry. Ms. Zhuang Hao served as a manager of our Company upon establishment and was subsequently appointed as a Director in 2003, after which she has continued to serve as a Director and was also appointed as the general manager of our Company in 2022. Please refer to the section headed "Directors, Supervisors and Senior Management" for further details of Ms. Zhuang Hao's background and experience.

Founded in 2003, we set out on providing one-stop paper packaging products and services to FMCG enterprise customers, focusing on providing marketing strategies, product design, process design, technology planning, transportation and logistics. As the core of our packaging business is essentially grounded in product design and marketing that ultimately center around end consumer needs and desires, we have accumulated deep understanding and experience in both product marketing and discovering consumer demands. Seeking to expand our business beyond our decades-long packaging business, we seized the business opportunities from the burgeoning of cross-border e-commerce driven by the development of the mobile Internet in 2017 by building our cross-border social e-commerce business empowered by data and driven by technology.

BUSINESS MILESTONES

The following table sets forth the business milestones of our Group:

Year	Milestones
2003	Our Group was founded and began our packaging business
2006	We established Xiamen Jihong Printing Co., Ltd. (Langfang Branch)* (廈門市吉宏印刷有限公司廊坊分公司)
2009	We established Hohhot Jihong Printing Packaging Co., Ltd.* (呼和浩特市吉宏印刷包裝有限公司)
2010	Our Company was converted into a joint stock limited company
2016	We were listed on the SZSE (stock code: 002803)
2017	We commenced our cross-border social e-commerce business with the establishment of Xiamen Giikin E-commerce Co., Ltd.* (廈門市吉客印電子商務有限公司)
2018	We were recognized as the 31st place amongst Top 100 Printing and Packaging Enterprise in China (中國印刷包裝企業100強第31名)
2019	We were recognized as a Top 50 SME Listed Company in China by Value (中國中小板上市公司價值50強)

Year	Milestones
	We were awarded the Outstanding Growth Listed Company Golden Intelligence Award (“金智獎”傑出成長性上市公司)
2020	Our A Shares were included in the Shenzhen and Hong Kong Connect list of securities
2021	We were included in the FTSE Global Equity Index Series
	We were awarded the China New Economy Most Valuable Listed Company Award (中國新經濟最具投資價值上市公司獎)
2022	We were recognized as a Xiamen Top 100 Private Enterprise (廈門市民營企業100強)
	We were awarded the first Ethical Trade and Responsible Sourcing certification by BRCGS in Asia
	We were recognized as the 5th place amongst Top 100 Printing and Packaging Enterprise in China (中國印刷包裝企業100強第5名)
2023	We were recognized as one of the Top 100 Private Enterprises in Fujian Province (福建省民營企業100強), one of the Top 100 Private Enterprises in Service Industry in Fujian Province (福建省服務業民營企業100強) and the 31st place amongst Top 100 Private Enterprises in Xiamen (廈門市民營企業100強第31名)
	Our GiiMall platform won the Global Digital Trade Fair Pioneer Award (DT Award) (全球數字貿易博覽會先鋒獎(DT獎))
2024	We were recognized as one of the Top 100 Private Enterprises in Fujian Province (福建省民營企業100強), the 30th place amongst Top 100 Private Enterprises in Service Industry in Fujian Province (福建省服務業民營企業100強第30名), the 28th place amongst Top 100 Private Enterprises in Xiamen (廈門市民營企業100強第28名) and one of the Top 20 Private Enterprises in Service Industry in Xiamen (廈門市民營企業服務業20強)

OUR CORPORATE HISTORY

Establishment of Our Company

Our Company, initially known as Xiamen Jihong Printing Co., Ltd.* (廈門市吉宏印刷有限公司) (“**Jihong Limited**”), was established in the PRC on December 24, 2003, with a registered share capital of RMB1,518,000. At the time of establishment, our Company was owned as to 65.0%, 25.0% and 10.0% by Ms. Zhuang Hao, Mr. Zhuang Shu (brother of Ms. Zhuang Hao) and Ms. Ma Dongying (mother of Ms. Zhuang Hao and Mr. Zhuang Shu), respectively.

Equity Transfers in 2010

Following a series of capital increases, Jihong Limited had a registered share capital of RMB70,000,000 as at May 26, 2010, and was owned as to 65.0%, 25.0% and 10.0% by Ms. Zhuang Hao, Mr. Zhuang Shu and Ms. Ma Dongying, respectively.

Pursuant to equity transfer agreements dated July 1, 2010 between Ms. Zhuang Hao and Yongyue Investment, and between Mr. Zhuang Shu and Yongyue Investment, Ms. Zhuang Hao and Mr. Zhuang Shu transferred an 8.1% equity interest and a 3.1% equity interest in Jihong Limited, respectively, to Yongyue Investment. Pursuant to equity transfer agreements between (1) Ms. Ma Dongying and Yongyue Investment; (2) Ms. Ma Dongying and Mr. Zhang Heping (張和平); and (3) Ms. Ma Dongying and Ms. He Jingying (賀靜穎), Ms. Ma Dongying agreed to transfer approximately 1.3% equity interest, 4.4% equity interest and 4.4% equity interest in Jihong Limited to Yongyue Investment, Mr. Zhang Heping and Ms. He Jingying, respectively. Yongyue Investment is the predecessor of Tibet Yongyue, a member of our Single Largest Group of Shareholders, and was owned as to approximately 71.4% by Mr. Zhuang Zhenhai (莊振海), father of Ms. Zhuang Hao and Mr. Zhuang Shu, as of the Latest Practicable Date. For further details, please refer to the paragraph headed "– Our Shareholders Acting in Concert" in this section. Mr. Zhang Heping is an executive Director of our Company and the spouse of Ms. Zhuang Hao. Ms. He Jingying is the spouse of Mr. Zhuang Shu, an executive Director of our Company.

The aforesaid equity transfers were approved on July 19, 2010, upon which the shareholding structure of Jihong Limited was as follows:

Name of Shareholder	Approximate shareholding in our Company (%)
Ms. Zhuang Hao (莊浩)(1)(2)(3)	56.9
Mr. Zhuang Shu (莊澍)(1)(2)(3)	21.9
Yongyue Investment(3)	12.4
Mr. Zhang Heping (張和平)(1)	4.4
Ms. He Jingying (賀靜穎)(2)	4.4
Total	**100.0**

Notes:

1. Ms. Zhuang Hao, an executive Director, is the spouse of Mr. Zhang Heping and the sister of Mr. Zhuang Shu, both of whom are executive Directors of our Company.

2. Mr. Zhuang Shu, an executive Director, is the brother of Ms. Zhuang Hao, and Ms. He Jingying is the spouse of Mr. Zhuang Shu.

3. Yongyue Investment is the predecessor of Tibet Yongyue, and as at the Latest Practicable Date, it was owned as to approximately 71.4% by Mr. Zhuang Zhenhai, 15.4% by Ms. Gong Hongying, 11.4% by Mr. Li Jiadong, and 1.7% by Ms. Xu Ping. Mr. Zhuang Zhenhai is the father of Ms. Zhuang Hao and Mr. Zhuang Shu, both of whom are executive Directors. Ms. Gong Hongying is a director of three subsidiaries of our Company and a supervisor of six subsidiaries of our Company. As of the Latest Practicable Date, Mr. Li Jiadong and Ms. Xu Ping were independent third parties.

Increase of registered share capital and conversion into a joint stock limited company in 2010

On July 20, 2010, our then Shareholders resolved to increase the registered share capital of our Company from RMB70,000,000 to RMB85,000,000 by the capital injection of RMB36,900,000 (RMB15,000,000 as paid-in registered capital and RMB21,900,000 as capital reserve) by Jinrunyue. The capital injection was fully settled in cash on July 23, 2010. Immediately following the aforesaid capital injection, our Company had a registered share capital of RMB85,000,000.

Pursuant to a shareholders' resolution dated October 28, 2010, our then Shareholders resolved to (1) convert Jihong Limited into a joint stock limited company; (2) convert the net assets of Jihong Limited into 85,000,000 issued shares at a nominal value of RMB1.0 each attributable to its shareholders in proportions to their original shareholdings and the remaining net assets to be credited into capital reserves; and (3) rename Jihong Limited as Xiamen Jihong Package Technology Ltd.* (廈門吉宏包裝科技股份有限公司).

On December 3, 2010, our Company was converted into a joint stock company, with a registered share capital of RMB85,000,000, and the shareholding structure of our Company was as follows:

Name of Shareholder	Number of Shares	Approximate shareholding in our Company (%)
Ms. Zhuang Hao (莊浩)(1)(2)(4)	39,812,500	46.8
Mr. Zhuang Shu (莊澍)(1)(2)(4)	15,312,500	18.0
Jinrunyue(3)	15,000,000	17.7
Yongyue Investment(4)	8,750,000	10.3
Mr. Zhang Heping (張和平)(1)	3,062,500	3.6
Ms. He Jingying (賀靜穎)(2)	3,062,500	3.6
Total	**85,000,000**	**100.0**

Notes:

1. Ms. Zhuang Hao, an executive Director, is the spouse of Mr. Zhang Heping and the sister of Mr. Zhuang Shu, both of whom are executive Directors of our Company.

2. Mr. Zhuang Shu, an executive Director, is the brother of Ms. Zhuang Hao, and Ms. He Jingying is the spouse of Mr. Zhuang Shu.

3. Jinrunyue is a limited partnership established in the PRC. To the best knowledge of our Company, each of Jinrunyue and its limited partners and general partner is an independent third party.

4. Yongyue Investment is the predecessor of Tibet Yongyue, and immediately upon the completion of the aforesaid equity transfers, was owned as to 60.0% by Ms. Lin Qiaohong (林巧紅), 20.0% by Mr. Wang Jincang (王錦藏) and 20% by Mr. Wang Jingfu (王景福), all of whom were independent third parties at the material time.

Increase of registered share capital in 2012

On December 12, 2012, our then Shareholders resolved to increase the registered share capital of our Company and Haiyin Investment subscribed for 2,000,000 shares at a consideration of RMB5.0 per share pursuant to a capital injection and share subscription agreement among our Company, Haiyin Investment and our then Shareholders dated December 12, 2012. The consideration was determined based on arm's length negotiation between the relevant parties with reference to the market value of our Company and was legally and irrevocably settled in cash on December 14, 2012. Immediately after the completion of the subscription, the shareholding structure of our Company was as follows:

Name of Shareholder	Number of Shares	Approximate shareholding in our Company (%)
Ms. Zhuang Hao (莊浩)(1)(2)(4)	39,812,500	45.8
Mr. Zhuang Shu (莊澍)(1)(2)(4)	15,312,500	17.6
Jinrunyue(3)	15,000,000	17.2
Yongyue Investment(4)	8,750,000	10.1
Mr. Zhang Heping (張和平)(1)	3,062,500	3.5
Ms. He Jingying (賀靜穎)(2)	3,062,500	3.5
Haiyin Investment(5)	2,000,000	2.3
Total	**87,000,000**	**100.0**

Notes: 1 to 3: Please refer to the table under the paragraph headed "– Our Corporate History – Increase of Registered Share Capital and Conversion into a Joint Stock Limited Company in 2010" in this section.

Note: 4 Yongyue Investment is the predecessor of Tibet Yongyue, and immediately upon the completion of the aforesaid subscription, was owned as to approximately 60.0% by Mr. Zhuang Zhenhai, 15.4% by Ms. Gong Hongying, 11.4% by Mr. Zhou Hong (周紅), 11.4% by Mr. Wang Jincang and 1.7% by Ms. Xu Ping. Mr. Zhuang Zhenhai is the father of Ms. Zhuang Hao and Mr. Zhuang Shu, both of whom are executive Directors. Ms. Gong Hongying is a director of three subsidiaries of our Company and a supervisor of six subsidiaries of our Company. At the material time, Mr. Zhou Hong, Mr. Wang Jincang and Ms. Xu Ping were independent third parties.

Note 5: Xiamen Haiyin Biopharmaceutical Industry Venture Capital Partnership (Limited Partnership)* (廈門海銀生物醫藥產業創業投資合夥企業(有限合夥)) ("**Haiyin Investment**") was a limited partnership established in the PRC in May 2011 and subsequently de-registered in August 2022. To the best knowledge of our Company, at the material time, Haiyin Investment and each of its limited partners and general partner are independent third parties.

Listing of A Shares on the SZSE in 2016

On July 12, 2016, we completed the initial public offering of our A shares and listing on the main board of the SZSE (stock code: 002803), involving an issue of 29,000,000 new A Shares. Immediately after the listing of A Shares, the shareholding structure of our Company was as follows:

Name of Shareholder	Number of Shares	Approximate shareholding in our Company (%)
Ms. Zhuang Hao (莊浩)(1)(2)(4)	39,812,500	34.3
Mr. Zhuang Shu (莊澍)(1)(2)(4)	15,312,500	13.2
Jinrunyue(3)	15,000,000	12.9
Yongyue Investment(4)	8,750,000	7.5
Mr. Zhang Heping (張和平)(1)	3,062,500	2.7
Ms. He Jingying (賀靜穎)(2)	3,062,500	2.7
Haiyin Investment(5)	2,000,000	1.7
Other A Share Shareholders	29,000,000	25.0
Total	**116,000,000**	**100.0**

Notes: 1 to 3, 5: Please refer to the table under the paragraph headed "– Our Corporate History – Increase of Registered Share Capital in 2012" in this section.

Note 4: Yongyue Investment is the predecessor of Tibet Yongyue, and upon the aforesaid listing and as at the Latest Practicable Date, was owned as to approximately 71.4% by Mr. Zhuang Zhenhai, 15.4% by Ms. Gong Hongying, 11.4% by Mr. Li Jiadong, and 1.7% by Ms. Xu Ping. Mr. Zhuang Zhenhai is the father of Ms. Zhuang Hao and Mr. Zhuang Shu, both of whom are executive Directors. Ms. Gong Hongying is a director of three subsidiaries of our Company and a supervisor of six subsidiaries of our Company. As of the Latest Practicable Date, Mr. Li Jiadong and Ms. Xu Ping were independent third parties.

In December 2021 and January 2022, our Company received a warning letter and a regulatory letter (collectively, the "**Regulatory Letters**") from the Xiamen Bureau of CSRC and the Main Board Compliance and Disclosure Department of SZSE, respectively, both of which related to the breach of the relevant regulations in relation to information disclosure in the PRC, namely, (1) its failure to disclose related party transactions within the statutory timeframe due to an inadvertent oversight of the responsible staff members of our Group; and (2) the inaccurate disclosure in its announcement regarding the provision of financial assistance to certain grantees of 2021 Restricted Share Incentive Plan, due to an inadvertent oversight by our Group's responsible staff members and an insufficient understanding of the relevant rules and regulations of our Group's finance department personnel. As advised by our PRC Legal Advisor, the Regulatory Letters were not regarded as a form of administrative penalty and is not regarded as a material non-compliance, and our Company has completed the rectification of all matters as set out in the Regulatory Letters in the prescribed timeframe and submitted a rectification report to the Xiamen Bureau of CSRC. Save for the Regulatory Letters, since the listing of our A Shares on the SZSE and up to the Latest Practicable Date, we had not received any notification from the SZSE or the CSRC indicating that we were involved in any non-compliance issues. For the same period, our Directors confirm that we had no instances of non-compliance with the rules or regulations of the SZSE or the relevant laws and regulations in the PRC in all material respects, and to the best knowledge of our Directors after having made all reasonable enquiries, there is no matter that should be brought to investors' attention in relation to our compliance record on the SZSE.

Further, as advised by our PRC Legal Advisor, based on the filings on the website of the SZSE and information available in the public domain, except for the matters as set out in the Regulatory Letters, our Company (including our subsidiaries) or our Directors (for the performance of their duties as directors of our Company (including our subsidiaries)) had not been subject to administrative penalty, administrative supervision measures or self-regulatory measures by the SZSE, the CSRC or other competent securities regulatory authorities during the period of our listing on the SZSE up to the Latest Practicable Date.

Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisor's view above, the Joint Sponsors are not aware of any material matters in relation to our listing on the SZSE that need to be brought to the investor's attention.

Increase of registered share capital in 2018

On October 24, 2018, our then Shareholders resolved to increase the registered share capital of our Company with capital reserves, pursuant to which 7 shares for every 10 shares (total of 81,200,000 Shares) were issued pro rata to all existing Shareholders with capital reserve. As a result of the foregoing, on January 3, 2019, our then Shareholders resolved to amend our Articles and to increase our Company's registered share capital from RMB116,000,000 to RMB197,200,000.

Private placement and change of our Company name in 2019

Pursuant to the share subscription agreements dated April 10, 2019, between our Company and two institutional investors, namely, Hubei Gaotou Chankong Investment Co., Ltd.* (湖北高投產控投資股份有限公司) and Ganzhou Development Financing Leasing Co., Ltd.* (贛州發展融資租賃有限責任公司), respectively, our Company received considerations from the two aforementioned institutional investors, for subscribing a total of 25,393,699 Shares of our Company by way of private placement, both of which are independent third parties. Hubei Gaotou Chankong Investment Co., Ltd.* is a limited liability company incorporated in the PRC, with a registered share capital of RMB500 million, principally engaging in the asset management and investment businesses. Ganzhou Development Financing Leasing Co., Ltd.* is a limited liability company incorporated in the PRC, with a registered share capital of RMB2,000 million, principally engaging in the asset management and investment businesses. The consideration was determined based on arm's length negotiation between the relevant parties with reference to the average price of A Shares of our Company in the twenty trading days prior to April 11, 2019 (being the date of issuance of new Shares), and was legally and irrevocably settled in cash. The following table sets out the details of the private placement.

Name of investor	Number of Shares subscribed	Price per Share	Consideration	Approximate percentage of shareholding in the total issued share capital of our Company immediately following the completion of the Global Offering[(1)]
Hubei Gaotou Chankong Investment Co., Ltd.* (湖北高投產控投資股份有限公司)	3,690,944	RMB20.32	RMB74,999,982.08	0.81%
Ganzhou Development Financing Leasing Co., Ltd.* (贛州發展融資租賃有限責任公司)	21,702,755	RMB20.32	RMB440,999,981.60	4.79%
Total	**25,393,699**	**–**	**RMB515,999,963.68**	**5.60%**

As a result of the foregoing, on June 5, 2019, our then Shareholders resolved to amend our Articles and to increase our Company's registered share capital from RMB197,200,000 to RMB222,593,699. On the same date, our then Shareholders also resolved to rename our Company as "Xiamen Jihong Technology Co., Ltd"* (廈門吉宏科技股份有限公司).

Increase of registered share capital in 2020

On May 6, 2020, our then Shareholders resolved to increase the registered share capital of our Company with capital reserves, pursuant to which an increase of 7 shares for every 10 shares (total of 155,815,589 Shares) was issued pro rata to all Shareholders with capital reserve. As a result of the foregoing, on July 6, 2020, our then Shareholders resolved to amend our Articles and to increase our Company's registered share capital from RMB222,593,699 to RMB378,409,288.

Adoption and cancelation of the 2021 Restricted Share Incentive Plan

With a view of formalizing our proposal to grant share incentives to eligible management and employees of our Group, our then Shareholders resolved to adopt the 2021 Restricted Share Incentive Plan on June 11, 2021, which granted 9,070,800 restricted A Shares to certain grantees, and our Company's registered share capital was increased by the same amount. As it was expected that the performance target under the 2021 Restricted Share Incentive Plan might not be satisfied, the 2021 Restricted Share Incentive Plan was canceled in April 2022 and all of the 9,070,800 restricted A Shares which were granted but still subject to the lock-up period were repurchased and canceled. Our Company's registered share capital was RMB378,409,288 upon the cancelation of the 2021 Restricted Share Incentive Plan.

Note (1): The calculation is based on the total number of 452,679,288 Shares in issue immediately following the completion of the Global Offering.

Adoption of the 2023 Restricted Share Incentive Plan

With a view of formalizing our proposal to grant share incentives to eligible management and employees of our Group, our then Shareholders resolved to adopt the 2023 Restricted Share Incentive Plan on August 30, 2023, to grant 6,600,000 restricted A Shares to 203 then directors and/or employees of our Group, accounting for approximately 1.74% of our Company's then total share capital. 875,000 restricted A Shares were granted to Mr. Lu Tashan (陸它山), an executive Director, 400,000 restricted A Shares were granted to Mr. Wang Yapeng (王亞朋), the chairman of Board of Directors and an executive Director, 50,000 restricted A Shares were granted to Mr. Wu Minggui (吳明貴), the finance director, and 5,275,000 restricted A Shares were granted to 200 other management members and employees. The grant price of each of the restricted A Shares was RMB9.51. On December 21, 2023, our then Shareholders resolved to amend our Articles and to increase our Company's registered share capital from RMB378,409,288 to RMB385,009,288.

The 6,600,000 restricted A Shares are subject to different lock-up periods, which shall be 12 months, 24 months or 36 months starting from October 23, 2023, being the grant registration completion date of the restricted A Shares. Accordingly, the restricted A shares shall be unlocked and available for disposal during three unlocking periods, subject to performance targets of the Group and each grantee. Please refer to "Appendix VI – Statutory and General Information – E. 2023 Restricted Share Incentive Plan" for details.

As of the Latest Practicable Date and pursuant to the 2023 Restricted Share Incentive Plan, a total of 6,600,000 restricted A Shares had been issued to the grantees. As of the Latest Practicable Date, all the restricted A Shares under the 2023 Restricted Share Incentive Plan were granted and no restricted A Shares under the 2023 Restricted Share Incentive Plan will be granted to any grantees after the Listing.

As of the Latest Practicable Date, all of our issued shares were A Shares and were traded on the SZSE.

CONFIRMATION BY THE PRC LEGAL ADVISOR

As confirmed by our PRC Legal Advisor, the shareholding changes of our Group as discussed above, including the increases of registered share capital and share issuance and transfers complied with all applicable PRC laws and regulations.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

As of the Latest Practicable Date, our Group did not have any major acquisitions, disposals or mergers.

REASONS FOR THE LISTING

Our Company is seeking a listing of its H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Company's business, to strengthen our Company's working capital and to further strengthen our business profile and global presence. See the section headed "Future Plans and Use of Proceeds" in this Prospectus.

OUR SHAREHOLDERS ACTING IN CONCERT

By virtue of the Takeovers Code, Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai and Tibet Yongyue are deemed to be parties acting in concert. On February 5, 2024, Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Mr. Lu Tashan and Tibet Yongyue executed an agreement (the "**Concert Parties Agreement**"), and pursuant to which they constitute the Single Largest Group of Shareholders, holding approximately 32.1%[#] and approximately 27.3%[#] of our Shares in aggregate as at the Latest Practicable Date, and immediately upon completion of the Global Offering, respectively.

Pursuant to the Concert Parties Agreement, all members of the Single Largest Group of Shareholders agreed that they shall act in concert in respect of each of the members of our Group. Pursuant to the Concert Parties Agreement, it was confirmed that each of Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai and Tibet Yongyue had acted in accordance with Ms. Zhuang Hao's instructions prior to the date of the Concert Parties Agreement and from when they each held voting rights at the meetings of the shareholders of the Company. Furthermore, Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Tibet Yongyue and Mr. Lu Tashan have undertaken to act in concert directly or indirectly through the companies controlled by them. They have also agreed to, among others, (i) vote unanimously at all meetings of the shareholders of each member of our Group (for the avoidance of doubt, it shall not be a breach of the Concert Parties Agreement if a party to the Concert Parties Agreement fails to cast a vote at all at a meeting of the shareholders due to the absence of that party), (ii) discuss and reach consensus with each other before proposing to such meetings, and act in concert in respect of the business operations, governance and other key matters of our Group which shall be decided by the shareholders of each of the members of the Group. In the event that consensus cannot be reached, Ms. Zhuang Hao's view shall prevail and the Single Largest Group of Shareholders shall reflect her view in their decisions in such meetings accordingly. In addition, as advised by our PRC Legal Advisor, the members of the Single Largest Group of Shareholders are parties acting in concert pursuant to PRC laws and regulations and the Concert Parties Agreement, and the Concert Parties Agreement is valid and in compliance with PRC laws and regulations.

As at the Latest Practicable Date, each of Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Tibet Yongyue (which is held as to 71.4% by Mr. Zhuang Zhenhai) and Mr. Lu Tashan held 18.1%, 9.0%, 1.7%, 1.6%, 1.4% and 0.2%[#] of our Shares, respectively.

[#] Includes 568,750 restricted A Shares granted under the 2023 Restricted Share Incentive Plan which shall only become saleable upon the expiration of the corresponding lock-up periods (the next expiration period being 24 months after October 23, 2023) with satisfaction of performance targets of the Group and Mr. Lu Tashan. Please refer to "Appendix VI – Statutory and General Information – E. 2023 Restricted Share Incentive Plan" for details of the 2023 Restricted Share Incentive Plan and the performance targets. The restricted A Shares carry voting rights the exercise of which is not subject to any conditions or the lock-up periods, but the exercise of voting rights will be subject to the terms of the Concert Parties Agreement. For further details of the Concert Parties Agreement, please refer to the paragraph headed "– Our Shareholders Acting in Concert" in this section.

[#] Includes 568,750 restricted A Shares granted under the 2023 Restricted Share Incentive Plan which shall only become saleable upon the expiration of the corresponding lock-up periods (the next expiration period being 24 months after October 23, 2023) with satisfaction of performance targets of the Group and Mr. Lu Tashan. Please refer to "Appendix VI – Statutory and General Information – E. 2023 Restricted Share Incentive Plan" for details of the 2023 Restricted Share Incentive Plan and the performance targets. The restricted A Shares carry voting rights the exercise of which is not subject to any conditions or the lock-up periods, but the exercise of voting rights will be subject to the terms of the Concert Parties Agreement. For further details of the Concert Parties Agreement, please refer to the paragraph headed "– Our Shareholders Acting in Concert" in this section.

Each of Ms. Zhuang Hao, Mr. Zhuang Shu, Mr. Zhang Heping and Mr. Lu Tashan is a Director of our Company. Ms. Zhuang Hao is the spouse of Mr. Zhang Heping, and the sister of Mr. Zhuang Shu. Ms. He Jingying is the spouse of Mr. Zhuang Shu. Mr. Zhuang Zhenhai is the father of Ms. Zhuang Hao and Mr. Zhuang Shu.

Tibet Yongyue is a limited company established in the PRC on June 30, 2010 and is principally engaged in the provision of business management and consultancy services. As at the Latest Practicable Date, Tibet Yongyue was owned as to approximately 71.4% by Mr. Zhuang Zhenhai, 15.4% by Ms. Gong Hongying, 11.4% by Mr. Li Jiadong, and 1.71% by Ms. Xu Ping. Ms. Gong Hongying is a director of three subsidiaries of our Company and a supervisor of six subsidiaries of our Company. As of Latest Practicable Date, Mr. Li Jiadong and Ms. Xu Ping were independent third parties.

OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, we had 78 subsidiaries. The following table sets forth subsidiaries of our Group which made material contribution to our results of operations during the Track Record Period and up to the Latest Practicable Date:

Name	Place of incorporation	Date of incorporation	Date of commencement of business	Authorized share capital/ Registered capital	Principal business activities
Hohhot Jihong	PRC	September 1, 2009	October 2010	RMB50,000,000	Packaging and printing
Jiangxi Jihong	PRC	September 9, 2019	May 2020	RMB50,000,000	E-commerce; import and export; supply chain management
Zhengzhou Jikeyin	PRC	August 23, 2017	August 2017	RMB5,000,000	Import and export; technology development, consultation, exchange, transfer and promotion; software development

Name	Place of incorporation	Date of incorporation	Date of commencement of business	Authorized share capital/ Registered capital	Principal business activities
Xi'an Jikeyin	PRC	August 3, 2017	August 2017	RMB10,000,000	E-commerce; import and export of goods and technology
Lucky Ecommerce	Hong Kong SAR	September 1, 2017	September 2017	USD1,000,000	E-commerce; import and export; advertising and marketing
Hongkong Shize	Hong Kong SAR	October 8, 2021	October 2021	HKD1,000,000	E-commerce; advertising and marketing; software development
JYK Ecommerce	Hong Kong SAR	September 27, 2017	November 2017	USD50,000	E-commerce; import and export; advertising and marketing

MAJOR DEREGISTRATION OF A SUBSIDIARY DURING THE TRACK RECORD PERIOD

The details of the deregistration of a subsidiary of our Group which contributed to impairment or investment losses during the Track Record Period are as follows:

Deregistration of Xiamen Xinlongyue Recycled Paper Bag Co., Ltd.* (廈門鑫瀧悦環保紙袋有限公司) ("Xinlongyue")

Xinlongyue was deregistered on July 29, 2022. Xinlongyue, which was owned as to 51% our Company, as to 39% by Xiamen Jingchengongmao Company Limited* (廈門靖晨工貿有限公司) and as to 10% by Ms. Pan Ziqin (潘紫琴) immediately before its deregistration, previously engaged principally in the printing and packaging business. Each of Xiamen Jingchengongmao Company Limited*, its ultimate beneficial owners and Ms. Pan Ziqin is an independent third party. Our Company decided to close down Xinlongyue due to its lack of significant business activities. Xinlongyue was solvent at the time of deregistration and the deregistration of such incurred investment losses during the Track Record Period. As advised by our PRC Legal Advisers, the deregistration of Xinlongyue was duly completed and was in full compliance with the applicable PRC laws and regulations. At the time of the deregistration, as confirmed by our PRC Legal Advisers, Xinlongyue was not the subject of any non-compliance nor was it involved in any pending or threatened litigation, arbitration or administrative proceedings.

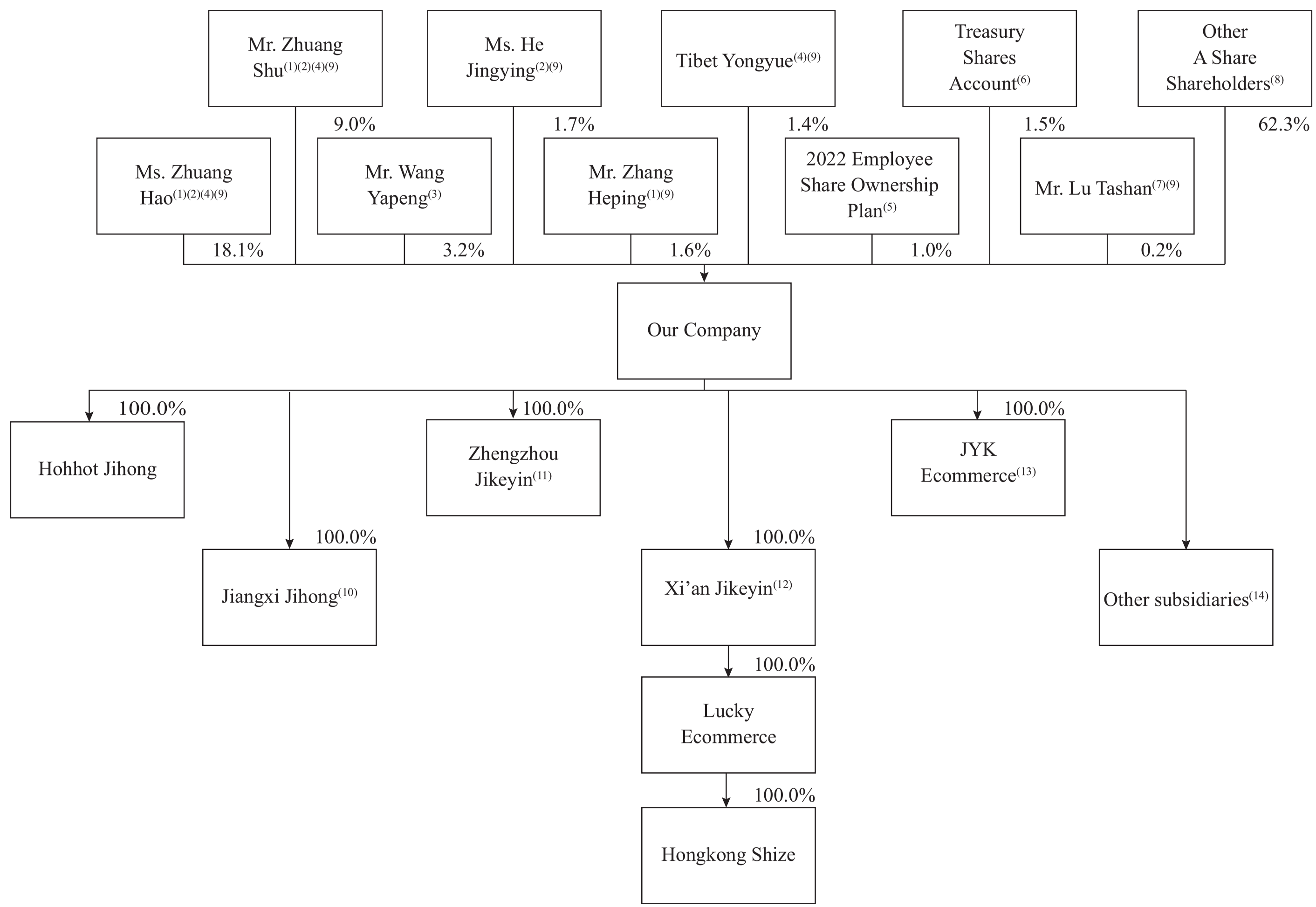
PUBLIC FLOAT

The 135,668,985 A Shares held by Mr. Wang Yapeng, Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Lu Tashan and Tibet Yongyue as at the Latest Practicable Date, representing approximately 35.3%[#] and approximately 30.0%[#] of our Shares in aggregate as at the Latest Practicable Date, and immediately upon completion of the Global Offering, respectively, will not be considered as part of the public float upon the Listing since they will be considered as our Company's core connected persons (as defined in the Listing Rules). Except as stated above, all the A Shares held by other Shareholders and the 67,190,000 H Shares to be issued under the Global Offering will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. Considering the H Shares to be issued under the Global Offering (being approximately 15% of the total issued number of Shares as enlarged by the H Shares to be issued pursuant to the Global Offering), and the A Shares held in public hands, our Company will be able to meet the minimum public float requirement under Rule 8.08(1)(b).

Includes 728,750 restricted A Shares in total granted to Mr. Wang Yapeng and Mr. Lu Tashan under the 2023 Restricted Share Incentive Plan which shall only become saleable upon the expiration of the corresponding lock-up periods (the next expiration period being 24 months after October 23, 2023) with satisfaction of performance targets of the Group and Mr. Lu Tashan. Please refer to "Appendix VI – Statutory and General Information – E. 2023 Restricted Share Incentive Plan" for details of the 2023 Restricted Share Incentive Plan and the performance targets.

OUR SHAREHOLDING STRUCTURE IMMEDIATELY PRIOR TO THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Group immediately prior to the completion of the Global Offering:



Remark: Shareholdings in the above diagram are based on figures as at the Latest Practicable Date.

Notes:

(1) Ms. Zhuang Hao, an executive Director of our Company, is the spouse of Mr. Zhang Heping and the sister of Mr. Zhuang Shu, both of whom are executive Directors of our Company. Ms. Zhuang Hao is also the daughter of Mr. Zhuang Zhenhai.

(2) Mr. Zhuang Shu, an executive Director of our Company, is the spouse of Ms. He Jingying, the brother of Ms. Zhuang Hao (an executive Director of our Company), and the son of Mr. Zhuang Zhenhai.

(3) Mr. Wang Yapeng is the chairman of Board of Directors and an executive Director of our Company. Mr. Wang's shareholding includes 260,000 restricted A Shares granted under the 2023 Restricted Share Incentive Plan which shall only become saleable upon the expiration of the corresponding lock-up periods (the next expiration period being 24 months after October 23, 2023) with satisfaction of performance targets of the Group and Mr. Wang.

(4) Tibet Yongyue is a limited company established in the PRC and as of the Latest Practicable Date, it was owned as to 71.4% by Mr. Zhuang Zhenhai, who is the father of Ms. Zhuang Hao and Mr. Zhuang Shu.

(5) A single securities account was opened for the purpose of the 2022 Employee Share Ownership Plan. For further details, please refer to the section headed " Appendix VI – Statutory and General Information" in this Prospectus.

(6) A single securities account was opened for the purpose of holding the treasury shares, which were repurchased by the Company pursuant to the 2023 Share Repurchase Plan. For further details, please refer to the section headed "Appendix VI – Statutory and General Information" in this Prospectus.

(7) Mr. Lu Tashan is an executive Director of our Company. Mr. Lu's shareholding consists of (i) 306,250 A Shares granted under the 2023 Restricted Share Incentive Plan which were released from lock-up in accordance with the 2023 Release Mechanism on October 23, 2024; and (ii) 568,750 restricted A Shares granted under the 2023 Restricted Share Incentive Plan which shall only become saleable upon the expiration of the corresponding lock-up periods (the next expiration period being 24 months after October 23, 2023) with satisfaction of performance targets of the Group and Mr. Lu. Please refer to "Appendix VI – Statutory and General Information – E. 2023 Restricted Share Incentive Plan" for details of the 2023 Restricted Share Incentive Plan and the performance targets. The restricted A Shares carry voting rights the exercise of which is not subject to any conditions or the lock-up periods, but the exercise of voting rights will be subject to the terms of the Concert Parties Agreement. For further details of the Concert Parties Agreement, please refer to the paragraph headed "– Our Shareholders Acting in Concert" in this section.

(8) As at December 31, 2024, there were approximately 35,056 other A Share Shareholders. None of the other A Share Shareholders were core connected persons (as defined under the Listing Rules) of our Company and shall be counted into the public float.

(9) Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Mr. Lu Tashan and Tibet Yongyue were parties acting in concert, and constituted the Single Largest Group of Shareholders as of the Latest Practicable Date. For further details, please refer to the paragraph headed "– Our Shareholders Acting in Concert" in this section.

(10) Jiangxi Jihong is wholly owned by Shenzhen Jilian Blockchain Technology Co., Ltd.* (深圳吉鏈區塊鏈技術有限公司), which is in turn directly wholly-owned by our Company.

(11) Zhengzhou Jikeyin is wholly owned by Xiamen Jikeyin E-Commerce Co., Ltd.* (廈門市吉客印電子商務有限公司), which is in turn directly wholly owned by our Company.

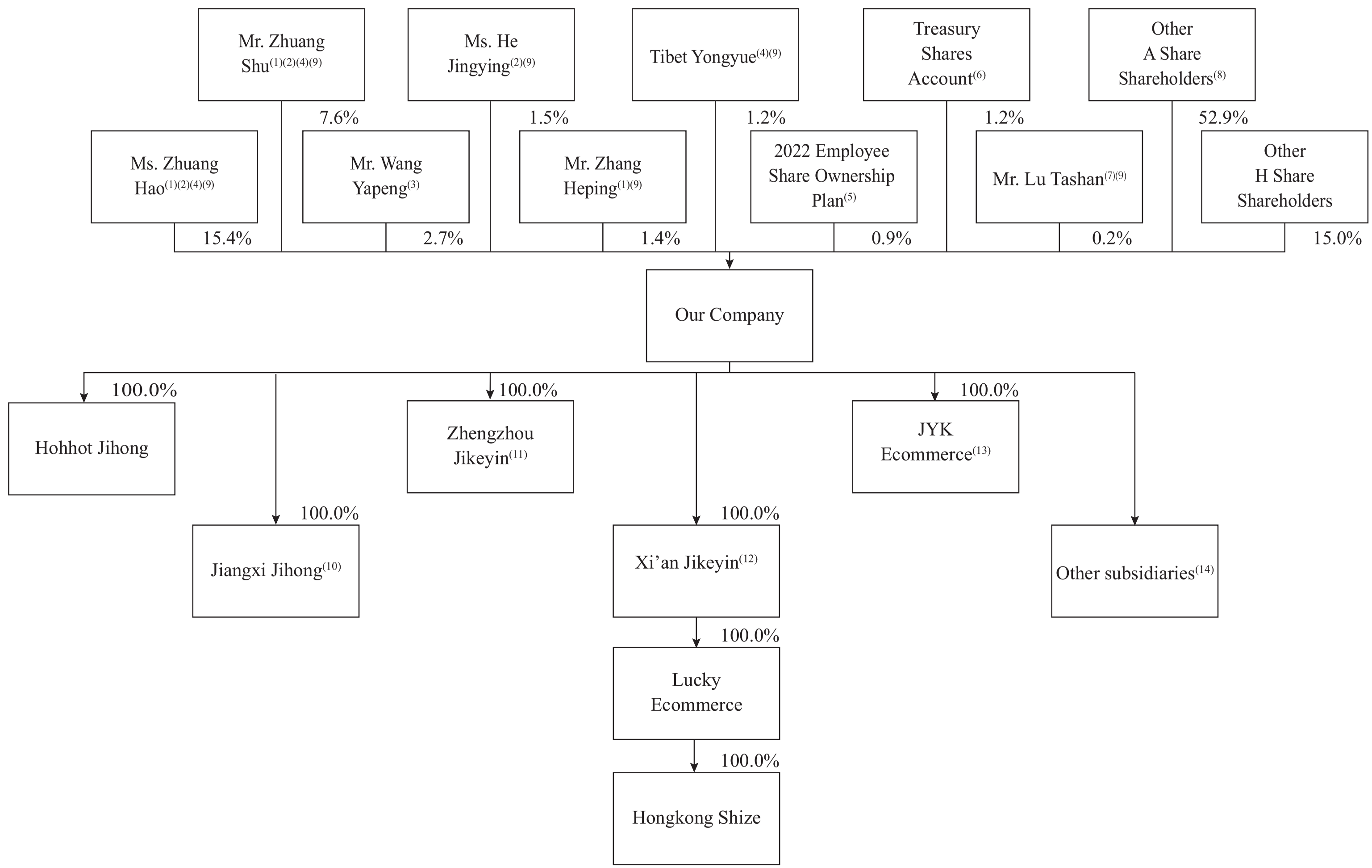
(12) Xi'an Jikeyin is wholly owned by Xiamen Jikeyin E-Commerce Co., Ltd.* (廈門市吉客印電子商務有限公司), which is in turn directly wholly-owned by our Company.

(13) JYK Ecommerce is wholly-owned by Xi'an Jinyinke E-commerce Co., Ltd.* (西安金印客電子商務有限公司), which is in turn wholly owned by Xiamen Jinkeyin Ecommerce Co., Ltd.* (廈門市吉客印電子商務有限公司), our directly wholly-owned subsidiary.

(14) These companies are our subsidiaries which had no material contribution to our Group's financial results during the Track Record Period and up to the Latest Practicable Date.

OUR SHAREHOLDING STRUCTURE IMMEDIATELY FOLLOWING THE GLOBAL OFFERING

The following diagram illustrates the corporate and shareholding structure of our Group immediately following the completion of the Global Offering:



Remark: Shareholdings in the above diagram are based on figures as at the Latest Practicable Date.

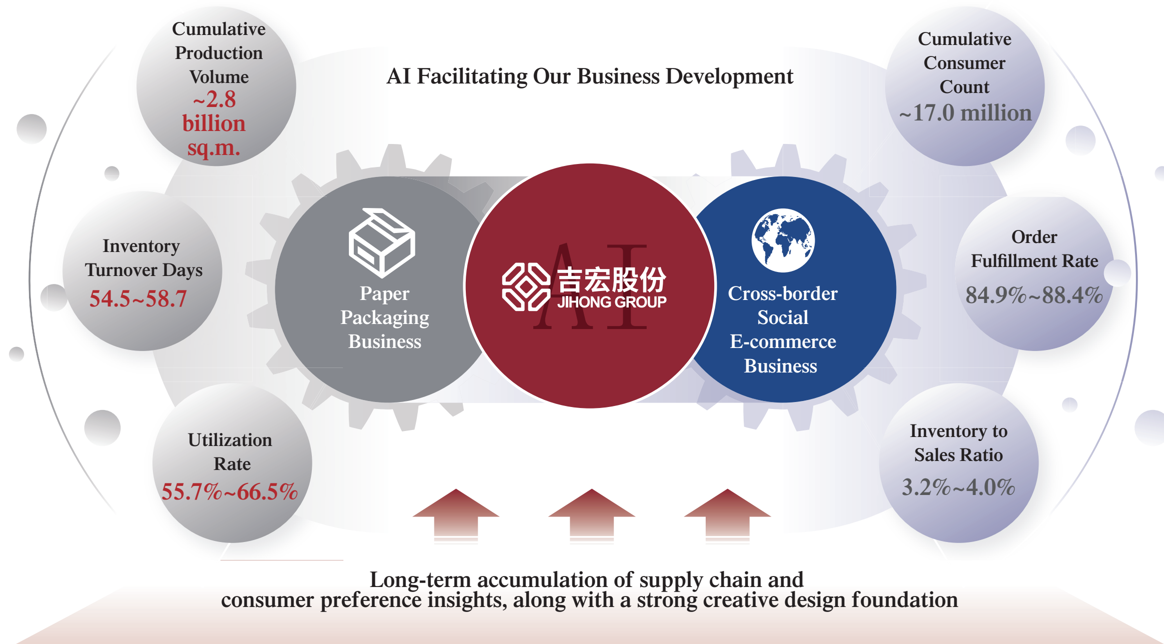
Notes (1) to (14): Please refer to the diagram contained under "– Our Shareholding Structure Immediately Prior to the Global Offering" in this section.

OVERVIEW

About Us

Our operations span across our cross-border social e-commerce business and FMCG paper packaging business. After our listing on the SZSE in 2016, supported by the leadership and industry experience of our management team, we successfully transformed and diversified our business while attaining achievements from both business and financial perspectives. As a leading cross-border social e-commerce company strategically focusing on the Asian market, we ranked second among China's B2C outbound e-commerce players based on revenue generated through social media e-commerce business in Asia in 2024, with a market share of 1.3%, according to CIC. Furthermore, we are a leading FMCG paper packaging company in Mainland China, and ranked first among FMCG paper consumer packaging companies in Mainland China based on revenue in 2024, with a market share of 1.2%, according to CIC. For each year of the Track Record Period, our total revenue amounted to RMB5,375.9 million, RMB6,694.7 million and RMB5,529.3 million, respectively. During the same periods, our profit amounted to RMB171.6 million, RMB332.1 million and RMB184.5 million, respectively.

Founded in 2003, we set out on providing one-stop paper packaging products and services to FMCG enterprise customers, focusing on providing marketing strategies, product design, process design, technology planning, transportation and logistics. As the core of our paper packaging business is essentially grounded in product design and marketing that ultimately center around addressing end consumers' needs and spur their purchase desires, we have accumulated deep understanding and experience in both product marketing and discerning consumer demands. Seeking to expand our business beyond our decades-long paper packaging business, we seized the business opportunities from the burgeoning of cross-border e-commerce driven by the development of the mobile Internet by building our cross-border social e-commerce business in 2017, which has become our major source of revenue. Empowered by data insights and technology and capitalizing on a new era of cross-border e-commerce through the mobile Internet, we place targeted advertisements on social media platforms to attract consumers to purchase products precisely recommended to them based on our data analysis. Our business model allows us to effectively leverage traffic from the social media, which is recognized as the fastest-growing source of Internet traffic in China's B2C outbound e-commerce market, according to CIC.



Note: Relevant data is provided for the Track Record Period.

For details regarding the terms used in the above diagram, see "– Our Cross-border Social E-commerce Business – Key Operating Metrics" and "– Our Paper Packaging Business – Key Operating Metrics" in this section.

In our cross-border social e-commerce business, we deploy our dynamic data analytical capabilities to perform precise product discovery and recommendation, place targeted advertisements online to attract consumers from social media traffic to our landing pages, which are transactional web pages that pop up in response to a user's click on a link or advertisement displayed on a social media platform, and ultimately market and sell affordable and high-quality products from Mainland China to overseas consumers around the world. Our cross-border social e-commerce business connects suppliers in Mainland China with consumers across Asia, as well as Europe and North America. For each year of the Track Record Period, revenue from our cross-border social e-commerce business accounted for 57.8%, 63.6% and 60.9% of our total revenue, with its gross profit margin amounting to 59.1%, 63.1% and 60.5%, respectively. For each year of the Track Record Period, the high gross profit margin of our cross-border social e-commerce business has become the key driver of our gross profit margin, as a whole, which reached 40.5%, 46.4% and 43.8%, respectively.

We are among a limited number of FMCG paper packaging companies in Mainland China that have the capability to provide one-stop paper packaging products and services covering the entire production process. With process design and technology planning at the crux of our competence, we integrate marketing strategies, product design, process design, technology planning, transportation and logistics into our all-inclusive paper packaging products and services, and continuously pre-empt consumer needs by innovating in materials, designs and products. Exemplifying our commitment to environmental protection and ESG principles, we prospectively invested in developing environmentally friendly packaging, following the global prevalence of restrictions on plastic use. Over the years, we have established and maintained long-term cooperation with leading FMCG companies, laying a solid foundation for generating stable revenue and cashflows through our paper packaging business. During the Track Record Period, we recorded robust cashflow performance. For each year of the Track Record Period, our cash generated from operations, as a whole, reached RMB391.0 million, RMB725.6 million and RMB386.7 million, respectively.

Our business is driven by our management team members, who steer us with their forward-thinking decision-making capabilities, apply their industry experience and knowledge of the latest trends into every significant decision, and contribute their pathbreaking spirit to tackle every opportunity. Ms. Zhuang Hao (莊浩), our executive Director and general manager, has over 25 years of experience first in the advertising and packaging industry and then in the social e-commerce industry. Under her leadership, we expanded our revenue base from a marketing design business to a one-stop paper packaging business, while at the same time substantially increasing our revenue. For many years, Ms. Zhuang has been precisely keeping a pulse on the latest business trends, proactively expanding our revenue streams, and critically making significant decisions aligned with our business development. Owing to her leadership and resolute decision-making, in 2017, we captured the business opportunities in cross-border e-commerce and successfully established an additional revenue stream. Mr. Wang Yapeng (王亞朋), the chairman of the Board of Directors and executive Director, has more than 20 years of experience in Internet marketing and cross-border commerce business, and has consistently focused on providing overseas integrated marketing solutions and technology services to Chinese export enterprises. Under Mr. Wang's direction, we have achieved significant growth in our cross-border social e-commerce business.

Our R&D Achievements and Milestones

As of December 31, 2024, we had two R&D centers in Xiamen and Zhengzhou, and maintained a R&D team of more than 500 members. As of March 31, 2025, we owned 4 patents and 140 software copyrights in relation to the development of algorithms, software systems, and other technology for our cross-border social e-commerce business, and 362 patents and 17 software copyrights in relation to the design and manufacture of packaging for our paper packaging business. With our persistence and continuous investment in R&D, we strive to revolutionize and steer the development of the industries in which we operate.

Since the inception of our paper packaging business in 2003, we have continued to optimize our packaging design processes and technology to ensure product quality and minimize wastage and environmental pollution. Our digitalization capabilities also empower each process in our paper packaging business including design and production, optimize our comprehensive paper packaging products and allow us to achieve higher and more consistent quality. In line with our continuous development and devotion, we calibrated our developmental direction in accordance with social trends and general consumer needs, and strengthened our position to become one of the leading companies in the FMCG paper packaging industry in Mainland China, which eventually allowed us to become listed on the SZSE in 2016.

Riding on new opportunities from the development of mobile Internet in Asia and China's strong industrial chains, in 2017, we expanded into the cross-border social e-commerce business. We adopted a social e-commerce business model that discovers target customers actively and precisely, making significant investments in our AI-empowered technology infrastructure. Leveraging AI algorithms and models, we self-developed our Giikin system specifically for our cross-border social e-commerce business. Through the AI applications integrated into our Giikin system, we seamlessly connect every stage of our business process with limited human intervention, from product discovery, advertisement placement, product procurement to transportation and logistics. We also have cooperated with well-known enterprises to conduct R&D in AI applications in e-commerce. We are among the first companies empowering their business with AI technology in Mainland China, according to CIC. In 2021, we entered into a strategic cooperation with Huawei to further develop applications for digitalization in cross-border social e-commerce in cloud computing, image processing, big data and AI.

In 2021, through accumulating experience and understanding consumer preferences and needs from our social e-commerce business model, we began developing our own brands leveraging our data analytical capabilities empowered by our in-depth knowledge of consumers in different regions. As of the Latest Practicable Date, we had established six brands including SENADA BIKES, Veimia, Konciwa and PETTENA. Under these brands, we sold products ranging from electric bikes, lingerie, UV umbrellas and pet accessories on our designated brand websites and e-commerce platforms.

In 2021, we perceived that a large number of Chinese brands and SMEs lacked tools and resources to sell their products abroad through e-commerce. Through our experience in the cross-border e-commerce industry, we have acquired deep understanding of the challenges and difficulties that market players face in each stage of the cross-border social e-commerce business, including product promotion, creation of payment system and logistics arrangement. In 2022, we synthesized and standardized our experience and professional knowledge in the cross-border e-commerce industry to develop our GiiMall SaaS system, specifically customized to digitally empower suppliers in cross-border e-commerce transactions. Leveraging technologies developed as part of our Giikin system, our GiiMall SaaS system modularizes processes, systems and applications to effectively enhance cross-border e-commerce operation efficiency and consumer experience, and helps suppliers stand out in an intensely competitive market. In 2023, we further strengthened our cooperation with Huawei, which would deepen our development of AI applications in our cross-border social e-commerce business based on Huawei's large-scale data model in the areas of AIGC, application modernization, data crawling and data governance, with a view to enhancing digitalization in each stage of our cross-border social e-commerce business.

Through the above achievements and advancements, we have steadily expanded our business scope and scale. In the past 10 years, despite adverse factors including macro-environmental and supply chain challenges, we still achieved outstanding business and financial performance and continued to stride through Mainland China and overseas markets.

Our Cross-Border Social E-Commerce Business

We provide diverse Chinese consumer goods to overseas consumers with a strategic focus in Asia, including our own brands. We deploy AI algorithms to conduct in-depth analysis on overseas market information and to understand our consumers. Based on our analysis, we discover products, and advertise them on mainstream social media platforms such as Meta (including Facebook and Instagram), TikTok, Google (including YouTube), Line, Snapchat and X (formerly Twitter), to sell them overseas. By a single click on the advertisements, consumers are forwarded to our self-generated transactional landing pages to complete their purchase online. We sell products to overseas consumers predominantly in Asia.

Our self-developed operation and management system “Giikin” is the backbone of our cross-border social e-commerce business. Our Giikin system is integrated with our digitalization capabilities, allowing us to adaptably navigate the long and complex industrial chain that is emblematic of cross-border social e-commerce. Leveraging AI empowerment technologies, we have successfully developed several AIGC technologies and applied them to front-end applications covering product discovery, image content design, video content generation, advertisement copywriting and translation and advertisement placement, as well as back-end applications such as customer service, all of which are integrated into Giikin, facilitating the digitization, visualization and intelligentization of our cross-border social e-commerce business. With our full-chain digitalization capabilities, we have realized efficient supply chain management by adopting a distinctive operation model where we procure products from suppliers after our consumers place orders. This supply chain model allows us to effectively maintain low inventory levels and maintain robust cashflows, ultimately translating into greater flexibility in our cash management and higher operational efficiency. Empowered by Giikin, our supply chain management system enhances our logistics efficiency, enabling us to deliver products to our consumers typically within seven days and provide them with a seamless shopping experience from placing orders to receiving products.

Different from the traditional model where sellers are dependent on e-commerce platforms and platform traffic, we operate our cross-border social e-commerce business primarily by leveraging social media traffic, which provides us with business autonomy. Specifically, we do not rely on any individual product category or any e-commerce platform for any of our primary business processes including product discovery, traffic management and product sales. We apply a wide-array product strategy, covering household products, apparel products, electronic products, footwear products, luggage and bag products, cosmetic and personal care products, healthcare products, maternity and baby products, and watches and accessories. This strategy allows us to discover suitable products based on latest market trends and demand in each geographic location without being restricted to one type of product, and benefit from the diversity of products and suppliers available in Mainland China. This strategy also allows us to constantly discover and sell popular products. We place advertisements on different social media platforms to channel diverse traffic, eliminating dependence on any specific social media platform.

Our social e-commerce business model that discovers target customers actively and precisely allows us to retain business autonomy, which is distinctive of the business model of the third-party e-commerce platforms. At the early stage of our cross-border social e-commence business, without the restrictions of third party e-commerce platforms, our business model reduced the need to maintain significant inventories, allowing us to quickly attain profitability, and further reduced the risks of relying on platform traffic. Having attained profitability and accumulated significant data analytical capabilities which have allowed us to overcome the disadvantages associated with third-party e-commerce platforms, we have started selling products of our own brands on our designated brand websites as well as third-party e-commerce platforms, allowing our products to reach a greater audience. At the same time, we continue to accumulate data insights through interaction with our e-commerce consumers, allowing us to benefit from an iterative virtuous cycle leveraging our efficient business model – we consistently improve our dynamic data analytical capabilities and train AI models using our data insights, which allows us to continually optimize our product discovery and advertisement placement processes by gaining a more precise understanding of our consumers, and in turn enhances the accuracy of our order fulfillment rate prediction and pricing models, leading to better sales performance, higher ROI, and higher fulfillment rates, and ultimately translating into better financial performance. Benefiting from our industry experience, we have also developed a one-stop service SaaS platform called GiiMall targeting China-based cross-border e-commerce suppliers.

Our Paper Packaging Business

We provide one-stop paper packaging products and services to FMCG enterprises, and have distinguished ourselves by providing distinctive marketing design and green paper packaging products. Our one-stop paper packaging products and services cover marketing strategies, product design, process design, technology planning, transportation and logistics. Our primary products are color packaging cartons/boxes, eco-friendly paper bags, and food packaging, catering for our enterprise customers' paper packaging needs. Our enterprise customers include leading enterprises in FMCG industries such as food and beverage, catering and household chemical products. As of December 31, 2024, we operated 10 packaging and printing production facilities located across North, Northwest and Central Mainland China, strategically located near our existing enterprise customers, allowing us to respond to their needs in a timely fashion. Our broad geographical coverage also provides us with opportunities to cooperate with new enterprise customers. As testament to our quality standards, our production facilities have been awarded a number of professional certifications, such as ISO9000 quality management system, ISO14001 environmental system, and the first BRCGS ETRS social responsibility certification in Asia.

We are dedicated to actualizing any paper packaging ideas for our FMCG enterprise customers, in the same way as "turning a script into a film". We provide product design, process design and technology planning based on our enterprise customers' needs and requirements, target audience and budgets, to address their diverse design, material and cost considerations at the same time. We strive to present our enterprise customers' brand philosophy to their consumers with creative designs, making their products stand out to elicit attention and stimulate demand. We proactively advocate ESG principles, support our enterprise customers' environmentally friendly and low carbon requirements, and strategically develop and expand our green paper packaging business, including adopting environmentally friendly biodegradable raw paper of approximately 99% among our total purchases of raw paper in 2024, as part of improving sustainability in our paper packaging business. Furthermore, we have strategically enhanced our production capability of green packaging to address our enterprise customer needs. Our one-stop service approach has allowed us to enhance our enterprise customers' trust and stickiness, supporting the steady development of our paper packaging business.

Our Market Opportunities

According to CIC, the size of China's B2C outbound e-commerce market based on revenue generated through social media e-commerce business in Asia, is expected to reach US$69.5 billion in 2029 from US$29.1 billion in 2024, with a CAGR of 19.0%. This growth is expected to be driven by a number of factors. The rise of social media has continued to stimulate more personalized consumer needs and facilitate the sales of products through e-commerce, becoming one of the most dominant global business trends. According to CIC, Asian users have a preference for shopping online through social media platforms. However, in recent years, the social media e-commerce penetration rate in Asia (excluding Mainland China) has been increasing faster than the global average, providing significant potential for future growth. As a result, Asia has become one of the primary export destinations for B2C outbound social e-commerce companies. Furthermore, China's consumer goods supply chain continues to present distinguishing competitive advantages in pricing, quality, design and other attributes, driven by (1) it being comprehensive and highly efficient, and (2) its unsaturated production capacity that can cater to extensive consumer needs. With the continuous advancement in the global logistics network and changes in consumption habits, transactional costs of cross-border e-commerce have vastly decreased, allowing more overseas consumers to access quality products that are made in Mainland China. As policies supporting the cross-border e-commerce industry continue to be strengthened, the "One Belt One Road" initiative continues to advance, and the industry ecosystem continues to grow, China's B2C outbound social media e-commerce business is expected to have significant room for growth.

Leveraging our data-driven management system, our extensive supply chain network and our dynamic data analytical capabilities, we are able to realize our social e-commerce business model in discovering target customers actively and precisely, which positions us to benefit from growing opportunities brought by the significant demand for Chinese suppliers to sell their goods abroad and increasing demand by global consumers for high quality Chinese consumer goods. A large number of upstream consumer goods SMEs in Mainland China do not have the capability to sell their products overseas, which poses distinct challenges embedded in the complexity and uncertainties arising from cross-border logistics processes such as transportation, customs clearance and tax payment, as well as from using different currencies and payment systems, and language barriers. In addition to these challenges, companies must also thoroughly understand the local customs of its consumers and localize their advertisement marketing strategies. Empowered by our Giikin system that was specifically constructed to address these challenges, we are favorably positioned to benefit from the growth in China's B2C outbound social media e-commerce industry.

The FMCG paper consumer packaging industry in Mainland China boasts an immense scale. According to CIC, as measured by revenue, the market size of FMCG paper consumer packaging industry in Mainland China is expected to reach RMB222.7 billion for 2029 from RMB170.3 billion for 2024. The FMCG paper consumer packaging market is expected to continue to advance driven by factors such as supportive policies for environmentally friendly packaging, and advancements in technology capabilities of paper packaging enterprises. At the same time, a large number of paper packaging SMEs are expected to exit the market as only large paper consumer packaging providers can cater to the needs of top-tier FMCG enterprises, encouraging leading larger enterprises to expand their market share through consolidation. As a leading one-stop FMCG paper packaging company, we expect to benefit from these growth opportunities.

Our Operational Achievements

During the Track Record Period, our business continued to grow. According to CIC, we ranked second among China's B2C outbound e-commerce players based on revenue generated through social media e-commerce business in Asia in 2024, with a market share of 1.3%. During the Track Record Period, we had fulfilled more than 41 million orders for approximately 17.0 million consumers, and had more than 611,000 SKUs. In 2024, our ROI was 191.1%, which was higher than the industry average, according to CIC. For each year of the Track Record Period, our order fulfillment rate ranged from 84.9% to 88.4%. Our cross-border social e-commerce business is equipped with excellent operation and inventory management capabilities. For each year of the Track Record Period, the inventory to sales ratios of our cross-border social e-commerce business amounted to 3.7%, 3.2% and 4.0%, respectively, which were below the industry average, according to CIC. As testament to our industry recognition, we were awarded Global Pioneer (全球領航獎) by TikTok for Business in 2023.

In terms of our paper packaging business, leveraging our high-quality and professional service, we have continued to maintain long-term relationship with leading FMCG enterprises. We have established close cooperation with well-known FMCG enterprises, such as Yili and Luckin Coffee, and a number of world-leading QSR companies with operations in Mainland China. Our production volume of paper packaging business witnessed a continuously increasing trend during the Track Record Period, from 846.7 million sq.m. for 2022 to 925.3 million sq.m. for 2023, and further to 1,026.1 million sq.m. for 2024. For each year of the Track Record Period, we achieved production utilization rates of approximately 63.2%, 55.7% and 56.2%, respectively, for our packaging products. We are also capable of managing our packaging inventory in an efficient manner. For each year of the Track Record Period, the inventory turnover days of our paper packaging business amounted to 58.7 days, 57.4 days and 54.5 days, respectively, which were below the industry average, according to CIC. As testament to our industry recognition, we ranked fifth in the "Top 100 Chinese Printing and Packaging Enterprises" published by Printing Manager Magazine in 2022.

OUR COMPETITIVE STRENGTHS

Committed to continuously adapting, discovering and developing popular products and services, and empowering Chinese brands to reach the world through digitalization, we believe the following competitive strengths have contributed to our success:

We are an industry leader among B2C outbound social media e-commerce companies selling products in Asia.

We are among the first B2C outbound social media e-commerce companies strategically focusing on the Asian market. Riding on the rapid growth of the retail e-commerce industry in Asia and the flourishing of social media, we started our cross-border social e-commerce business in 2017. According to CIC, we ranked second among China's B2C outbound e-commerce players based on revenue generated through social media e-commerce business in Asia in 2024.

The business model of our cross-border social e-commerce business is distinctive of the business model of selling on third-party e-commerce platforms in various aspects, including access to user traffic, specific requirements on sellers and capital expenditures. Although this business model has higher entry barriers, it provides us with greater flexibility necessitating less upfront cost of maintaining significant inventories and allowing us to be more adaptive to market trends. This model also provides us with more flexibility to accumulate data insights to better understand consumer needs and preferences, which enhances the efficacy of our product discovery, advertisement placement, supply chain management, and logistics management capabilities. Furthermore, we are not reliant on Internet traffic from any single third-party platform or having to maintain online stores on e-commerce platforms, and can flexibly place advertisements on the social media platforms that maximize marketing efficacy and our profitability. Our business model allows us to effectively leverage social media traffic, which is recognized as the fastest-growing source of Internet traffic in China's B2C outbound e-commerce market, according to CIC. Unlike companies which sell their products on e-commerce platforms, our distinctive model also provides us with business autonomy, as we are not subject to the seller restrictions imposed by third-party e-commerce platforms. We apply a wide-array product strategy, which provides us with the freedom to swiftly adapt to the latest market trends for product discovery without being restricted to any brand or any product category.

Our cross-border social e-commerce business connects suppliers in Mainland China with consumers across Asia, as well as Europe and North America. We place advertisements on global mainstream social media platforms, including Meta (including Facebook and Instagram), TikTok, Google (including YouTube), Line, Snapchat and X (formerly Twitter). We closely follow market trends to iteratively discover and sell high quality Chinese consumer goods at a competitive price to consumers around the world, cumulatively selling to approximately 17.0 million consumers during the Track Record Period. We offer a product portfolio covering a wide array of product categories, and had more than 611,000 SKUs during the Track Record Period. For each year of the Track Record Period, the number of our fulfilled orders amounted to 11.7 million, 16.4 million and 13.8 million, respectively, achieving economies of scale.

For each year of the Track Record Period, revenue from our cross-border social e-commerce business amounted to RMB3,106.6 million, RMB4,256.6 million and RMB3,365.9 million, respectively. Our accomplishment and leadership have been widely recognized in the industry. In particular, we have been awarded Global Pioneer (全球領航獎) by TikTok for Business in 2023.

By leveraging data insights accumulated from cross-platform and cross-region transactions and our relentless technological innovation, we believe we are well positioned to seize the significant growing business opportunities in the B2C outbound social media e-commerce market in Asia.

Our integrated AI technologies permeate our comprehensive, effective and scalable operating system.

Our cross-border social e-commerce business is effective and flexible, allowing us to navigate the complex cross-border social e-commerce business environment and address diverse consumer needs. Since the launch of our cross-border social e-commerce business in 2017, we have continued to train and strengthen our data analytical capabilities and AI technologies, including AI pendant models, machine learning and big data analytics.

We have integrated AI technologies into our entire business process, and continuously drive the transformation of our business from digitization (數字化) to digitalization (數智化). Corresponding to key processes in cross-border social e-commerce, we successfully developed AI technologies covering product discovery, image material design, video material generation, advertisement copywriting and translation, precise product recommendation, advertisement placement and customer service, to elevate our level of digitalization.

Product Discovery. Our Giikin system can assist our product discovery team to localize our product discovery strategies, ensuring the discovered products cater to local consumer needs and preferences. We deploy a product discovery tool embedded in our Giikin system to analyze historical and current market trend data, helping us ascertain what goods to sell and what geographic locations to sell them at based on consumer needs and preferences. This tool visualizes expected popularity and profitability of product candidates by ranking them in a certain order based on different characteristics, which enables our product discovery team to efficiently make decisions.

Landing Page Generation and Advertising Development. Leveraging self-developed AI technologies, we overcome a complex e-commerce environment in Asia with different cultures, languages, ethnicities and expressions. For example, we self-developed ChatGiiKin-6B, an e-commerce text-based pendant model, to enrich product label data in real time and to automatically generate product titles, keywords and descriptions in diverse languages with different prompts and assisting our product discovery team to quickly distill a product's selling points and automate advertisement content generation. We also cater to esthetic standards of different countries and regions and seek to appeal to our target consumer audience by adapting different models to maximize appeal to the target consumer audience. Through GiiAI, our product discovery team conveniently replaces background music and translates subtitles to rapidly generate high-quality video advertisements. These images, texts and videos further enrich our libraries of advertising materials, improving our product discovery team's efficiency in material production. For details on our landing pages, see "– Our Cross-border Social E-commerce Business – Landing Page Generation."

Advertisement Placement. Based on characteristics of the products, our Giikin system can select the target consumer audience and advertisement styles to enhance the precision of advertisement placement and maximize profitability. G-king, our technology-powered advertisement placement assistant, is embedded in our Giikin system, which is connected to the advertising systems of social media platforms such as Meta (including Facebook and Instagram), TikTok and Google (including YouTube) through API. G-king analyzes advertising data to recommend more effective advertising recommendations for our advertisement optimizers, assisting them in making decisions on advertising budgets in a cost-effective manner.

Purchase and After-Sales Services. We utilize an AI bot to empower and facilitate our cross-border social e-commerce business expansion. The AI bot assists in translating diverse languages and generating automatic responses, enabling us to provide purchase and after-sales services to consumers from different countries and regions without having to engage local customer service staff.

Our digitalization efforts have significantly enhanced our operation capabilities and effectively converted our manual management processes into standardized and scalable systems. In 2024, our ROI reached 191.1%. For each year of the Track Record Period, our order fulfillment rate ranged from 84.9% to 88.4%. We have also successfully deployed AI technologies to allow us to extend our data analytical capabilities and experience to more countries and regions, assisting in our swift expansion. We employ our Giikin system to discover popular products, and we replicate our data analytical capabilities in new geographic locations to precisely place localized advertisements and provide after-sales services in new countries and regions through social media platforms. Benefiting from this, we expand and replicate our business to new regions using a small team of product discovery, advertisement placement and content generation staff.

Our dynamic data analytical capabilities provide a solid foundation for our social e-commerce business model.

Owing to our first-mover advantages, we have accumulated a large amount of consumer behavior data insights generated from our cross-border social e-commerce business, based on which we conduct data analysis and build our algorithm capabilities. Through our business operations, we have accumulated in-depth understanding of the ROI of advertisement placement on a wide range of channels. Distinguished from traditional e-commerce platforms, we obtain social media platform user data analysis from digital marketing service providers and social media platforms, which allows us to precisely assign tags to products when placing advertisements and efficiently conduct re-marketing to other consumers who have the same or similar needs. The data analysis provides us with information such as the number of clicks by user type and click conversion rate by time and/or by location. In addition, as of December 31, 2024, our Giikin system had accumulated data regarding more than 611,000 SKUs including pricing and popularity. During the Track Record Period, our databases and libraries of advertising materials had stored over 5.8 million pieces of advertising materials. We have developed our proprietary product relationship matrix with product tags, platform user tags and transaction information that precisely displays the relationship between characteristic profiles of users from different geographical locations and relevant products. This matrix has provided us with a solid foundation to further enhance our AI modeling capabilities.

Our data analytical capabilities are one of our core competitive strengths. We continue to invest in R&D to maintain our advanced technology capabilities, such as AI, machine learning and big data analytics. We insist on independent development of our technology infrastructure, including developing our big data models and algorithms. Our data analytical capabilities are the basis of our social e-commerce business model to discover target customers actively and precisely, and have enabled us to maintain profitability. Through our data analytical capabilities, we focus on precisely recommending one to two products which are best matches to selected consumers to achieve a higher ROI. Our AI models are capable of analyzing a large amount of real-time transaction data, including the fulfillment rate, product costs, and logistics costs, and precisely estimating the pricing of each product, allowing us to discover products with high profitability. For each year of the Track Record Period, our ROI was 208.3%, 189.8% and 191.1%, respectively, which were higher than the industry average, according to CIC.

We possess effective and sophisticated supply chain management capabilities for our cross-border social e-commerce business to enhance consumers satisfaction and optimize cost control.

We manage our supply chain for our cross-border social e-commerce business through maintaining a certain level of inventory for specific products and purchasing products from suppliers after we receive orders from our consumers if the ordered products are not available in our warehouses. This model allows us to maintain a lower inventory to sales ratio than other companies in the industry. For each year of the Track Record Period, our inventory to sales ratio amounted to 3.7%, 3.2% and 4.0%, respectively. This supply chain management model is supported by our automated procurement and logistics management system. Our Giikin system integrates data insights from product suppliers and logistics service providers to achieve automated management of each logistics process including transportation, delivery and receipt. Through this process, we estimate the time needed for product procurement and logistics delivery to allow us to minimize our cost and inventories while ensuring that consumer experience is not affected. Through the AI models, we can estimate the demand for our products, allowing us to accurately plan our procurement strategy. Additionally, to process a large number of incoming orders from our consumers every day, we developed an automated order system embedded in our Giikin system, through which we negotiate with suppliers online on pricing of products and place orders in an automated manner with limited human intervention.

We have established a comprehensive supplier management system, allowing us to manage our supply chain network. Leveraging the data connection between us and our suppliers, we can achieve fast delivery of a large number of orders within a short period of time. We (1) directly purchase products from suppliers whom we have on-boarded to our supplier management system or (2) purchase products from suppliers registered on 1688.com, an integrated wholesale marketplace operated by Alibaba Group Holding Limited. As of December 31, 2024, we had onboarded over 1,000 suppliers to our comprehensive supplier management system. Leveraging our scale and close cooperation with suppliers, our suppliers are typically willing to deliver products to us quickly at a reasonable price. We can also predict the time needed for products to be shipped from our suppliers to our leased warehouses. For products that are not supplied by existing suppliers, as well as piecemeal orders, we continue to cultivate relationships with high-quality suppliers through third-party procurement platforms, and gradually onboard them on to our supplier management system. With our access to abundant supplier resources and effective management, we have greater flexibility to discover popular products and to provide overseas consumers with high-quality, competitively priced, versatile and esthetically pleasing products produced in Mainland China.

We have established robust relationships with logistics service providers, allowing us to provide consumers with flexible delivery options and efficient logistics services. As of the Latest Practicable Date, we leased two warehouses in Dongguan, Guangdong Province and Jinjiang, Fujian Province, and utilized third-party warehouses operated by logistics service providers as part of the services they provided to us. Our Giikin system enables us to select logistics service providers with the lowest price and fastest delivery within our pool of logistics service providers that satisfy shipping requirements based on product characteristics and delivery regions. This allows us to achieve same-day dispatch for a majority of products and ensures that products are delivered typically within seven days, providing a smooth shopping experience to consumers from order placement to receipt of product.

Through API, our Giikin system is connected with the warehouse management systems of our leased warehouses and our logistics service providers, realizing the automated management of the entire logistics process including transportation, delivery and receipt. Our Giikin system can track the location and status of products in real time. Our customer service team works closely with the logistics service providers to understand the latest logistics status, allowing us to respond promptly to customer queries.

Through breakthroughs in marketing designs and R&D, we provide paper packaging products that continuously maintain our long-term relationship with leading FMCG enterprise customers.

We are among a limited number of FMCG paper packaging companies in Mainland China that can provide a one-stop service from marketing strategies, product design, process design and technology planning, production, to transportation and logistics. Deeply engrained with creativity and leveraging our in-depth understanding of enterprise customers and the latest ESG trends, we provide a full suite of paper packaging products for enterprise customers to meet their comprehensive packaging needs for various types of products.

We focus on the creativity of packaging design, while also understanding functional requirements as the basis for process design and technology planning. We are dedicated to actualizing any paper packaging ideas for our FMCG enterprise customers, in the same way as "turning a script into a film". We insist on a customer-centric approach to provide esthetically pleasing, practical, environmentally friendly and cost-effective paper packaging products. With more than 20 years of experience in the packaging industry, we have become a leader in China's FMCG paper consumer packaging industry with significant competitive strengths. We ranked first among FMCG paper consumer packaging companies in Mainland China in 2024, based on revenue, according to CIC. We ranked fifth in the "Top 100 Chinese Printing and Packaging Enterprises" published by Printing Manager Magazine in 2022. We operate 10 large-scale printing and packaging production facilities across Mainland China to cater for our enterprise customers' business needs across the entire packaging value chain from packaging design to transportation and logistics.

We have established stable cooperative relationships with enterprises that are leaders in various different sub-categories in the FMCG industry, such as Yili and Luckin Coffee, and a number of world-leading QSR companies with operations in Mainland China. At the same time, we continue to develop relationships with new enterprise customers. During the Track Record Period, we became a paper packaging product provider for global leading FMCG enterprises such as Woolworths, Australia's No. 1 chain supermarket, and McDonald's, the world's leading western-style fast food chain restaurant, and became our enterprise customers' important supplier.

We continue to refine our technology to improve packaging efficiency and service quality in a number of areas:

Creative design. Our packaging ideas integrate various elements such as enterprise culture, esthetics, raw materials and technical processes. We observe and study the market and accumulate experience through extensive cooperation and active dialog with our enterprise customers. We understand our enterprise customers' needs, help them design and improve their packaging, and provide proposals to address their problems. During the production and sales process, we continue to understand any changes in their needs through feedback they provide, and continuously improve our paper packaging products, enabling our enterprise customers' packaging to stand out among their competitors.

R&D and Technology. Our technology innovation capabilities empower us to continuously advance as a leader in the industry. We have mastered advanced printing technologies, and achieved significant competitive advantages in pre-printing processing technologies including process design and technology planning. As of March 31, 2025, we owned 362 patents and 17 software copyrights, in relation to the design and manufacture of packaging.

Quality. Our products are widely used in the outer packaging of FMCG, which requires our products to maintain high quality. We strictly control the selection of production materials, and for each crucial production process, we have installed advanced testing equipment. We have established internal enterprise technical standards and quality management systems providing us with significant control over product quality through the entire production process, to ensure we meet our enterprise customers' quality requirements. We have obtained various professional certifications, including ISO9000 quality management system, ISO14001 environmental system, BRCGS ETRS social responsibility, and FSC international organization certification standards.

Environmental protection. We strive to be at the forefront of the industry in ESG and sustainable development. In support of China's plastic reduction policy, we were among the earliest enterprises in Mainland China to proactively design environmentally friendly packaging, such as lightweight paper packaging, and strategically enhanced our production capability of green packaging. We continue to respond to the environmental protection and low-carbon needs of our enterprise customers, and strengthen our R&D efforts in green packaging. We possess industry-leading environmentally friendly technologies and processes such as biodegradable materials and inkjet.

Digitalization. We continue to enhance the level of digitalization across the entire packaging production process. In design, through the use of design software, virtual reality technology and augmented reality technology, we are able to design and finalize paper packaging products more quickly and accurately. In addition, we analyze our enterprise customers' historical design requirements and feedback to optimize designs to make them more attractive and functional. In production, we use vision technology to automatically detect and identify issues in our product to improve product quality and reduce defects.

Our resilient organizational structure is led by visionary senior management team.

Our senior management team has extensive industry experience covering FMCG packaging, cross-border e-commerce and Internet digital marketing, contributing to their in-depth understanding of our business development and strategies. Ms. Zhuang Hao (莊浩), our founder, executive Director and general manager, has over 25 years of experience first in the advertising and packaging industry and then in the social e-commerce industry. Under her leadership, we expanded our revenue base from a marketing design business to a one-stop paper packaging business, while at the same time substantially increasing our revenue. Owing to her leadership and decision-making capacities, in 2017, we captured the business opportunities in cross-border e-commerce and successfully established an additional revenue growth channel. Mr. Wang Yapeng (王亞朋), the chairman of the Board of Directors and an executive Director, has more than 20 years of experience in the Internet marketing and cross-border commerce industry, and has consistently focused on providing overseas integrated marketing solutions and technology services to export enterprises in Mainland China. Since joining us in 2017, he has led a team with extensive experience in diverse fields such as cross-border e-commerce, precision marketing, advertisement placement and technology R&D, successfully growing our cross-border social e-commerce business in Asia, as well as Europe and North America, and guiding its cross-regional expansion. For our paper packaging business, our core team has been engaged in the printing and packaging industry for a long time and possesses extensive industry technical expertise and rich management experience. Mr. Zhang Heping (張和平), the vice chairman and deputy general manager, has nearly 30 years of experience in the printing and packaging industry. Our management team has established long-term and close cooperation with leading FMCG enterprises, allowing them to understand enterprise customer needs, have their pulse on the latest industry trends, and make bold decisions to develop and grow our business.

We believe that an efficient organizational structure is the key to our healthy development. Our cross-border social e-commerce business runs on a distinctive flat organizational structure combining small front-end teams supported by our centralized control functions. We have established several front-end teams that we call "families", each of which are assigned a business process including product discovery, advertisement placement and advertising material generation. These "families" are assessed based on a standard that prioritizes profitability, while taking into consideration strategic contributions. This standard, combined with a "horse-racing" mechanism, fosters virtuous competition and synergies among "families", enhancing our market expansion capabilities and industry competitiveness. Our middle and senior management teams act as the guardians of these "families" to support, coordinate and provide them with middle-to-back-end business process including supply chain, IT system and customer service to empower them with tools to maximize our profits.

Our vibrant employees are engrained with a diligent attitude, adaptability to change, and innovative mindset, providing a solid bedrock for our growth. We also continuously cultivate an atmosphere of "encouraging innovation and allowing trial and error", which enables our employees to think big and make breakthroughs. We also attach significant importance to incentivizing our employees. We purchased our A Shares from the secondary market in 2024, amounting to RMB86.0 million, to replenish our equity incentive scheme for our employees. As of December 31, 2024, our 2022 Employee Share Ownership Plan and 2023 Restricted Share Incentive Plan included a total of 228 employees of our Group.

OUR STRATEGIES

Leveraging our competitive strengths and with access to more international resources upon Listing, we intend to pursue the following strategies:

Deepen penetration in existing markets and expand our global footprint

Since the launch of our cross-border social e-commerce business, we have been strategically focusing on Asia and have achieved operational excellence in regions including Japan, South Korea, Thailand and Saudi Arabia. By capitalizing on our access to abundant, diverse, competitively priced and high quality consumer products in Mainland China and Mainland China's advantageous geographical location in Asia, we plan to further establish our footprint in other regions in Asia, such as Indonesia, the most populous country in Southeast Asia in 2022, and Vietnam. According to CIC, in 2024, in terms of revenue, the market size of China's B2C outbound social media e-commerce in the Asian market amounted to US$29.1 billion. It is anticipated that the market size will increase to US$69.5 billion in 2029, with a CAGR of 19.0% from 2024. With the ongoing proliferation of the mobile Internet in the Asian region, China's B2C outbound social media e-commerce in the Asian market is poised to exhibit significant growth potential in the future. It is anticipated that the social media penetration rate in Asia, excluding Mainland China, will increase to 55.0% by 2029, opening up even more opportunities for social media e-commerce, providing us with sufficient opportunities for growth in the Asian market. Leveraging our knowledge of Asian consumers and industry knowhow we accumulated through our past success, we believe we are well positioned to achieve such expansion.

In addition, leveraging our multi-lingual capabilities that have had proven success in Asia, we intend to replicate our success in Europe to achieve greater economies of scale. We intend to steadily expand into Europe, while continuing to expand to geographic regions with high growth potential for cross-border social e-commerce, such as Latin America. According to CIC, as measured by revenue, the size of the B2C outbound social media e-commerce market in (i) Europe is expected to reach US$26.6 billion for 2029 from US$11.9 billion for 2024, with a CAGR of 17.5%, and (ii) Latin America is expected to reach US$11.8 billion for 2029 from US$4.7 billion for 2024, with a CAGR of 20.0%. Applying our experience and our proven capabilities in data analytics, we intend to swiftly gain an in-depth understanding of consumer characteristics in these regions, create localized advertisements and landing pages through leveraging our localization capabilities, and precisely place advertisements on social media platforms that are popular locally.

To expand our footprint, we intend to recruit more sales and marketing personnel in Mainland China to facilitate our expansion in Europe and Latin America as well as regions in Asia that we have not established our footprint. We intend to establish footprint in these new markets rapidly, allowing us to quickly gain market share.

We intend to allocate 40% of the net proceeds from the Global Offering to overseas market expansion. See "Future Plans and Use of Proceeds."

Continue to invest in R&D to continuously enhance the application of AI

We seek to enhance our business efficiency and data analytical capabilities through continued investment in AI algorithms and our proprietary Giikin system. We employ AI algorithms to discover goods, generate advertisement content, place advertisements, and provide purchase and after-sales services to our consumers. We intend to optimize our technology infrastructure through deepening our cooperation with leading AI model developers and similar technology companies to develop and apply advanced machine learning and deep learning technologies to our business and continuously update and enrich our AI model libraries. With the data we accumulated from operating our cross-border social e-commerce business, these AI algorithms can be further trained to enhance their efficacy, which would in turn help us to maintain our leadership in the market.

Furthermore, we plan to enhance our data analytical capabilities through equipping our Giikin system with advanced data analytics tools that are empowered with AI, such as statistical analysis, machine learning and data mining, which will allow us to draw deeper and more accurate insights, and enhance the accuracy of our algorithms and improve the efficacy of our advertisement placement efforts. We will also continue to optimize our existing predictive models to enhance our capability to discover popular and profitable products by more accurately gauging popularity and sales potential. In addition, we continue to enhance our AI algorithms used to analyze the behavior and preferences of consumers in different regions and on different social media platforms, allowing us to generate more personalized advertisements and landing page designs and provide a more seamless user experience. We also plan to use advanced digital channel management and content distribution technologies to achieve synergies and improvements in our product discovery capabilities and landing page designs across different social media platforms. Specifically, we plan to invest in various hardware infrastructure to enhance the functionality and security of our Giikin platform and recruit research and development professionals to support our R&D efforts.

In addition, we plan to further enhance our operational efficiency and lower our logistics costs through deep integration of AI into our business processes. For example, we will further enhance our order management, warehouse management and customer service capabilities in our cross-border social e-commerce business. Through such functional upgrades, we seek to enhance our ability to identify and resolve consumer and order issues in a timely manner, ensure smooth delivery of orders globally and improve customer satisfaction, which would translate into higher order fulfillment rates. For our paper packaging business, we intend to apply AI technologies to develop packaging design applications to allow us to create new packaging designs with higher efficiency and to generate diversified and customized packaging designs to further increase our competitiveness.

We intend to allocate 30% of the net proceeds from the Global Offering to enhance our AI and data technologies. See "Future Plans and Use of Proceeds."

Develop our own brands to build brand value and capitalize on our proven data analytical capability

We plan to build a multi-brand product matrix to enhance our ability to address consumer needs, and to continue to increase our market share in the global cross-border social e-commerce market and our revenue generating capabilities. As of the Latest Practicable Date, we had six brands including SENADA BIKES, Veimia, Konciwa and PETTENA. Under these brands, we sold products ranging from electric bikes, lingerie, UV umbrellas and pet accessories on our designated brand websites as well as e-commerce platforms. We intend to continue to strengthen brand awareness and consumer stickiness of our existing brands and capitalize on our data analytics and precision marketing capabilities which would allow us to apply experience and insights accumulated from our cross-border social e-commerce business. At the same time, we plan to cooperate with e-commerce platforms to enhance the popularity of our brands in their respective product categories. In addition, we intend to enhance our marketing efforts on various social media platforms and cooperate with celebrities and KOLs to promote our own brands.

We intend to cultivate our own brands portfolio, through a combination of internal incubation and external acquisition. Through our cross-border social e-commerce business, we have accumulated deep understanding of consumer needs and preferences in different geographic regions. As our data analytics capabilities continue to improve and be refined, we are able to develop products and formulate differentiated branding strategies that are increasingly tailored to the demands and preferences of consumers in certain geographic regions, while creating a brand that has the advantages of products that are manufactured and designed in Mainland China. Additionally, according to regional and market characteristics, we intend to develop brands associated with high-quality products that are specifically customized to different consumer cohorts, as well as brands that differentiate themselves, which can satisfy the needs and preferences of a broad range of consumers. We have established an internal brand incubation process and entrepreneurship teams to encourage employees to propose innovative projects. We strictly screen participants in the teams and conduct regular evaluation to assess the quality and feasibility of the proposed projects and continue to refine them. In addition, we intend to establish a marketing center and recruit a team of marketing professionals to support the promotion and marketing of our own brands developed by our entrepreneurship teams. We plan to continuously improve our internal incubation process to provide opportunities for our employees to innovate and for our company to thrive.

We also seek to acquire any existing brands that have achieved leading position in certain categories on leading e-commerce platforms, distinctive brand recognition, an existing well-established supply chain and a high customer repurchasing rate. Through cooperating on resources, operations and R&D, we seek to realize any synergies and complementary benefits from acquired brands. Through consolidating supply chain resources, technologies and talents, we believe we can enhance our competitiveness globally, as well as providing higher-quality products to our consumers.

We intend to allocate 15% of the net proceeds from the Global Offering to expansion of our brand portfolio. See "Future Plans and Use of Proceeds."

Continue to build GiiMall, our proprietary SaaS platform, to facilitate global expansion of local SMEs

Benefiting from our industry experience, we have developed GiiMall, a one-stop service SaaS platform that empowers Mainland China-based e-commerce SMEs to sell their products abroad. We specifically target SMEs that manufacture high-quality products but lack the highly effective operational capabilities of cross-border e-commerce companies to sell products overseas. We replicate our own experience to provide suppliers with a full-suite of services along the entire value chain, covering supply chain, landing page generation, advertisement placement, cross-border logistics and cross-border payment, and automated translation services. Through GiiMall, we help suppliers tackle challenges faced in the cross-border social e-commerce business, such as language barriers, different currency systems and payment methods, and difficulties in localizing marketing, as well as the complexity and uncertainty associated with cross-border logistics in certain areas.

We intend to further enhance the technology capabilities and functions of our SaaS platform through equipping GiiMall with advanced technologies and more modules to address the changing needs of suppliers while ensuring the stability and security of the platform. Specifically, we plan to build more applications, such as smart advertisements, and enhance our existing applications, such as AI translation, automated customer service and automated image and video processing, on GiiMall. Through continuous innovation and iterative development of GiiMall, we intend to create a robust SaaS-based ecosystem with rich functions allowing the sharing of permissioned data and resources to facilitate synergies among different participants.

We intend to promote our SaaS services to suppliers with local specialized products that have access to a mature supply chain, and suppliers established in local cross-border e-commerce industrial parks who have sufficient cross-border business experience. Building on this, we seek to further expand our SaaS services to all SMEs which seek to sell their products to consumers overseas. Through this strategy, we seek to connect these three kinds of companies on our SaaS platform to form a mature ecosystem. In addition, we plan to promote our GiiMall SaaS business through various sales and marketing channels to reach more suppliers, including on-the-ground promotion team to reach suppliers in specific areas, various online marketing methods and participation in industry exhibitions. We are also considering strategic cooperation with other established players in the industry to share resources and, leveraging their established position in the market as well as their platforms, promote our SaaS services and brand through their platforms, so as to propel our SaaS services to become the top choice for Mainland China-based SMEs to facilitate their sales overseas.

We intend to allocate 5% of the net proceeds from the Global Offering to enhance GiiMall. See "Future Plans and Use of Proceeds."

Optimize our supply chain management for our cross-border social e-commerce business

We will further optimize our supply chain management by strengthening our cooperation with cost-efficient suppliers, who meet our quality standards and delivery requirements, to support the expansion of our wide-array product portfolio. We intend to enter into strategic or exclusive cooperations with qualified suppliers to onboard them on to our proprietary product discovery and supply chain management system. We will continue to strengthen our continuous digitalization efforts and upgrades of our supply chain management capabilities, enhance our supplier management system and improve logistical processes with our key suppliers to better manage our resources. We believe this would reduce our procurement costs, and increase our logistical and operational efficiency, which would enhance our revenue generating capabilities as well as market competitiveness.

At the same time, in order to serve consumers from different geographic regions across the globe, we intend to build differentiated logistics management systems based on distinct features in different markets and geographic regions to optimize our warehousing and logistics management. Through achieving a more efficient and cost-effective distribution process, we believe we can increase consumer satisfaction and loyalty as well as enhancing our operational efficiency. We also plan to optimize and enrich our payment channels to reduce transaction fees and increase order completion rate, ultimately translating into more efficient cash management.

Continue to invest in green paper packaging products

As a pioneer in the field of green paper packaging products in Mainland China, we provide green packaging to renowned FMCG companies, such as Woolworths, Yum Group, McDonald's. As sellers of high-frequency consumer goods used in everyday life, companies in the FMCG industry need to build an environmentally-friendly and sustainable operations and brand image among their consumers. In line with regulatory policies in many countries around the world and the global trend of adopting green packaging, we will continue to invest in green packaging and develop innovative and sustainable green packaging for FMCG products for our enterprise customers to meet their ESG requirements. We expect to continue to utilize our cash from operations for investment in green paper packaging products.

In addition, we intend to continuously expand our green paper packaging products to further increase our market share. In particular, we intend to enhance the application of AI technologies in the design and quality inspection of our packaging products. We also plan to cooperate with research institutions to introduce advanced manufacturing technologies and materials, which would reduce pollution in the production process and enhance the sustainability of our packaging, as well as to develop innovative packaging products and services tailored to our enterprise customers' specific market needs.

OUR BUSINESS MODEL

Our operations span across our cross-border social e-commerce business and FMCG paper packaging business. Innovation is our core value. Since inception, we have been a business focused on advertising and promoting products by continuously adapting to consumption trends and consumer needs. We have utilized our marketing capabilities and insights to innovate and diversify our business model which is comprised of two primary businesses: (i) cross-border social e-commerce business, and (ii) paper packaging business. We also engage in other businesses, including providing precision marketing services.

Founded more than 20 years ago, we began as a paper packaging business, providing innovative product design and manufacturing services to a wide range of businesses in Mainland China, including food and beverage, catering, and daily necessities. Our packaging seeks to not only have a functional purpose to carry and protect products, but also attract consumers to purchase the products by displaying the products in their best light with sophisticated designs. In 2024, we ranked first among FMCG paper consumer packaging companies in Mainland China, based on revenue, according to CIC. We provide one-stop paper packaging products and services addressing our enterprise customers' paper packaging needs, from marketing strategies, product design, process design, technology planning, to transportation and logistics. Through our paper packaging business, we have been continuously accumulating experience through collaborating with a variety of industries that are flourishing in Mainland China, adapting to and preempting changes in consumer needs and preferences and managing extensive supply chains. In addition, following the long-term trend of Chinese national policies promoting a green and low-carbon economy, we actively develop and apply environmentally-friendly materials and techniques to manufacture our products, including color packaging cartons/boxes, eco-friendly paper bags and food packaging.

Leveraging the experience from designing packaging to promote and attract consumers, we gathered insights on how to further promote products and observed opportunities for us to incorporate e-commerce into our business model by extending to product discovery, advertisement placement, as well as procurement and delivery to consumers. Building on these insights and observing a fast-growing trend in social media and mobile Internet usage in Southeast Asia, in 2017, we started our cross-border social e-commerce business to take advantage of the growth potential in the Southeast Asia e-commerce market. Adopting a social e-commerce business model to discover target customers actively and precisely, leveraging our data analytical capabilities, we carefully select our products and had more than 611,000 SKUs during the Track Record Period, which we precisely recommend to consumers through social media platforms, such as Meta (including Facebook and Instagram), TikTok, Google (including YouTube), Line, Snapchat and X (formerly Twitter), by assigning tags to our products identifying their precise target consumer audience. Based on our in-depth understanding of consumer behavior and our superior data analytical capabilities deployed through algorithms and models, we match the products with consumer needs and accurately place advertisements to draw consumers to landing pages that facilitate the purchase of third-party products we sell. We also sell products ranging from electric bikes, lingerie, UV umbrellas and pet accessories under our own brands including SENADA BIKES, Veimia, Konciwa and PETTENA on our designated brand websites and e-commerce platforms. Our cross-border social e-commerce business has a broad geographic footprint. During the Track Record Period, we sold our products to consumers in Asia, as well as Europe and North America.

The following table sets forth a breakdown of revenue by business segment for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	Revenue	%	Revenue	%	Revenue	%
	RMB'000		*RMB'000*		*RMB'000*	
Cross-border social e-commerce	3,106,601	57.8	4,256,637	63.6	3,365,903	60.9
Paper packaging	1,982,591	36.9	2,096,606	31.3	2,099,461	38.0
Others(1)	286,692	5.3	341,438	5.1	63,895	1.1
Total	**5,375,884**	**100.0**	**6,694,681**	**100.0**	**5,529,259**	**100.0**

Note:

(1) Others mainly comprise our marketing and advertising business and incidental trading business. For further details, see "– Our Other Businesses" in this section.

Revenue breakdown by geographical market

The following table sets forth the breakdown of our total revenue by geographical market for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue						
Northeast Asia(1)	1,794,364	33.4	2,541,774	38.0	1,738,742	31.4
Mainland China(2)	2,190,291	40.7	2,309,038	34.5	2,037,028	36.8
Southeast Asia(3)	677,902	12.6	846,808	12.6	661,433	12.0
Middle East(4)	409,467	7.6	385,919	5.8	341,777	6.2
Europe(5) and North America(6):						
– U.S.	171,880	3.2	121,008	1.8	126,935	2.3
– Europe and other countries in North America	83,819	1.6	388,533	5.8	520,899	9.4
Others(7)	48,161	0.9	101,601	1.5	102,445	1.9
Total	**5,375,884**	**100.0**	**6,694,681**	**100.0**	**5,529,259**	**100.0**

Notes:

(1) Northeast Asia primarily includes Japan, South Korea, Hong Kong SAR and Taiwan.

(2) Includes our paper packaging business and other businesses in Mainland China only. For details, see "Business – Our Paper Packaging Business" and "Business – Our Other Businesses".

(3) Southeast Asia primarily includes Thailand, Malaysia, Singapore and the Philippines.

(4) Middle East primarily includes Saudi Arabia and United Arab Emirates.

(5) Europe primarily includes Italy, Germany and Poland.

(6) North America primarily includes Canada and the United States.

(7) Includes revenues primarily generated from our paper packaging business in other countries or regions, such as Australia and New Zealand.

The following table sets forth the breakdown of our cost of sales by business segment for the periods indicated, both in actual terms and as a percentage of our total cost of sales:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cost of sales						
Cross-border social e-commerce	1,269,838	39.7	1,571,742	43.8	1,329,134	42.8
Paper packaging	1,682,064	52.6	1,703,450	47.4	1,724,280	55.4
Others	245,129	7.7	315,186	8.8	56,530	1.8
Total	**3,197,031**	**100.0**	**3,590,378**	**100.0**	**3,109,944**	**100.0**

The following table sets forth the breakdown of our gross profit and gross profit margin by business segment for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cross-border social e-commerce	1,836,763	59.1	2,684,895	63.1	2,036,769	60.5
Paper packaging	300,527	15.2	393,156	18.8	375,181	17.9
Other	41,563	14.5	26,252	7.7	7,365	11.5
Total	**2,178,853**	**40.5**	**3,104,303**	**46.4**	**2,419,315**	**43.8**

OUR CROSS-BORDER SOCIAL E-COMMERCE BUSINESS

Since the launch of our cross-border social e-commerce business in 2017, we have been selling a portfolio of products carefully selected for consumers in a number of countries or regions in Asia, as well as Europe and North America. We sold products to approximately 17.0 million consumers during the Track Record Period. According to CIC, we ranked second among China's B2C outbound social media e-commerce players based on revenue generated in Asia in 2024 through social media e-commerce business, with a market share of 1.3%. For each year of the Track Record Period, revenue from our cross-border social e-commerce business amounted to RMB3,106.6 million, RMB4,256.6 million and RMB3,365.9 million, representing 57.8%, 63.6% and 60.9% of our total revenue, respectively.

Contrary to the passive approach of traditional e-commerce model where customers have to discover goods, we adopt an active social e-commerce business model by actively and precisely discovering our target customers, where we precisely recommend products that we carefully select to social media users through social media platforms by assigning tags to our products to match them with their precise target consumer audience, converting users of the social media platforms into our consumers while capitalizing on their adhesiveness to these social media platforms which have formed an integral part of their daily lives. Leveraging our data analytical capabilities, we seek to attract consumers to our landing pages to purchase our products.

We have extensive access to a vast pool of products which we select using our data analytical capabilities. During the Track Record Period, we had more than 611,000 SKUs. Our products are primarily procured (i) directly from suppliers whom we have on-boarded to our supplier management system, or (ii) from suppliers registered on 1688.com, an integrated wholesale marketplace operated by Alibaba Group Holdings Limited. We provide a wide-array of products, including household products, apparel products, electronic products, footwear products, luggage and bag products, cosmetic and personal care products, healthcare products, maternity and baby products, and watches and accessories. In 2021, with our accumulation of experience and undertaking of consumer preferences and needs from our social e-commerce business model that discovers target customers actively and precisely, we observed the increasing value overseas consumers placed in brands for products addressing a specific need, and started developing our own brands. As of the Latest Practicable Date, we owned six brands including SENADA BIKES, Veimia, Konciwa and PETTENA. Under these brands, we sold products such as electric bikes, lingerie, UV umbrellas and pet accessories on our designated brand websites and e-commerce platforms. Benefiting from our industry experience, we have also developed a one-stop service SaaS platform called GiiMall targeting Mainland China-based cross-border e-commerce suppliers.

The following table sets forth a breakdown of our revenue generated from our cross-border social e-commerce business by categories of products for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Household products	834,008	26.8%	1,111,352	26.1%	932,038	27.7%
Electronic products	381,699	12.3%	766,283	18.0%	790,468	23.5%
Apparel products	549,151	17.7%	1,033,065	24.3%	615,316	18.3%
Cosmetic and personal care products	356,667	11.5%	334,930	7.9%	328,192	9.8%
Healthcare products	174,979	5.6%	302,523	7.1%	336,999	10.0%
Footwear products	491,022	15.8%	423,233	9.9%	156,734	4.7%
Luggage and bag products	181,931	5.9%	126,251	3.0%	71,699	2.1%
Watches and accessories	118,708	3.8%	131,623	3.1%	75,627	2.2%
Maternity and baby products	18,436	0.6%	27,377	0.6%	58,830	1.7%
Total	**3,106,601**	**100.0%**	**4,256,637**	**100.0%**	**3,365,903**	**100.0%**

Key Operating Metrics

The following table sets forth the key operating metrics for our cross-border social e-commerce business for the periods indicated during the Track Record Period.

	For the year ended December 31,		
	2022	2023	2024
Countries/regions sold	36	41	47
Number of consumers(1)	6,537,096	7,331,841	6,545,100(8)
Number of SKUs(2)	265,696	304,494	256,645(8)
Inventory to sales ratio (3) *(%)*	3.7	3.2	4.0(9)
Number of total fulfilled orders(4)	11,654,192	16,404,431	13,834,281(8)
Order fulfillment rate(5) *(%)* (簽收率)	86.3	88.4	84.9(10)
Average selling price per order(6) *(RMB)*	266.6	259.5	243.3
ROI(7) *(%)*	208.3	189.8	191.1

Notes:

(1) Number of consumers represents the number of consumers who placed orders and accepted our products during a given year, excluding consumers on e-commerce platforms.

(2) SKUs represent stock keeping units of products which have been ordered during a given year.

(3) Inventory to sales ratio is calculated by using the average balance of inventories of our cross-border social e-commerce business at the beginning and the end of the year divided by revenue of our cross-border social e-commerce business for such year.

(4) Number of fulfilled orders represents the total number of fulfilled orders during a given year, which were accepted by consumers and not returned.

(5) Order fulfillment rate is calculated by dividing the number of fulfilled orders by the number of new orders during a given year. For the avoidance of doubt, fulfilled orders do not include orders that are canceled or returned after being placed.

(6) Average selling price per order is calculated by dividing revenue of our cross-border social e-commerce business by the total number of fulfilled orders during a given year.

(7) ROI represents the return on investment for our advertisement placement for our cross-border social e-commerce business. It is calculated by dividing revenue for our cross-border social e-commerce business by advertising cost during a given year. According to CIC, ROI is a common performance metric embraced across the digital advertising industry and social media e-commerce industry, as the sales of both markets stem directly from the advertising efforts of market players. The calculation of ROI of social media e-commerce business reflects the efficacy of the social media advertisements as demonstrated by the conversion rate into sales and thus a higher ROI suggests that a company garners greater revenue with equivalent advertising expenses.

(8) In 2024, the number of our customers, SKU and total fulfilled orders of our cross-border social e-commerce business decreased compared with that in 2023, as we reduced advertising expenses in certain key markets in response to the unpredictability of exchange rate fluctuations. For further details, see "Financial Information – Review of Historical Results of Operations – Year Ended December 31, 2023 Compared to Year Ended December 31, 2024."

(9) In 2024, the inventory to sales ratio of our cross-border social e-commerce business increased compared with that in 2023, which primarily resulted from the decrease in revenue of our cross-border social e-commerce business in 2024. For further details, see "Financial Information – Review of Historical Results of Operations – Year Ended December 31, 2023 Compared to Year Ended December 31, 2024."

(10) In 2024, the order fulfillment rate of our cross-border social e-commerce business decreased compared with that in 2023, as our sales expansion activities in certain under-penetrated market were at early stage in early 2024. For further details, see "Financial Information – Review of Historical Results of Operations – Year Ended December 31, 2023 Compared to Year Ended December 31, 2024."

Our Geographical Coverage

We sold products to consumers globally in over 40 countries and regions in Asia, as well as Europe and North America during the Track Record Period. For each year of the Track Record Period, revenue from our cross-border social e-commerce business attributed to Asia (which includes Northeast Asia, Southeast Asia and Middle East) was 92.8%, 88.3% and 80.9%, respectively.

The table below sets forth a breakdown of the revenue of our cross-border social e-commerce business by geographical market during the Track Record Period.

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue						
Northeast Asia[1]	1,794,364	57.8	2,527,377	59.4	1,720,230	51.1
Southeast Asia[2]	677,902	21.8	846,452	19.9	661,202	19.6
Middle East[3]	409,467	13.2	385,919	9.1	340,289	10.1
Europe[4] and North America[5]:						
– U.S.	142,100	4.6	107,172	2.5	120,928	3.6
– Europe and other countries in North America	81,399	2.6	386,364	9.1	518,015	15.4
Others	1,369	0.0	3,353	0.1	5,239	0.2
Total	**3,106,601**	**100.0**	**4,256,637**	**100.0**	**3,365,903**	**100.0**

Notes:

(1) Northeast Asia primarily includes Japan, South Korea, Hong Kong SAR and Taiwan.

(2) Southeast Asia primarily includes Thailand, Malaysia, Singapore and the Philippines.

(3) Middle East primarily includes Saudi Arabia and United Arab Emirates.

(4) Europe primarily includes Italy, Germany and Poland.

(5) North America primarily includes Canada and the United States.

Our Social E-commerce Business Model

Contrary to the passive approach of traditional e-commerce model where customers have to discover goods on individual e-commerce, websites or apps, we adopt an active social e-commerce business model by actively and precisely discovering our target customers. We believe this active model is more effective than the traditional model because we actively collect and analyze consumer behavior to tailor suggestions to consumer demand and preferences, allowing us to connect products with people more efficiently and proactively. Our social e-commerce business model essentially starts the sales process with no fixed set of products to be sold and no fixed set of customers to sell our products to – this model requires active collection and analyses of consumer behavior to find target customers with suggestions of products tailored to consumer demand and preferences that are best matches for these target customers. In contrast, companies which adopt a passive approach to sell products over individual websites or apps generally have limited access to consumer data, which would restrict them from precisely reaching their target consumer audience. According to CIC, our Company stands out as the only one among the top ten players in China's B2C outbound social media e-commerce companies, generating more than 30% of its revenue through this social e-commerce business model in the Asia market to actively and precisely discover target customers. We are one of the few listed companies in Mainland China that adopt this social e-commerce business model to actively and precisely discover target customers, according to CIC.

Leveraging our data analytics and technology capabilities, this social e-commerce business model that discovers target customers actively and precisely enables us to excel in both facets: for discovering goods stage, we continuously identify a vast array of hot-selling SKUs, and for discovering people stage, by matching product tags generated by our Giikin system with consumer profiles and tags maintained by social media platforms, we consistently provide precise recommendations to consumers. Moreover, the data generated and collected during such process will in turn optimize our advertisement placements. In 2024, we achieved a ROI of 191.1%, surpassing the industry averages of 180.0% according to CIC. For each year of the Track Record Period, our order fulfillment rate ranged from 84.9% to 88.4%. In addition, leveraging such model, we can maintain low inventory levels through proactively discovering interested customers and predicting the popularity of the products we launch. Our models can estimate if we should maintain a certain level of inventory for specific products on a "rolling basis" so that orders can be satisfied more efficiently and on a timelier basis. For each year of the Track Record Period, our inventory to sales ratio amounted to 3.7%, 3.2% and 4.0%, respectively, which is lower than industry average.

The following diagram sets forth a graphical representation of our social e-commerce business model that discovers target customers actively and precisely:

We deploy big data analytics and algorithms through our proprietary Giikin system, which we leverage in all three dimensions of "goods", "discovering" and "people", to help us analyze data, discover products to sell, generate advertisement content, place advertisements, and sell products.

In the process of "goods" discovery, leveraging a combination of historical consumer behavior and market trend data, a product discovery tool embedded in our Giikin system can suggest what goods to sell and what geographic locations to sell them at based on consumer needs and preferences. This tool visualizes expected popularity and profitability of product candidates by ranking them in a certain order based on different characteristics, which enables our product discovery team to efficiently make decisions. We continuously test the waters to refine and discover the best products that can achieve a high gross profit margin. When discovering products, our Giikin system estimates the gross profit margin of the product candidates. Our Giikin system empowers us to automatically generate product descriptions, titles, graphics, images and promotional videos, advertising copies and translations. It can automatically generate content that is tailored for the target consumer audience. By selecting popular goods, generating attractive advertisement content and actively managing our procurement process from suppliers, we have achieved lower inventory to sales ratios amounted to 3.7%, 3.2% and 4.0% for each year of the Track Record Period, respectively, which were below the industry average, according to CIC. We leverage the rich engineer resources in Mainland China to engage talents and are actively involved in the innovative atmosphere in Mainland China that is conducive to advancements in the latest business models and technology catering to both Mainland China and overseas markets, facilitating our ability to apply big data analytics and AI technologies to discover relevant goods. In addition, the large and complete supply chain system in Mainland China provides us with access to a variety of quality products, allowing us to easily source products catering to diverse consumer needs.

In the process of "discovering", our Giikin system empowers products that we have selected to identify their target consumer audience by assigning tags. Through analyzing consumer behavior based on data such as browsing length, click rate and other interactions with our landing pages, as well as consumption trends based on information on the Internet, our Giikin system can create and assign tags to our select products indicating the characteristics of the consumers who need and demand such products in a targeted manner.

Under the traditional model, product sellers place products on websites and apps, and have to passively rely on consumers to find their products, which is more time-consuming and less efficient. Customers also have to spend a lot of time and effort to filter through large amounts of information and products on platforms, websites and apps to search for products they want. If customers cannot find products they want, they will not make purchases. At the same time, they have to rely on the operator of the websites and apps to promote their products. On the other hand, using our social e-commerce business model, we can actively find our target consumers by creating and assigning tags to products that social media platforms can associate with target consumer audience. We have a deep understanding of our consumers' needs and assign precise tags to our products allowing us to recommend one to two products which are best matches for them every time. This model increases efficiency for both us and the consumer. It reduces the time we need to connect with potential consumers, as well as reducing the time needed for consumers to find the products they want, thereby encouraging consumers to make purchases. Our consumers do not need to scroll through a large number of products to find the products they want and can make a decision as to whether they wish to purchase the products within a relatively short period of time. Furthermore, we are able to spur pent-up demand of specific products from consumers. Additionally, based on consumers feedback, we can also flexibly adjust our product portfolio and advertising strategy by abandoning or adding products, ensuring that our advertisement placement and sales efforts are always optimally efficient and maximizing our profitability. Given the preference and strong demand for the products we discover, our target consumer audience demonstrates a relatively lower level of price sensitivity evidenced by a higher gross profit margin.

In the process of reaching "people", we work with our digital marketing service providers to place advertisements on social media platforms, such as Meta (including Facebook and Instagram), TikTok, Google (including YouTube), Line, Snapchat and X (formerly Twitter). The product tags created by the big data analytics and recommendation algorithms in the "discovering" process act as a bridge to connect our products with users on the social media platforms. Using our proprietary algorithms, we assign the same or similar tags as the social media platforms use to identify their users, to specific products. These tags can indicate to the social media platforms the target consumer audience of such products or intended advertising strategy. With these tags, we can precisely place advertisements to recommend our products to their target consumer audience on social media platforms. Through this process, highly targeted personalized recommendations can be displayed to potential consumers, achieving a "thousand people, thousand advertisements" (千人千面) model.

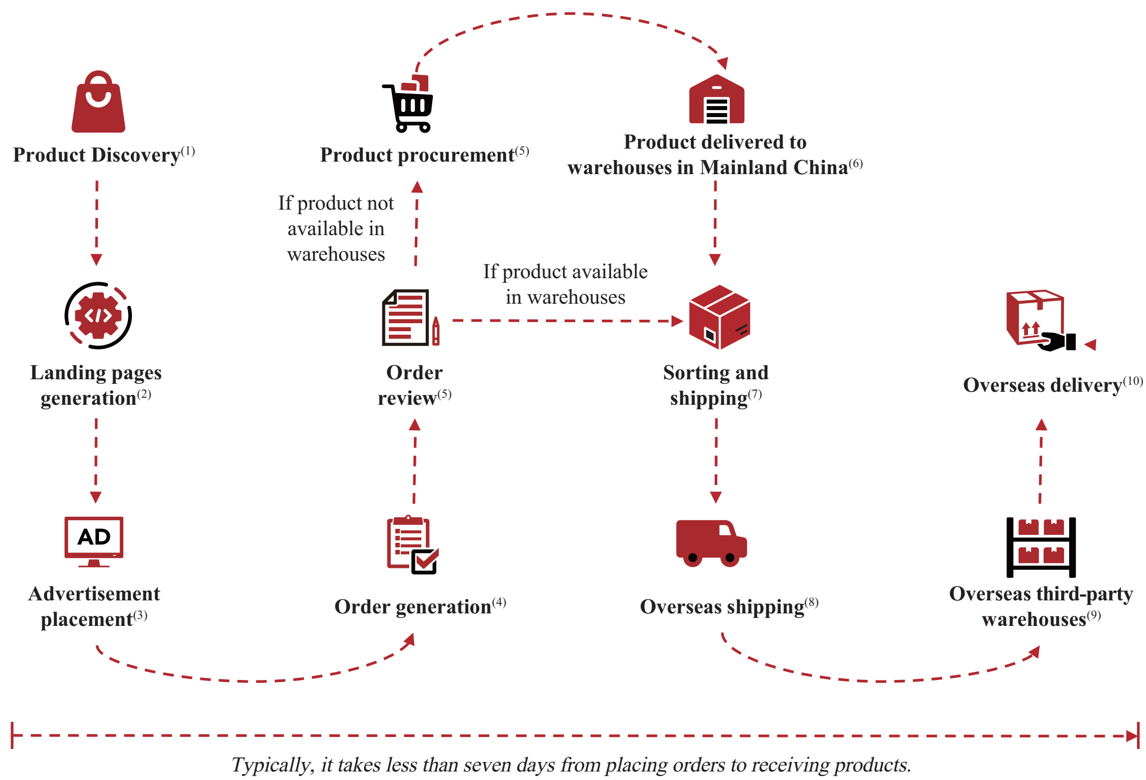
Using the tags associated with the products, our Giikin system predicts the efficacy of our advertisements and also estimate their profitability, taking into account transportation cost, advertising cost and estimated acceptance rate. Under this model, we seek to actively understand and explore consumer needs and demand, including stimulating interest for products that consumers themselves may not have been aware of.

Once a consumer makes a purchase, we capture information about the consumer through his purchasing behavior which allows us to further refine our product recommendation capabilities. With the data, a dedicated team continuously trains our models to ensure our system adapts to the latest changes in consumer profiles and needs to increase the likelihood consumers will accept and purchase the products we recommend, which we view as our data insights. For example, based on the characteristics of the consumer, we may recommend the same product to other potential consumers who may have similar characteristics as the consumer. This allows us to continuously train the algorithms and models to improve their accuracy and efficacy in targeting the right "people" for our products, creating a virtuous cycle connecting goods with people.

Our Business Process

Our cross-border social e-commerce business process comprises product discovery, landing page generation, advertisement placement, supply chain management, cross-border logistics and cross-border payment. The entire business process can be managed through our proprietary Giikin system, a unified business operating system we developed internally that allows us to comprehensively track the development of a product across the entire business process. For further details, see "– Our Cross-border Social E-commerce Business – Our Technology Capabilities – Our Giikin System" in this section.

The following diagram depicts the business process of our cross-border social e-commerce business:



(1) Leveraging data analytics tools applied to historical and current market trend data insights collected from internal data and permissioned external data and empowered by our proprietary Giikin system, our product discovery team selects products that match consumer preferences and needs. For more details, see "– Product Discovery."

(2) After discovering the products that we wish to recommend to consumers, our Giikin system generates landing pages where our target consumers can purchase our products, leveraging our technological capabilities to generate appealing content. For more details, see "– Landing Page Generation."

(3) We deploy personalized recommendation algorithms to precisely recommend products to their target consumer audience through placing advertisements on social media platforms and captivating users to click on the advertisements which bring them to our landing pages and purchase our products. When a new product is on-board in our system, we will place advertisements based on the basic characteristics of such product and default target consumer tags on social media platforms. With advertisements reaching more consumers, we gradually accumulate insights for precisely discovering target customers and are consistently fine-tuning our advertising strategies to modify the tags we select for achieving more precise advertisement placements. We have established a comprehensive system of product and consumer characteristic tags to match products with their target consumer audience. Through analyzing consumption trends and consumer interactions with us, including browsing history, purchase history and interaction information (such as browsing length and click rate), our Giikin system can accurately place advertisements to target consumers who may need and want the products. Our advertisement optimization team will also assign tags that are used by the social media platforms to the products to be launched to indicate to the social media platforms the target consumer audience and/or intended advertising strategy. For more details, see "– Advertisement Placement."

(4) After the consumer places an order over our landing page, our warehouse management system automatically generates the order. For more details, see "– Cross-border Logistics – Warehouse Management."

(5) Leveraging automated order matching capabilities, our system will check whether there is any inventory for such a product and match the order with the product in stock, and if not, we would procure the product from suppliers in our supplier management system or suppliers registered on 1688.com. For more details, see "– Supply Chain Management" and "– Cross-Border Logistics – Warehouse Management."

(6) Products procured from suppliers are delivered to our warehouses in Mainland China first for recording and exterior checks.

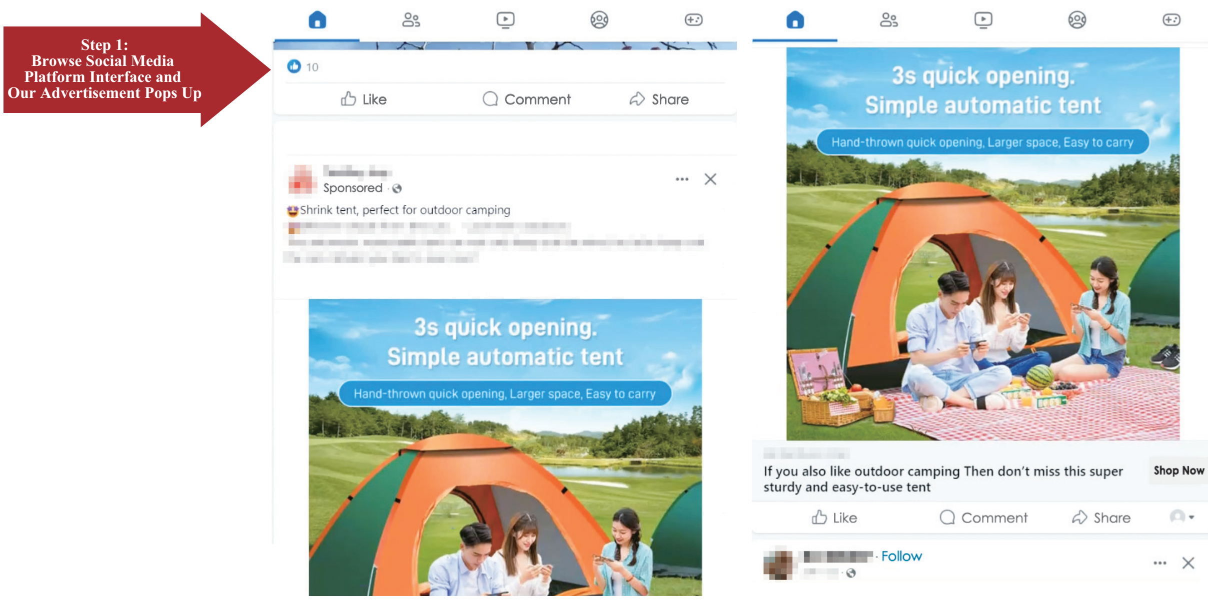
(7) Products ordered by our overseas consumers are sorted to be ready for shipment to overseas third-party warehouses of our logistics service providers.

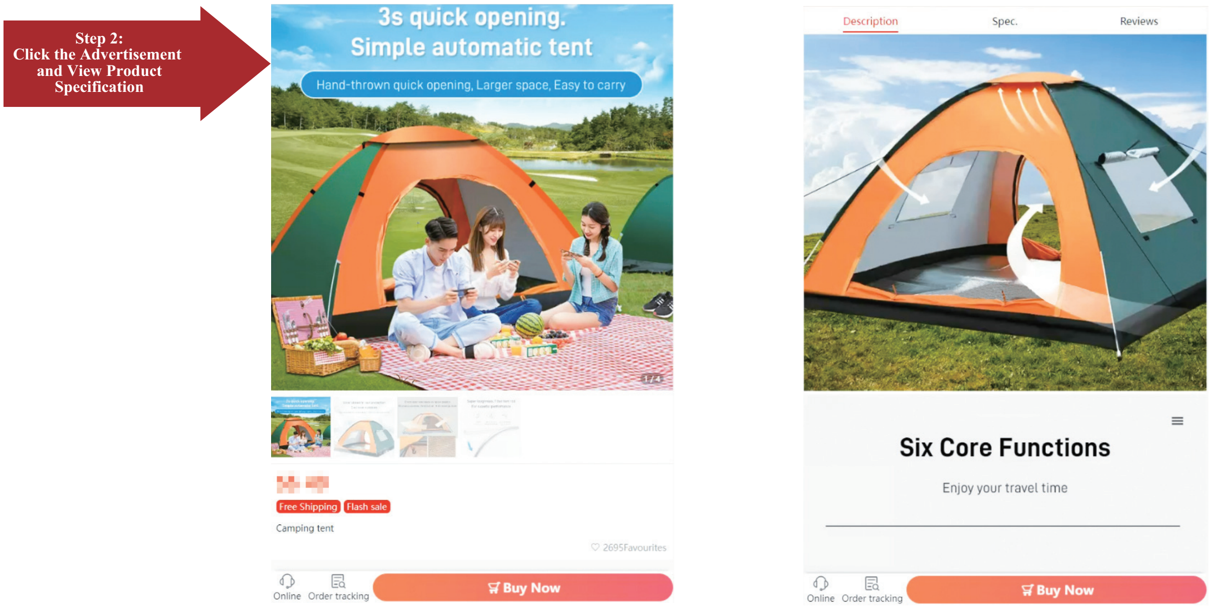
(8) We cooperate with third-party logistics service providers that are typically responsible for logistics services from Mainland China to the designated location, as well as payment collection upon delivery as applicable. For more details, see "– Cross-border Logistics – Logistics Management."

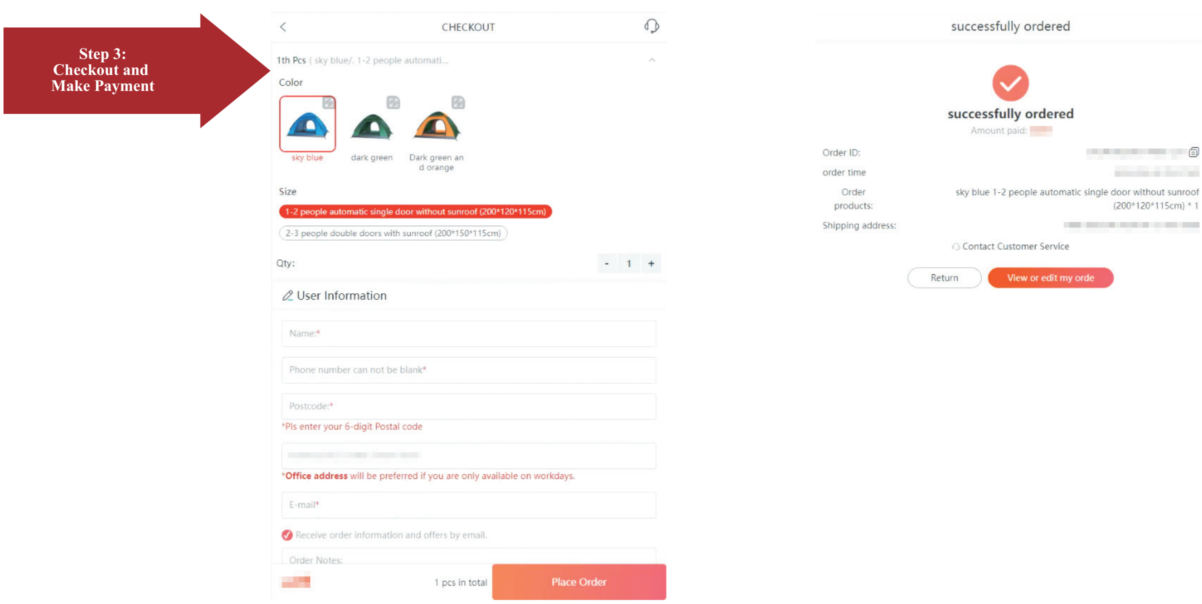
(9) Products are delivered to overseas third-party warehouses of our logistics service providers for further distribution and delivery to our overseas consumers.

(10) Products are delivered by our logistics service providers to our overseas consumers.

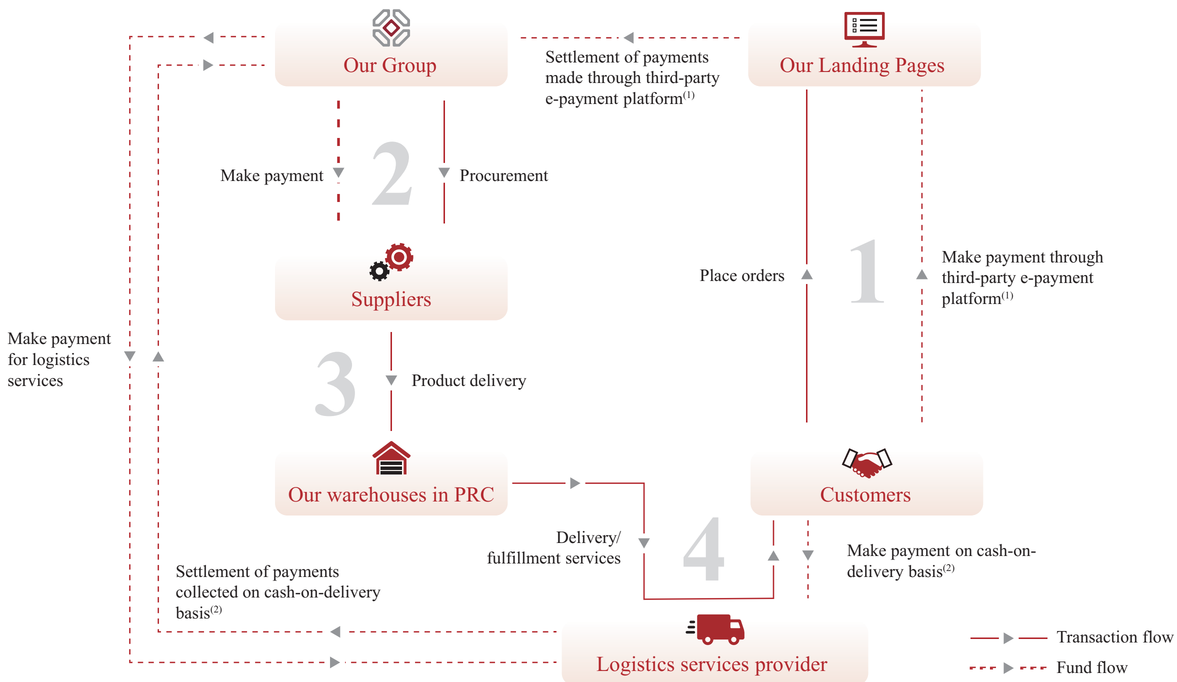
Sets forth below is an illustration of the step-by-step transaction process from consumers' viewing the advertisements shown on the social media platforms to making payments:







When a consumer places an order for a product, a transaction is typically initiated in our Giikin system. If the ordered product is not available in our warehouses, we will procure the product from suppliers and ship it to our warehouses in Mainland China, and we will further distribute and deliver it to our consumers through logistics services providers. We provide two options for our consumers to make payments either through a third party e-payment platform or on a cash-on-delivery basis. Third-party payment platforms and logistics service providers are responsible for collecting payments from our consumers, which will be paid to us after deducting relevant service fees. The following chart illustrates the transaction and fund flow involved in the above business process:



Notes:

(1) Indicates funds flow if consumer makes payment through third-party e-payment platform.

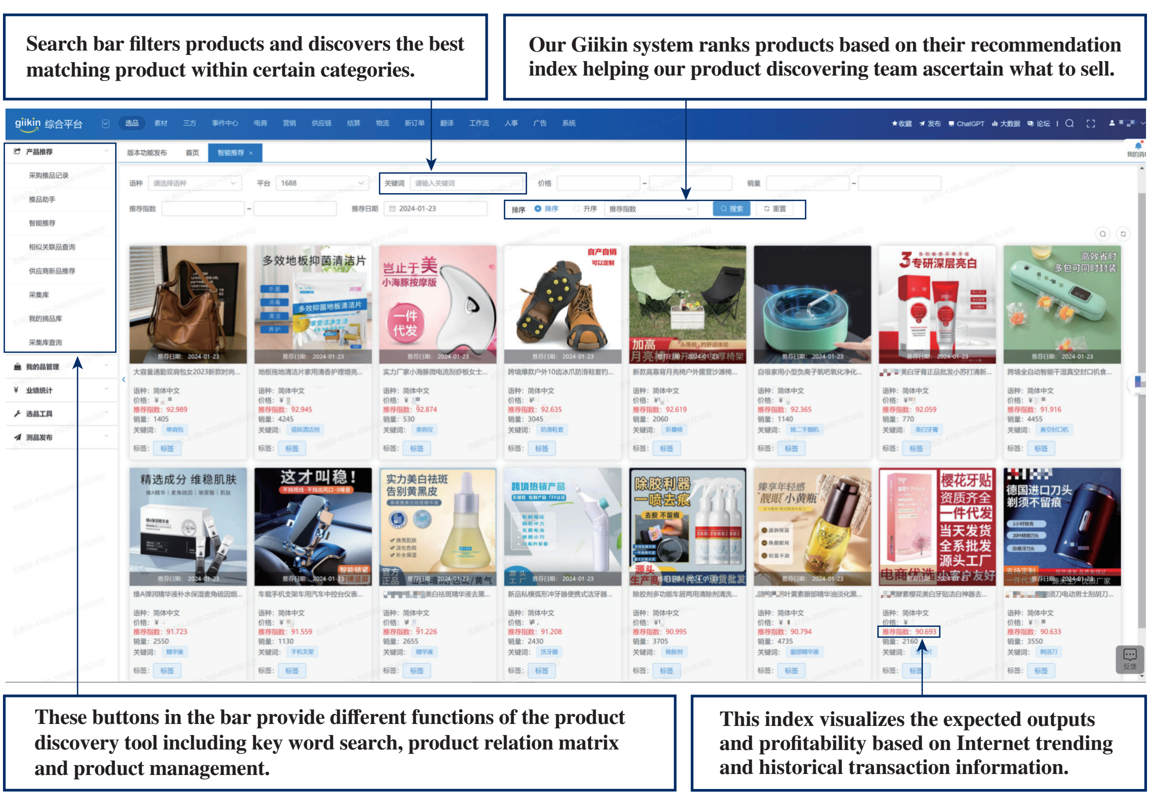
(2) Indicates funds flow if consumer makes payment on cash-on-delivery basis.

Product Discovery

Product discovery is the first stage and the foundation of our business process. We combine internal data and permissioned external data to conduct market trend analysis, enabling us to discover products that are more likely to attract consumers and generate profits. We collect hot-selling products information from 1688.com and third party social media and e-commerce platforms to analyze the current market trends. In addition, we utilize internal data derived from landing pages in relation to consumer behaviors, product features and historical sales information. Our Giikin system conducts data analytics and generates diagrams to help us visualize such internal data to effectively identify the best-selling product categories, the most popular color and size. With such insights derived from internal data analytics, we summarize the historical market information. Based on internal data and permissioned external data, our Giikin system delivers precise predictions and suggestions, empowering our product discovery team to select products that match consumer preferences and needs. Empowered by our technological capabilities, we are able to promote and sell products beyond the inventories on hand as further detailed in "– Supply Chain Management".

With the customer behavior data insights we have accumulated through our business operations, coupled with our analysis of market trends and information such as local trends and market conditions, our product discovery team is able to apply our data analytical capabilities on our Giikin system to discover products that best match the needs and desires of consumers and spurs pent up demand for products that consumers may not be able to discover themselves. Our product discovery capabilities enhances our ability to convert consumers and our order fulfillment rate, which ultimately translates to higher profitability. Our product discovery team continuously tests the waters to refine and discover the best products that can achieve a high gross profit margin. When discovering products, our Giikin system estimates the gross profit margin of the product candidates based on our data insights. Specifically, Giikin is capable of considering a series of factors, including the product cost, estimated transportation cost based on the product weight, acceptance rate, and performance of similar products, to estimate the gross profit margin of the product candidates that needs to be achieved with our advertisement placement efforts in order to be profitable. Using this information, we can effectively plan our product discovery and advertisement placement at the same time, to ensure that we discover products that consumers demand, while balancing costs to maximize the profitability of the products that we discover and sell.

We integrate a product discovery tool embedded in our Giikin system to analyze historical and current market trend data and other data insights, helping us ascertain what products to sell and what geographic locations to sell them at, based on consumer needs and preferences. Leveraging clustering algorithms and recommendation models, this tool calculates recommendation indexes of product candidates based on Internet trending and historical transaction information. This tool visualizes expected popularity and profitability of product candidates by ranking them in a certain order and recommend more than 100 products to our product discovery team at a time, which enables our product discovery team to efficiently discover products that consumers need and want.



In addition to the products that we discover and procure from suppliers and resell to our consumers, leveraging our ability to understand consumer needs and preferences, we also began developing and discovering products under our own brands to specifically address demand that we identified. As of the Latest Practicable Date, we owned six brands, comprising SENADA BIKES, Veimia, Konciwa, PETTENA, Orivin and Lanfo. Products under these brands cover a wide range of adeptly designed and manufactured products that meet different needs of our consumers. We own these brands through internal incubation or external acquisition and sell them primarily through designated brand websites, and to a lesser extent, third-party e-commerce platforms such as Lazada, Amazon and Shopee. In terms of the designated brand websites, similar to how we promote products on landing pages, we place advertisements for products under our own brands on social media platforms to transfer traffic to our designated brand websites through consumers' clicks, facilitating purchases. We believe the combination of our designated brand websites and e-commerce platforms as the sales channels of our branded products would effectively solidify our brand image and enhance brand recognition, which are key to the success of our operations of our own brands. We continually seek to identify any existing brands that we believe have potential to reach a greater audience through our social media platform advertisement placement capabilities. We may consider acquiring such existing brands after analyzing customer and supply chain data to further diversify our portfolio of brands. When we acquire existing brands, we typically work to maintain existing management, who are most familiar with the brand, as we seek to realize the potential of the brand through empowering them with our advanced advertisement placement capabilities and our extensive e-commerce experience. We do so typically by allowing existing management to retain a minority interest in the company owning the brand to align their incentives with ours, so as to allow them to enjoy the rewards of any future appreciation in value of the company from business growth after we acquire the brand.

The followings set forth certain information of the six brands owned by us:

- ***Veimia***, a functional lingerie brand developed by us and launched in 2021. Veimia focuses on consumers in Japan, intending to create lingerie that would give consumers confidence. To launch Veimia, we entered into an exclusive cooperation agreement with a lingerie manufacturer to turn our designs into products.

- ***SENADA BIKES***, an electric bike brand acquired by us and launched in 2022. The electric bikes cater for the needs of high-end customer groups in North America. We acquired SENADA BIKES's assets, including its product inventory, trademark, designated brand website and social media accounts, and we cooperate with an electric bike manufacturer for manufacturing of the electric bikes after the acquisition.

- ***Konciwa***, an automatic UV umbrella brand, established in 2021 with a focus on the Japanese market. We acquired Konciwa in 2023. This acquisition was facilitated through the establishment of a limited liability company with the original brand operator, who contributed essential assets, including the trademark, dedicated brand website, online store operation rights, and product inventory. We maintain control of such company through majority equity ownership. We collaborated with an umbrella manufacturer in Mainland China to produce the Konciwa umbrellas. As at December 31, 2024, the Konciwa umbrella ranked as the top-selling foldable umbrella on Amazon Japan, as measure by sales volume.

- ***PETTENA***, a pet accessory brand developed by us and launched in 2023. We commenced the operation of this brand targeting consumers in Japan by cooperating with a manufacturer in Mainland China. Through this brand, we design, develop and sell a broad array of products including dog leashes, pet carry bags, automatic pet feeders and remote monitors.

- ***Orivin***, a hair styling tool and beauty device brand developed by us and launched in 2023. Targeting Japan market, the product offering includes hair curlers, tooth stain erasers, LED facial mask devices and eye cream introduction devices. We entered into a framework agreement to cooperate with a manufacturer to manufacture such devices.

- ***Lanfo,*** a cosmetic brand developed by us and launched in 2023. We explored the cosmetics market targeting consumers in Japan with our self-developed eyebrow pencils through the cooperation with a manufacturer in Mainland China. We offer a range of eyebrow pencils available in multiple colors, designed to cater to the diverse preferences of Asian women.

Landing Page Generation

After discovering the products that we would like to recommend to consumers, our Giikin system generates simple landing pages where our target consumers can purchase our products. The landing pages are web pages that pop up in response to a user's click on a link or advertisement displayed on a social media platform. The landing pages' sole purpose is to facilitate a customer's purchase of the product. Our landing pages enhance our consumers' shopping experience while saving them time in completing purchases by providing a simplified page to consumers that requests limited personal information including their names, addresses, contact information and payment details (if applicable).

As we focus on recommending one to two products which are best matches to our target consumers in advertisements we present to them, the content of our landing pages must be appealing enough in order for us to take full advantage of such marketing opportunities. We are able to generate landing pages quickly leveraging our technological capabilities and our experience which are integrated into our Giikin system. We do this by leveraging our technologies to design the landing pages, using our vast advertising material template library, to quickly generate content and text that can captivate consumers to make their purchase.

Through combining various AIGC technologies, we have successfully developed a series of algorithms and models that enable us to generate product placement content, including product description design, video material generation, and advertisement copywriting and translation. By using these technologies, we produce content that is more specifically tailored to our target consumer while also reducing the need for human intervention which helps reduce our costs. Furthermore, these technologies allow us to produce content to not only target specific consumers but also to stimulate demand for specific products and create demand for products that consumers themselves may not have anticipated. We integrate a chat generative pre-trained Transformer through API into our systems, which empowers us to further boost the efficiency of our AIGC tools.

Advertisement Placement

As a cross-border social e-commerce company, we focus on marketing our products through placing advertisements on social media platforms, such as Meta (including Facebook and Instagram), TikTok, Google (including YouTube), Line, Snapchat and X (formerly Twitter).

We established a comprehensive system of product and consumer characteristic tags to match products with their target consumer audience. By placing advertisements on social media platforms, we captivate users to click on the advertisements which will bring them to our landing pages where they can purchase our products. We use personalized recommendation algorithms to ensure our product recommendations are more targeted and efficient. We also utilize AIGC technologies to generate advertisement content that can catch the attention of target consumers and further stimulate consumers' desire to purchase.

Our advertising strategies are dynamic. We recommend one to two products which are best matches to our targeted customers at any given time, which makes it easier for consumers to utilize their fragmented time efficiently understand our products, and make a decision to purchase in a few seconds. Through this model, we significantly reduce the time and effort for consumers to make a purchase. Also, as we focus on recommending one to two which are best matches products to our target consumers in advertisements we present to them, we have a limited opportunity to present products that are responsive to our consumers' preferences and desires. Leveraging our acute market insights and advanced Giikin system, we continuously iterate and optimize our product portfolio to accurately cater to and stimulate consumer appetite to take full advantage of every marketing opportunity. We may also at times include slogans in our landing pages indicating limited-time special prices to encourage customers to make their purchase decision quickly. Advertising one to two products which are best matches effectively reduces the discovery cost of customers and allows us to realize higher ROIs. In 2024, our ROI was 191.1%, which was above the industry average, according to CIC.

We have accumulated consumer data insights globally through consumer interactions with us, which includes browsing history, purchase history and interaction information (such as browsing length and click rate). Through analyzing consumer interactions as well as consumption trends, our Giikin system can recommend an advertising strategy to accurately place advertisements to recommend products to the consumers who may need and want them, and precisely match products with these consumers. Once a strategy is formulated, our advertisement optimization team will assign tags that are used by the social media platforms to the product to be launched, with a view to indicating to the social media platforms the target consumer audience and the intended advertising strategy. We constantly feed updated data insights through the algorithms to ensure our system adapts to the latest changes in consumer behavior and needs to increase the likelihood consumers will accept and purchase the products we recommend.

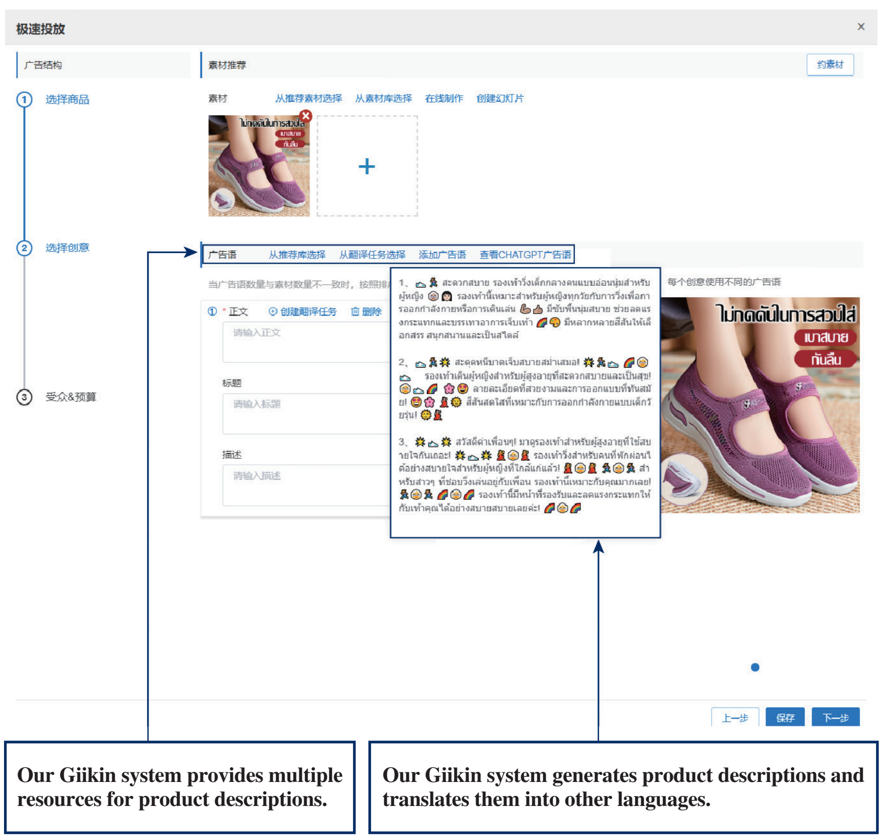
Our Giikin system is connected through API with the advertising systems of social media platforms, which enables a virtually automated advertisement placement process with limited human intervention. Furthermore, our Giikin system can estimate the efficacy of our advertising strategy for a specific product and continue to assess its efficacy after roll-out, to determine whether it meets the gross profit margin for the specific product and advertising strategy to be profitable.

As of December 31, 2024, we employed a team of over 400 advertisement optimizers (廣告優化師), who work closely with other team members such as our product discovery team to deliver optimal advertising. Through our Giikin system, they can efficiently match products with their target consumer audience requiring less human input. They also continue to monitor and adjust advertising strategies based on feedback collected through our Giikin system. By analyzing historical and real-time data, our Giikin system conducts autonomous machine learning and generates advertisement distribution suggestions, which empowers our advertisement optimizers to conduct their work in a more effective manner. Our Giikin system continuously monitors the performance of our advertisements and suggests adjustments to the advertising strategies to our advertisement optimizers to ensure that any unprofitable advertisements can be quickly adjusted or terminated, and any profitable ones can be enhanced. In addition, our Giikin system is also capable of learning from successful advertisement optimizers, to replicate their successful advertising strategies and continually enhance our marketing strategies. In this way, we seek to increasingly automate the advertising placement process.

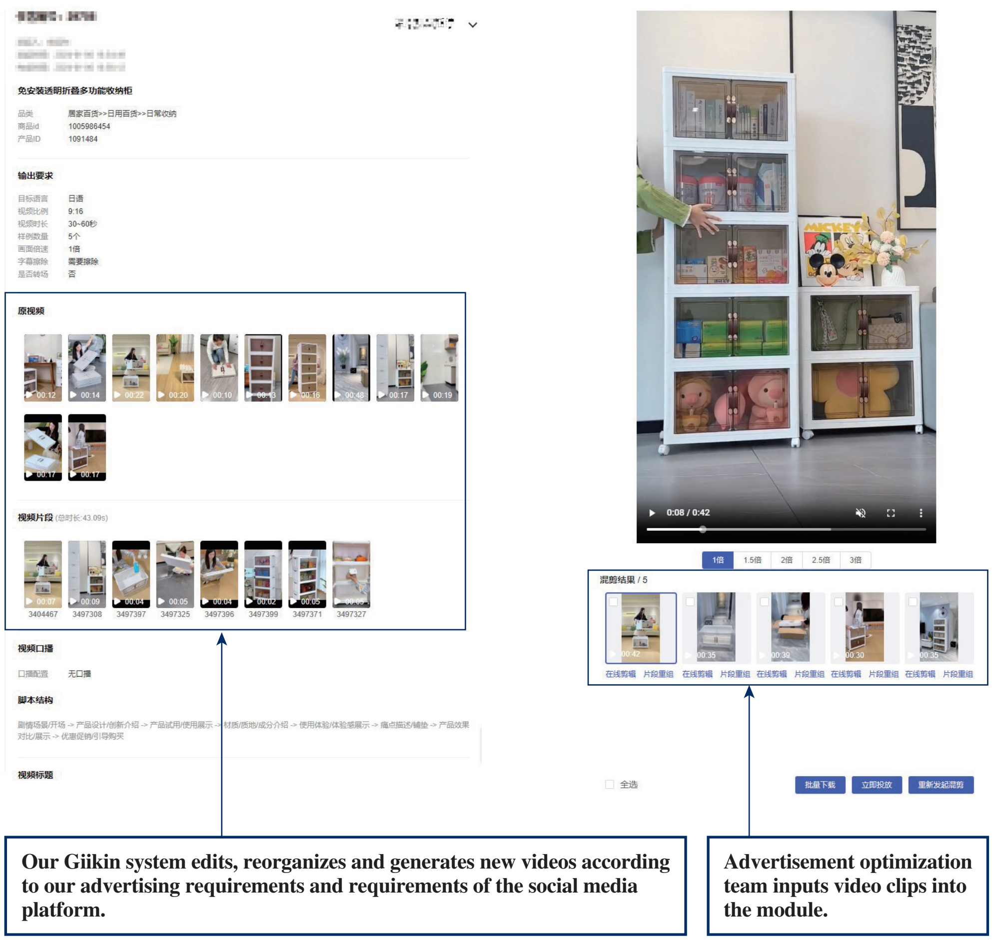
Our advertisement placement process involves the following steps:

- *Advertisement generation.* After product discovery, the process of advertisement placement starts with the generation of advertisement materials. Assisted by our AIGC technologies, we are capable of generating image-based as well as video-based advertisement materials for further placement on social media platforms. Relying on various user and product tags and a product relationship matrix developed by us, our Giikin system automatically generates advertisements as well as advertising slogans based on the products discovered and specifically tailors them to the target consumer audience to maximize exposure and marketing impact. For more details, see "– Our Cross-border Social E-commerce Business – Product Discovery."

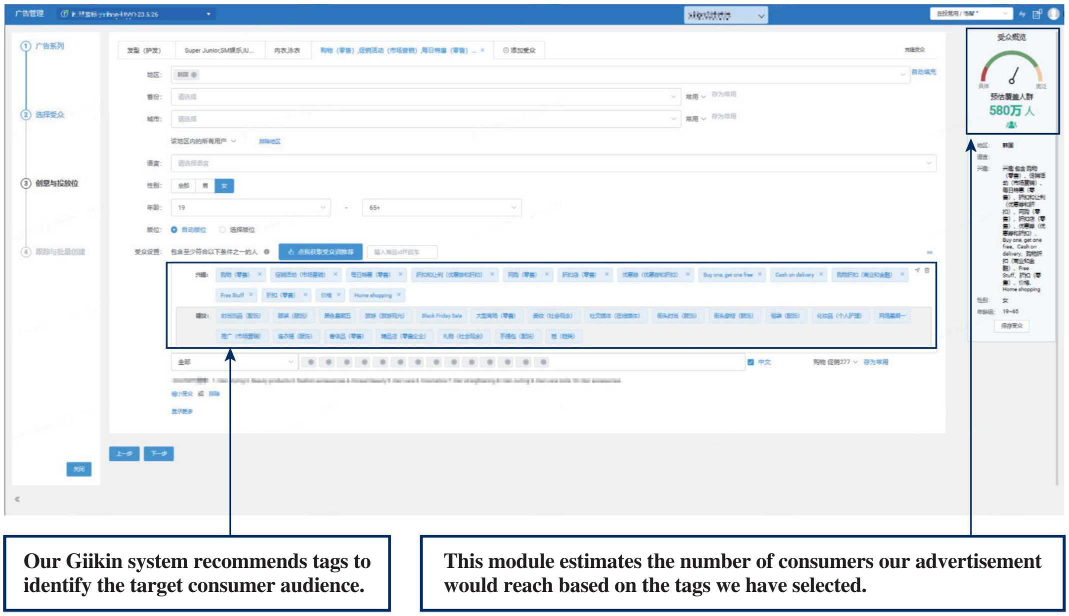
Our Giikin system generates advertisement slogans



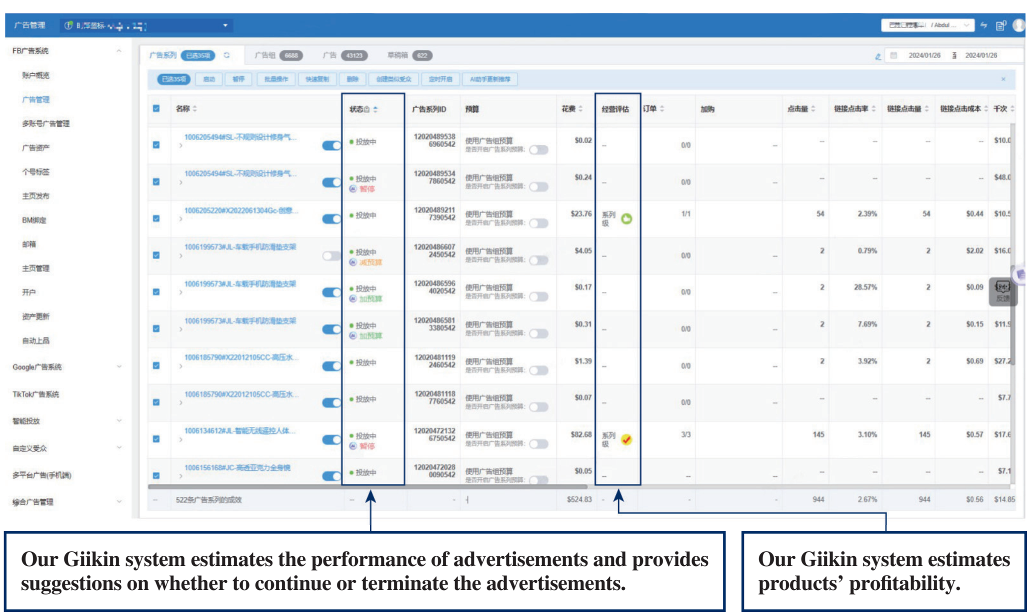
Our Giikin system generates videos



- *Placement decision.* After the advertisement materials are generated, the materials will be reviewed by our advertisement optimization team. We will take into consideration of a series of factors, including design, length, and user preference in vetting and customizing the advertisement materials. For example, we may choose to snip particular video advertisements for them to comply with duration requirements of a specific social media platform. Based on input from our Giikin system which can estimate the efficacy of a particular advertising strategy on a social media platform by analyzing data and examining the tags placed by our product discovery team, our advertisement optimization team will decide on the advertising strategy. Once a strategy is formulated, with the assistance of the recommendation algorithms, our advertisement optimization team will assign tags that are used by the social media platforms to the product to be launched to indicate to the social media platforms the target consumer audience and/or intended advertising strategy.



- *Placement on social media platforms.* Our Giikin system is connected through API to the advertising systems of the social media platforms, allowing advertising strategies across multiple platforms to be executed with relative ease, which reduces the time for routine and repetitive advertising operations.



- *Re-marketing.* As consumers purchase our products, we collect consumer information associated with their purchase from us, such as their address, contact information and browsing history, which we then use to further refine our marketing strategies by placing advertisement to recommend similar products to other similar consumers. Through our Giikin system, we carry out precise re-marketing based on the tag attributes, regional and category characteristics of our consumers in order to maximize our marketing efforts at a lower cost.

Advertisement Placement on Social Media Platforms

In line with industry norms, we place our advertisements on social media platforms primarily through contracting with digital marketing service providers to facilitate advertisement placing on these social media platforms according to our needs and to a small extent directly through contracting with a social media platform. See "– Advertisement Placement – Social Media Platform" in this section for more details about our direct cooperation with the social media platform.

According to CIC, it is a common industry practice for advertisers (including but not limited to e-commerce companies) to enlist the services of digital marketing service providers for placing advertisements on social media platforms. Advertisers enjoy enhanced operational efficiency leveraging the services provided by digital marketing service providers, who are typically capable of facilitating advertisements placing on multiple social media platforms and providing up-to-date insights on policy updates of various platforms utilizing their experiences and advertisement placing operations managed by them on the relevant social media platforms.

Our operations do not rely on any single social media platform and our marketing efforts are platform-neutral, i.e., we focus on maximizing ROI and do not have a preference for any specific social media platform we use. When analyzing marketing data, we consider the overall advertising performance, target demographics, and effectiveness, rather than solely focusing on individual platforms. In terms of advertisement content generation, while it is not uncommon for advertisers engage third-party advertisement producers to facilitate the advertisement content creation according to CIC, we generate advertisement content leveraging our technological capabilities without engaging third-party advertisement producers.

As of the Latest Practicable Date, we primarily placed advertisements on Meta (including Facebook and Instagram), TikTok, Google (including YouTube), Line, Snapchat and X (formerly Twitter). According to CIC, Meta (including Facebook and Instagram), Google (including YouTube) and TikTok are the major social media platforms globally.

Our Relationship with Digital Marketing Service Providers

We cooperate with digital marketing service providers to facilitate the logistics of placing our self-generated advertisements on social media platforms, through services such as account establishment, account recharging services, placing advertisement on social media platforms, and advertisement credits collection, to attract consumers to purchase our products. For each year of the Track Record Period, we cooperated with 31, 30 and 37 digital marketing service providers, respectively. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material dispute with our digital marketing service providers or any material breach of our agreements with them.

During the Track Record Period, Yisainuo Information Technology, along with its affiliated entities, was one of our top five digital marketing service providers. From June 2003 to August 2017, Mr. Wang Yapeng, our chairman of the Board of Directors and executive Director, served as an executive director, general manager, and/or supervisor of various affiliated entities of Yisainuo Information Technology. For more details regarding the past relationship between Yisainuo Information Technology and Mr. Wang Yapeng, see "Directors, Supervisors and Senior Management – Executive Directors."

From January 2019, we, through a wholly-owned subsidiary, collaborated with Hong Kong Magic as our digital marketing service provider, to place advertisements across social media platforms. Our collaboration gradually waned in 2021 and we ceased the collaboration with Hong Kong Magic in July 2021, therefore our transaction amount with Hong Kong Magic for each year of the Track Record Period were nil. Mr. Wang Kunpeng (王昆朋), Mr. Wang Yapeng's younger brother, wholly owned and was a director of Hong Kong Magic until December 10, 2020, when he transferred all the shares he held in Hong Kong Magic to an independent third party who was also appointed as the director to Hong Kong Magic on the same date (the "**Transferee**"). The Transferee had been the sole shareholder and director of Hong Kong Magic thereafter and up to the Latest Practicable Date. Save as disclosed herein and that the Transferee was also a director and shareholder of Yisainuo Information Technology as of the Latest Practicable Date, to the knowledge of our Directors, the Transferee does not have any past or present relationships (including, without limitation, family, business, financing, trust or otherwise) with Mr. Wang Kunpeng, our Company or our subsidiaries, the respective substantial shareholders, directors or senior management, or any of the respective associates.

In April 2023, to further diversify our digital marketing service supplier pool and with an aim to foster a long-term relationship, we started collaborating with a supplier for placing advertisements. Our purchase amount from the supplier was RMB86.9 million for the year ended December 31, 2023 and RMB9.1 million for the year ended December 31, 2024, and the supplier was not one of our five largest suppliers for our cross-border social e-commerce business for the respective periods. As of the Latest Practicable Date, this supplier was majority-owned by Mr. Liu Yupeng (劉玉鵬), who held positions as a director, manager and, through entities controlled by him, a minority shareholder in one of our subsidiaries. The pricing terms between the supplier and us are determined through arm's length negotiations and are comparable to the arrangement with other digital marketing service suppliers.

Save as disclosed above, to the knowledge of our Directors, our digital marketing service providers do not have any past or present relationships (including, without limitation, family, business, financing, trust or otherwise) with our Company or subsidiaries, our or our subsidiaries' respective substantial shareholders, Directors or senior management, or any of their respective associates.

The following table sets forth the key terms of our typical cooperation agreements with digital marketing service providers.

Scope of Services	The digital marketing service providers provide us with online marketing services on certain social media platforms, including account establishment, account recharging services, placing advertisement on social media platforms, and advertisement credits collection. To place advertisements on social media platforms, we are required to open an advertising account on each of these platforms. The digital marketing service provider will open an advertising account for us with the relevant social media platform, from which the social media platform will deduct the corresponding advertisement fee from the deposit in our advertising account (also known as advertising spend), as we place advertisements on it.

	Social media platforms provide incentives to advertisers in the form of advertisement credits. Advertisement credits act as rebates and are proportional to the amount of advertising spend, and can be fully cashed out and wired to our designated bank account or used to set off our future advertising spend. The digital marketing service provider collects such advertisement credits for us as part of their services.
Pricing	The price of the services is set forth in accordance with the system of social media platforms, and the calculation methods may include CPC, CPA and CPM.
Payment	Any fees, including advertising spend and service fees, if applicable, are typically due the month following the date of accrual. Fees are generally payable on a monthly basis through international wire transfer. Social media platforms are responsible for calculating our advertisement credits, based on our advertisement spend and certain ratios, on a quarterly basis. The digital marketing service provider is responsible for collecting the advertisement credits for us as part of their services. The collected advertisement credits can be transferred to us through international wire transfer, added to our advertising account, or used to set off our fees payable to the digital marketing service provider.
Late Fees	If we are late on any service fees, we are generally responsible for paying 0.01% to 0.5% of the unpaid amount per day as liquidated damages and any relevant expenses incurred to the digital marketing service provider.
Change in Platform Policies	In the event that the social media platforms have to amend their policies, applications and/or operation systems, our digital marketing service providers agree to help us in seeking solutions to accommodate the changes with the social media platforms.
Duration and Renewal	The agreements typically have a fixed term of one year and is renewable upon expiration, subject to mutual consent, if applicable. Generally, each party has the right to terminate the agreements by giving advance written notice, or upon the other party's material breach of the agreement.
Dispute Resolution	The agreements are typically governed by the laws of PRC and provide for exclusive dispute resolution provisions, either in a PRC court or in a designated arbitration institution.

Social media platforms generate data, including advertisement fees and a set of key metrics, such as clicks, actions, and impressions, which serve as performance indicators and form the basis for calculating the fees charged to advertisers. We maintain direct access to such data generated by these platforms.

Our Relationship with Social Media Platform

We directly place our advertisements on one of the popular social media platforms. We initially placed advertisements through digital marketing service providers on this social media platform, which is in line with industry norm according to CIC. However, considering our substantial volume of advertisements on such platform and with an intention to provide services with higher quality, such social media platform decided to directly cooperate with us since 2023. We placed considerable advertisements on such social media platform since we built direct collaborative relationship with it in 2023 and it also became one of our top five suppliers for the years ended December 31, 2023 and 2024. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material dispute with the social media platform or any material breach of our agreements with it. The following table sets forth the key terms in the terms of service of the social media platform.

Scope of Services	The social media platform is responsible for providing us with access to its business system to create, submit and/or place advertisements.
Pricing	We pay a fee to the social media platform to place advertisements. The fees are calculated based on the billing criteria under the applicable advertisement placement programs we have registered on the social media platform. The fees are typically calculated based on CPM and CPC.
Payment	We are required to pay all amounts charged for each advertisement we place on the social media platform, along with any applicable taxes. The social media platform is responsible for calculating the amount we owe. The social media platform may take additional steps to collect any amounts that are past due. In that case, we shall pay for all expenses associated with such collection. In addition, amounts past due will accrue interest at 1% per month or the lawful maximum, whichever is lower.
Compliance with Laws and Contracts	Both parties shall comply with all applicable laws, legal duties and contractual and other legal obligations in respect of their performance under the agreement.
Indemnification	We are required to indemnify and hold harmless the social media platform, to the maximum extent permitted by applicable law, from any and all claims, liabilities, costs and expenses arising out of a breach of the terms of service by us.

Term	The term of service starts when we register as a user on the social media platform's business system and terminates upon the cancelation of our account. The social media platform may cancel our account upon our violation of use restrictions such as uploading or transmitting any files that contain viruses that is malicious or technologically harmful, using the social media platform in a manner that infringes any patent, trademark, copyright or other proprietary rights, and using the social media platform in a manner that would violate any applicable laws.
Dispute Resolution	The arrangement is governed by the laws of Singapore. Any disputes arising out of this arrangement shall be finally settled by arbitration in Singapore under the arbitration rules of the Singapore International Arbitration Centre.

Supply Chain Management

We rely on effective supply chain management to achieve an efficient business model. At the stage of product discovery, in addition to the product information, we obtain product suppliers' information at the same time through our Giikin system, enabling us to timely contact them when our procurement demand arises. Under our "rolling-basis" model, leveraging the precise estimation provided by our Giikin system, we maintain a certain level of inventory for products which are predicted to be popular such that consumer orders can be satisfied more efficiently and on a timelier basis. After we receive orders from our consumers, the system will check whether there is any inventory for such a product, (i) and if we have such products in our inventory under our "rolling-basis" model, the products will be shipped to overseas third-party warehouses of our logistics service providers; (ii) and if not, we would procure the product from suppliers, and the products procured from suppliers will be delivered to our warehouses in Mainland China, and then will be shipped by our logistics service providers within a short time, releasing our inventory capacity. As testament to the efficacy of our supply chain management capabilities, for each year of the Track Record Period, our inventory to sales ratio amounted to 3.7%, 3.2% and 4.0%, respectively.

Through our extensive experience in the packaging and e-commerce industries, we have built and secured a robust supply chain that can support a variety of e-commerce products. Our Giikin system is integrated into every step of our supply chain process, and supports efficient supply chain operations through automated key functions covering procurement, payment to suppliers, order reminders and tracking. Through these key functions, our supply chain management system helps us achieve efficient inventory control, reduces operating costs, improves consumer satisfaction, and ensures supply chain reliability. The following paragraphs summarize the key functions of our supply chain management system.

- *Automated purchasing:* we operate an automated centralized procurement model. Our Giikin system helps us forecast the demand for the products we launch, and our models can estimate if we should maintain a certain level of inventory for specific products at our warehouses so that orders can be satisfied more efficiently. For products that are not available in our warehouses, our Giikin system automatically records unsent orders and places orders with our suppliers.

- *Automated payments*: Our supply chain management includes automated payment processes to ensure that we pay our suppliers on time after our confirmation by a single click, which helps us maintain our long-term supplier relationships.

- *Automated reminders*: Our system automates the reminder process to ensure suppliers deliver orders on time. This helps improve supply chain stability and reduces the risk of delivery delays.

- *Automatic alerts for package tracking*: Our tracking system ensures that we are kept up to date with when products arrive at our warehouses. This provides timely visibility and enables us to optimize inventory management and distribution planning.

We have an extensive network of product suppliers through various channels, providing more choices to us and our consumers and minimizing dependence on any specific supplier. We primarily purchase products (1) directly from suppliers whom we have on-boarded to our supplier management system, or (2) from suppliers registered on 1688.com, an integrated wholesale marketplace operated by Alibaba Group Holding Limited. Our Giikin system is directly connected to 1688.com. We conducted extensive procurement via 1688.com and received a Super Buyer status from 1688.com, a recognition based on transaction volume and our reputable track record, which is visible to suppliers and provides them with assurance when they sell products to us. The Super Buyer status also provides us with favorable credit terms for payments made through 1688.com to the suppliers.

For suppliers from whom we directly procure products, before we onboard suppliers into our system, we would screen them by running a background check. After receiving orders from our consumers, our Giikin system automatically sets a reminder based on level of importance to ensure suppliers deliver orders on time. Leveraging the data connection between us and the supplier, we can achieve fast delivery of a large number of orders within a short period of time.

The terms of purchase for suppliers registered on 1688.com are governed by 1688.com's terms of service. The following table sets forth the key terms of the terms of service.

Scope of Services	We procure our products from suppliers registered on 1688.com. 1688.com provides the platform, payment system, and mediation services to suppliers and us.
Pricing	The price of the product is generally determined by the supplier. We may have special offers and discounts when 1688.com or the supplier conduct promotional activities. 1688.com is entitled to charge suppliers service fees, including transaction service fees and technology service fees.
Payment	We typically make payment when we place an order on the platform through mobile payment or wire transfer, and the platform will then transfer the payment to the supplier when we confirm our acceptance of the products. In addition, according to agreements between the supplier and us, we can also have credit terms, with which the payment for each order is typically due 30 days following the date of the order and is payable through wire transfer.

Product Return	We are generally allowed to return the products without cause within seven days and are eligible for a refund.
Duration	The term of service starts when we register as a user on the 1688.com platform and terminates upon the cancelation of our account.
Dispute Resolution	1688.com provides mediation services when disputes arise from procurement on the platform. If either party is dissatisfied with the platform's mediation proposal, the party may bring suit in a PRC court or an arbitration institution with jurisdiction for such dispute.

For suppliers with whom we purchase directly, we individually negotiate our procurement agreements with them. The following table sets forth the key terms of our form procurement agreement with product suppliers from whom we purchase directly.

Scope of Services	Pursuant to the agreement, the product suppliers are responsible for delivering products to us within a specific period set forth in purchase orders.
Pricing	The price of the product is generally determined through negotiation between suppliers and us as stated in purchase orders.
Payment	We make payments to suppliers, according to credit terms set forth in the purchase orders.
Indemnification	The suppliers are obligated to provide sufficient products and are responsible for any damage arising out of our lack of inventory. In addition, suppliers shall indemnify us for any liability from product quality and infringement issues.
Duration and Renewal	The agreement has a fixed initial duration of one year, and is renewable upon expiration. Each party is entitled to terminate the agreement upon advanced written notice and mutual consent.
Dispute Resolution	The agreement is governed by the laws of PRC and each party may bring suit in a PRC court with jurisdiction.

Cross-Border Logistics

Logistics Management

We work with logistics service providers to manage the transportation, distribution, warehousing, and overall flow of our products, to ensure they are delivered to their destinations efficiently and on schedule. For each year of the Track Record Period, we cooperated with 75, 93 and 105 logistics service providers, respectively. After a consumer places an order, if the product is not available in our warehouses, we purchase the product from a supplier who arranges for it to be shipped to one of our leased warehouses in Mainland China. After we conduct an exterior check of the product, the product will generally be shipped to the logistics service provider's overseas third-party warehouses for distribution and delivery to the consumer. If the delivery is rejected or the product is returned, the product will be shipped back to the overseas third-party warehouses, and the logistics service provider will deliver the product a second time when the product is purchased again. The purchase price paid by the consumer will include the shipping expenses, applicable taxes in connection with shipping, and other charges imposed on our products.

Our logistics system is equipped with an order auto push function. Once a consumer places an order, the system will automatically send the order information to the logistics service provider, which expedites order processing. We provide consumers with real-time tracking using information provided to us by the logistic service provider. Our consumers can keep track of the current location and delivery status of their orders. Logistics status tracking increases transparency and helps consumers better plan and manage their schedules. Typically, the order will be delivered within seven days, and we will contact the consumer if there is a material delay.

The following table sets forth the key terms of our typical agreements with logistics service providers.

Scope of Services	The logistics service providers are typically responsible for logistics service from Mainland China to the designated location, including pick-up service in Mainland China, warehousing, customs clearance, local transportation and delivery, payment of import/export taxes in Mainland China and at the destination, as well as payment collection upon delivery.
Pricing	The price of the transportation service is negotiated on an arm length based on weight and distance, and may include warehousing fees, import/export taxes, and other service fees, if applicable.
Payment	The payment of the transportation fee is typically due on a monthly basis through international wire transfer. The logistics service provider is generally responsible for transferring all payments collected upon delivery to us on a monthly periodic basis. The transportation fee that is due may typically be deducted from all current payments collected upon delivery by the logistics service provider, and the logistics service provider is responsible for transferring the balance.

Indemnification	The logistics service provider is responsible for any products lost and/or damaged after the product leaves our warehouses. Each party shall indemnify the other party for damages arising out of its failure to perform the agreements.
Duration and Renewal	The agreements typically have a fixed initial duration between one to three years, and is renewable upon expiration, subject to mutual consent. Each party has the right to terminate the agreements by giving advance written notice, or upon the other party's breach of the agreements.
Dispute Resolution	The agreements are typically governed by the laws of PRC and provide for exclusive dispute resolution provisions, either in a PRC court or in a designated arbitration institution.

Warehouse Management

In Mainland China, we leased one warehouse in Dongguan, Guangdong Province and one warehouse in Jinjiang, Fujian Province as of the Latest Practicable Date.

For warehouses outside of Mainland China, we typically use third-party warehouses operated by logistics service providers, covering countries and regions in Asia, as well as Europe and North America. Our agreements with logistics service providers include terms relating to the use of their warehouses. For details, see "– Our Cross-border Social E-commerce Business – Cross-border Logistics – Logistics Management" in this section.

At our leased warehouses in Mainland China, we have developed a warehouse management system that ensures efficient warehouse operations through a series of advanced technologies and processes. Our warehouse operations are designed so that as soon as products arrive from our suppliers at our warehouses, they are processed for transportation to our consumers, to minimize the time in which products are kept at our warehouses. This setup increases the efficiency of our inventory management by expediting our delivery process.

Our warehouse management system performs key functions such as automated warehousing order generation, automatic inventory management, abnormal order blocking and automatic order matching:

- *Automatic Warehousing order generation:* our warehouse management system is capable of automating order generation, which greatly improves the speed and accuracy of order processing. This helps speed up the order delivery process and reduces the possibility of manual errors.

- *Automatic inventory management:* our warehouse management system is capable of automatically marking products from inventory to fulfill orders. This feature helps us process orders quickly to minimize the time in which products are kept at our warehouses.

- *Abnormal order blocking:* our warehouse management system has an abnormal order blocking feature that detects and recognizes abnormalities associated with an order. This can include incorrect addresses, or other issues. Once an abnormal order is blocked, our Giikin system or our team will quickly take appropriate action to ensure the issue is resolved in a timely manner.

- *Automatic order matching:* our warehouse management system is equipped with automated order matching capabilities. Our system matches and allocates products so that orders can be prepared and delivered quickly. This improves the efficiency of order processing and reduces the risk of incorrect shipments.

Cross-Border Payment

We mainly adopt two payment settlement methods for our cross-border social e-commerce business: (1) collection of cash on delivery by logistics companies, and (2) online payment by consumers through independent third-party payment platforms. Given mobile and online payment services in emerging markets such as Southeast Asia have not been fully developed, we provide cash on delivery as a payment option, which includes cash payment and any other types of payment methods including credit card or mobile payment at the option of the consumer that is available in the customer's country or region. Subject to local regulations, we provide both payment options and, consumers can choose either option based on personal preference.

Where the cash is collected by the logistics service provider on delivery, the logistics service provider is responsible for transferring all payments collected upon delivery to us on a monthly periodic basis. We selectively collaborate with well-established global and local payment service providers to help us handle electronic payment processing, ensuring that our consumers can make purchases seamlessly while adhering to the highest standards of security. We select payment service providers through a comprehensive evaluation process. The selection criteria include various essential factors: possession of requisite payment licenses in compliance with local laws; established track record, including the offering of diverse payment options, a high success rate in processing payments, and a history of positive customer feedback; competitive fee rates and efficient settlement cycles; ability to handle multiple currencies; availability of an open API, allowing easy integration with our own payment system during the initial phase; commitment to quality customer services and responsiveness.

By providing these payment options, we can facilitate our consumers in making payment to improve our order fulfillment rate, while at the same time eliminating consumer credit risk. For each year of the Track Record Period, the order fulfillment rate of our products amounted to 86.3%, 88.4% and 84.9%, respectively. During the same periods, we cooperated with 13, 15 and 7 payment service suppliers, respectively. In 2024, the number of our cooperated payment service suppliers decreased compared with that in the previous years, as we actively selected to partner with suppliers that met our stringent service requirements in delivering satisfactory purchasing experience to our customers. To the knowledge of our Directors, our payment service suppliers do not have any past or present relationships (including, without limitation, family, business, financing, trust or otherwise) with our Company or subsidiaries, our or our subsidiaries' respective substantial shareholders, Directors or senior management, or any of their respective associates.

The terms of third-party payment services are governed by our agreements with third-party payment platforms and their terms of service. The following table sets forth the key terms of the typical agreements and the terms of service.

Scope of Services	The payment service provider typically helps us collect payments from consumers or send payments to them for refunds, in multiple currencies and is responsible for paying us in our desired currency. The payment service provider also provides us with foreign exchange services, if applicable.
Pricing	The service fee is priced according to the policies of the various e-payment platforms, typically ranging from 2.35% to 3.70% of each transaction amount, and may include foreign exchange costs, payment fees, service fees to other third-party platform, if applicable.
Payment	The payment of the service fee is due immediately upon closing of the original transaction. The service fee is generally deducted from any amounts collected from consumers and the balance is then paid to us.
Indemnification	We are responsible for any damages suffered by us or any third party, from the services provided by the payment service provider, as long as it strictly executes our instructions.
Term and Renewal	The agreements typically do not have a specified term. We have the right to terminate the agreements either, in certain cases, immediately or by giving advance notice. The payment service provider is typically entitled to terminate the agreements if we provide false or misleading information or fail to provide any important information when requested.
Dispute Resolution	The agreements are typically governed by the laws of the countries or regions where we establish our accounts, and either party may bring suit in courts or arbitration institutions of the same jurisdiction.

Purchase and After-Sales Services

Customer Service and Feedback

We provide customer service while a consumer is making their purchase on our landing page via a pop up customer service assistant.

With information provided by our consumers through landing pages, we can also contact them and offer after-sales services. Aiming at responding to our consumers effectively and efficiently, we respond to inquiries and feedback on a 24/7 basis. Our consumers usually contact us for the following reasons: (i) to amend their orders, including types and quantities of products, size or color, and shipping address; (ii) to check the process progress of their orders; (iii) to check the delivery status of their orders; (iv) to report a defective, damaged, or missing item in their orders; and (v) to initiate a return, exchange, or refund of their orders.

We also utilize an AI bot to provide written and verbal responses to queries and complaints from consumers. The AI bot can provide responses in 32 languages. The AI bot can typically resolve the feedback without human intervention, increasing our total order fulfillment rate. A live customer service representative will continue to handle the complaint if the consumer is not satisfied with the responses from the AI bot, and can use the AI bot to translate responses into the customer's language. As a result, the AI bot helps us reduce labor costs for hiring local customer service staff, and facilitates our cross-border business expansion.

We leverage our digital system to improve the quality as well as efficiency of our customer services. We independently develop and operate the e-mail management system for our landing pages, which increases our response efficiency. The e-mail management system integrates various functions, including responding to consumers' inquiries, receiving timely comments and checking order information and logistics. We promptly and effectively respond to consumers' inquires through the integrated e-mail management system.

We also provide various channels to ascertain consumers' expectations and collect consumers' comments. We mainly collect consumers' feedback through various channels, including but not limited to online customer service and comment collection surveys that we encourage consumers to fill out.

Management of Customer Feedback

We receive customer feedback from time to time from our e-commerce customers. Customer feedback usually relates to: (i) general after-sales issues; (ii) logistics issues; (iii) incorrect or defective product; and (iv) return and refund request. We have adopted a standardized customer service policy setting forth how each situation should be handled by our customer service staff.

When general after-sales issues arise, such as inconsistency between the product and the customer's expectation, customer's lack of instructions on product usage, or customer's dissatisfaction with our customer service, we will communicate with consumers to address their concerns, and we may also offer gifts (such as discount coupons) to resolve such issues.

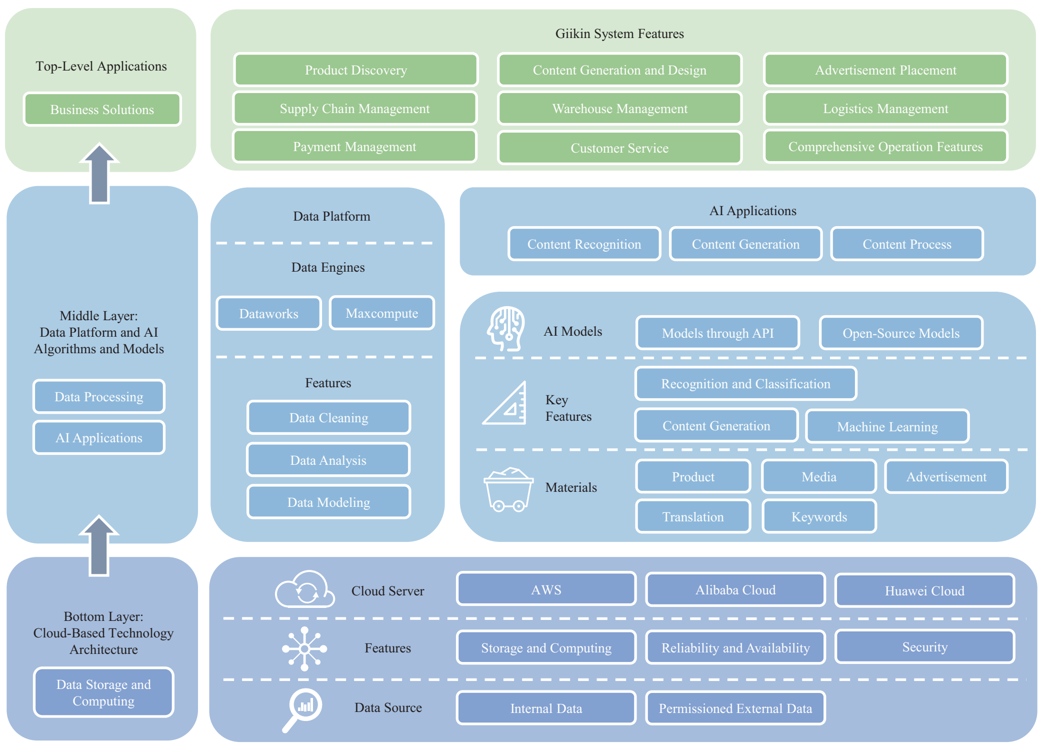
For consumers whose products are not successfully delivered, we will verify the logistics information for their orders. In cases where we failed to ship the product from our warehouses, we will promptly ship the product. If the unsuccessful delivery is attributed to the logistics company, we will arrange for reshipment and require the logistics company to compensate our consumer monetarily.

If the consumer asks for an exchange on the ground that we shipped the incorrect product or if there is a defect in the shipped product, after confirmation, we will directly send a replacement without requiring the consumer to return the received product. If consumers request to return the product and provide them with a refund, and do not accept alternative solutions such as product exchanges, we will accept such requests. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product return, exchange or refund requested from our consumers and had not suffered any significant loss or damages caused by product return, exchange or refund. See "– Our Product Return and Refund Policies". As testament to our ability to resolve consumer queries, we have maintained a high order fulfillment rate. For each year of the Track Record Period, our order fulfillment rate amounted to 86.3%, 88.4% and 84.9%, respectively.

Our Technology Capabilities

Our Technology Infrastructure

Our technology infrastructure is comprised of three distinct layers. The bottom layer of our technology infrastructure is the cloud-based technology architecture, which acts as the foundation of our business operations. The middle layer is comprised of our data platform and the AI algorithms and models. This technology infrastructure supports the top-level applications of our Giikin system. The following diagram sets forth a graphical representation of our technology infrastructure.



Our Giikin system is built on a highly scalable and stable cloud-based technology architecture, which enables us to timely process and analyze a large amount of internal and permissioned external data from each stage of our business process to meet the needs and demand of our consumers. We derive internal data from our business operation, such as the data generated from the interaction between our consumers and landing pages. We obtain permissioned external data from sources other than our cross-border social e-commerce business, such as consumption trends. We combine internal and permissioned external data to conduct data analysis to support our business operations. We effectively utilize data and information available in the public domain to gain insights into the latest trends and consumer preferences. For instance, during product discovery, we actively gather information on top-selling products from third-party platforms, enabling us to discern prevailing market trends. Simultaneously, we leverage our internal data derived from landing pages, assessing consumer behaviors, product features, and historical sales data. Our Giikin system plays a crucial role in this process, which employs advanced data analytics and generates visual diagrams that illustrate key trends within our internal data, allowing us to effectively identify best-selling product categories, as well as the most popular colors and sizes. Armed with insights derived from both internal data and permissioned external data, our Giikin system delivers precise predictions and tailored suggestions, enabling our product discovery team to curate product selections that closely align with consumer preferences and needs. In turn, such data is used to feed and train our Giikin system through machine learning.

We deploy our cloud-based technology architecture by procuring cloud-based services from Alibaba Cloud and Huawei Cloud directly, and from AWS through a certified partner. Alibaba Cloud, Huawei Cloud and AWS are well-established cloud service providers in the industry. We have implemented various internal policies and procedures to ensure the security of the data we collect, process, and store during the course of our business. For more details, see "– Data Compliance and Data Security." The following table sets forth the typical key terms of our agreements with Alibaba Cloud, Huawei Cloud and the certified partner of AWS:

Scope of Services	The cloud service provider who enters into service agreement with us directly provides us with a range of on-demand cloud services including, as the case may be, data storage, cloud server, database, backup, firewall, data security management, technical consultation services, etc. The certified partner of AWS provides us with various AWS technical support services, including AWS account application or creation, through which we are able to enjoy cloud services on AWS, such as database, firewall, data storage, and technical consultation services.
Pricing	The unit prices of cloud services under the agreements are generally charged based on a fixed amount per gigabyte, and the service fees are calculated according to the bandwidth we consume.
Payment	The service fees are generally payable on a monthly basis through wire transfer or subject to prepayment, according to the cloud service we subscribe for. In the case that we make monthly payment after service subscription, the service fees are generally due within 35 days following the issuance of monthly bills.
Indemnification	Each party shall indemnify the other party for damages arising out of violation of the confidential clause in the agreement or infringement of any third party's rights in relation to the performance of the agreement. We shall indemnify the cloud service provider or the certified partner of AWS, as the case may be, any damage arising from our inappropriate use of the cloud services.
Duration and Termination	The agreements typically has a fixed term of one year. Each party is entitled to terminate the agreement upon mutual negotiation and consensus, and the cloud service provider is entitled to terminate the agreement if we violate any of the clauses therein.
Dispute Resolution	The agreement is governed by the laws of the PRC and any dispute arising from the execution or performance of the agreement shall be settled in a PRC court.

The cloud-based technology architecture has a multi-cloud structure, which reduces the risk of system crashes and cybersecurity attacks. The key features of the cloud-based technology architecture are set out below:

- *Large real-time data storage and advanced computing capabilities*. As the foundational layer of our Giikin system, our cloud servers receive real-time data generated from the middle layer comprising our data platform and the AI algorithms and models, and the top -level applications of our Giikin system. We utilize multiple cloud servers at the same time to expand the total storage of our Giikin system. Advanced computing tools are also integrated into our cloud servers, which empower us to conduct real-time data analysis and provide us with more flexibility to timely adjust our operation decisions.

- *Reliability and availability*. We adopt a multi-availability-zone and high-availability architecture, by placing multiple cloud servers and databases in different availability zones, comprising clusters of multiple and isolated data centers. Once a node failure is detected at any cloud server or database, such server or database can be taken offline within seconds to ensure the availability of the whole system network. We also actively arrange for regular backups to maintain data availability.

- *Security*. The cloud servers are equipped with built-in firewalls to timely intercept any external abnormal requests. The built-in firewalls, together with the advanced firewalls established by us, and the 24/7 monitoring service provided by the cloud service provider, safeguards the security of our Giikin system from both internal abnormalities and external threats.

Data plays an essential role in our business as we combine internal data and permissioned external data to conduct market trend analysis. For instance, we collect hot-selling products information from third-party platforms as well as internal data derived from landing pages, so that we are able to analyze the current market trends in a more precise manner. In order for our business operations to run smoothly, we must process data efficiently and precisely. To do so, we have established a data platform with data analysis tools procured from Alibaba Cloud. Through our data platform, we conduct data cleansing, analysis and modeling to support the top-level applications of our Giikin system such as tools for product discovery and content generation and design. We have also developed data analysis models to meet specific and advanced requirements of our business. For example, we independently developed an order fulfillment rate analysis model to process and analyze order data to estimate the order fulfillment rate of specific products, empowering us to estimate the sales performance and the market acceptance of each product.

We are committed to the development and application of AI algorithms and models. We use AI models provided by third-party developers through API, and we also conduct secondary development based on open-source AI algorithms and models, and train them with our business data to empower us to discover products that are more tailored to consumers' needs and demand. We have established a team of R&D staff dedicated to using our business data to train our models. The key features of the AI algorithms and models are set out below:

- *Accurate recognition and classification capabilities*. The AI algorithms and models efficiently recognize and classify large volumes of data collected from our business or the Internet, including texts, images and videos. These algorithms and models further process the data to generate precise product tags and establish a high-quality material library within our Giikin system.

- *Efficient content generation capabilities*. The AI algorithms and models can efficiently generate content in each stage of our business process, such as advertising content for our products, and written and verbal responses in our consumer services. With the help of Transformer, a large language model used for processing natural languages, we can effectively add descriptions to each product based on its characteristic and attribute. We also established and constantly update our databases and libraries of advertising materials, which the AI algorithms and models use to generate content more effectively.

- *Continuous learning capabilities*. The AI algorithms and models continue to optimize themselves with business data that we have accumulated, supporting a virtuous cycle where the AI algorithms and models facilitate our business operation by generating attractive advertising content and proposing precise recommendation advice, and in turn, we can use the data generated from our business to further train these algorithms and models, enhancing their speed and accuracy in our business operation.

Our Giikin System

Our Giikin system is an AI-driven self-developed unified operations management system that we use throughout our entire social e-commerce business process, covering product discovery, product content and landing page generation, advertisement placement, logistics and payment management and consumer service. For more details, see "– Our Cross-border Social E-commerce Business" in this section.

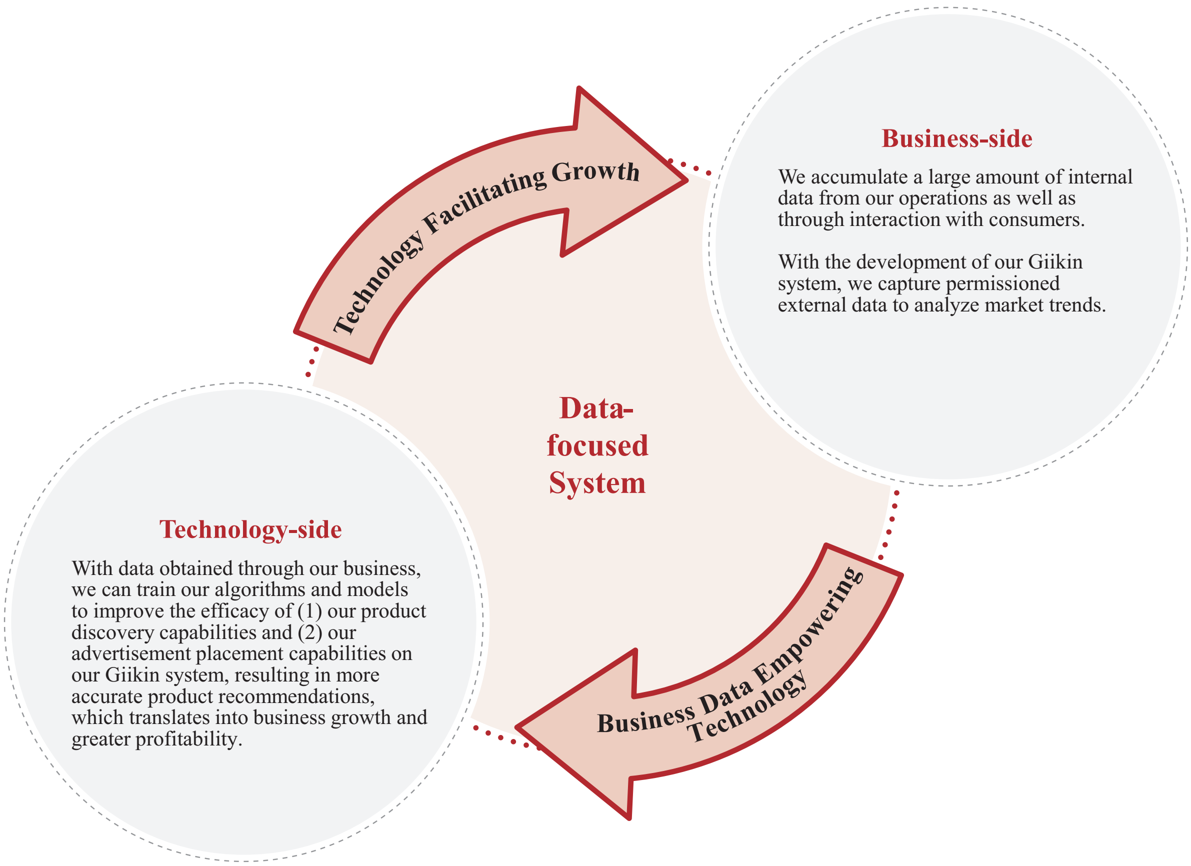
Our GiiMall SaaS Platform

Benefiting from our industry experience, we have also developed a one-stop service SaaS platform called GiiMall targeting Mainland China-based cross-border e-commerce suppliers. In January 2022, we started providing GiiMall to such suppliers on a complimentary basis for testing purposes to optimize the platform. The GiiMall platform helps suppliers build landing pages and sell their products to consumers outside of Mainland China through a unified streamlined dashboard. We replicate our own experience to provide suppliers with a service of full chain of processes, covering the supply chain, landing page generation, advertisement placement, cross-border logistics and cross-border payment services. GiiMall enables suppliers to easily display, manage, market and sell their products through multiple social media platforms. It also provides a single integrated, easy-to-use back end dashboard that suppliers can use to manage their business and buyers across multiple sales channels. As a SaaS platform, GiiMall operates on shared infrastructure, freeing up hardware for suppliers and consolidating data generated from interactions between buyers and suppliers. During the Track Record Period, we did not record any revenue from providing SaaS services through GiiMall.

Research and Development

We invest heavily in research and development in our cross-border social e-commerce business. As of March 31, 2025, we owned 4 patents and 140 software copyrights, in relation to the development of algorithms, software systems, and other technology used for our cross-border social e-commerce business. Our AIGC technologies are primarily open-source and not patentable due to absence of novelty and inventiveness. We established a R&D center for our cross-border social e-commerce business, located in Zhengzhou, Henan Province. For each year of the Track Record Period, our research and development expenses for our cross-border social e-commerce business recorded RMB43.7 million, RMB43.1 million and RMB39.6 million, respectively.

Our R&D strategy closely aligns with our cross-border social e-commerce business model. We recognize the central role of data in the era of social media and believe data is the nexus between technology and business. We leverage our access to data through our business operations to address complex technology issues faced by e-commerce businesses, including demand analysis, data modeling, data ETL (extract, transform, load), and data visualization. In return, improvements in technology can facilitate the growth of our business. These improvements result in flywheel effects – as our business grows, we accumulate more data and generate data insights, and find more ways to use those in our business processes, which in turn improves our technological capabilities further driving business growth. The figure below illustrates this concept.



Following this approach, we independently developed Giikin, a comprehensive management system to connect our business and technology which covers all of our business processes. Through R&D, we strive to continue to standardize and automate each business process to improve the efficiency of each business process, reduce the need for human intervention and reduce operational costs. We do this by continuously improving our algorithms and models through (1) developing new algorithms and models for new use cases and (2) training our existing algorithms and models with the data we access through our business. For example, we have standardized advertisement placement through the generation of tags associated with consumer needs and products put on sale by developing advanced algorithms to create consumer profiles and product tags. We use business data to improve the effectiveness of algorithms by training and fine-tuning them, which we believe results in improvements in our technology that translates into growth of our business. For example, through training, algorithms used in our Giikin system can provide more accurate product recommendations and perform more accurate advertisement placement.

We develop and improve our algorithms and models through different methods. After identifying a business need that can benefit from further automation or efficiency enhancement, we retrieve and review the relevant business data to start the process of designing, building and improving our models. These models ultimately become prototypes of algorithms used in our Giikin system. Through an ETL process, on an ongoing basis, we also process and digitalize the business data and store it into an output data container for further use. This data can then be used to develop new algorithms and models to address a new business need and to train our existing algorithm and models to improve their efficiency. In addition, we integrate applications across business processes to share real-time data to provide more granular data visualization, which allows us to make better decisions across all of our business processes. In 2021, we entered into a strategic cooperation with Huawei to further develop applications for digitalization in cross-border social e-commerce in cloud computing, image processing, big data and AI. In June 2023, we strengthened our cooperation with Huawei, which would deepen our development of AI applications in our cross-border social e-commerce business based on Huawei's large-scale data model in the areas of AIGC, application modernization, data crawling and data governance, with a view to enhancing digitalization in each stage of our cross-border social e-commerce business.

We had approximately 200 research and development personnel for our cross-border social e-commerce business as of December 31, 2024.

We leverage big data analytics, AI and other technologies to empower our business and continue to launch features to enhance our capabilities to assist goods to discover people. During the Track Record Period, we launched and integrated the following features into our Giikin system as part of our cross-border social e-commerce business:

- ChatGiiKin-6B, an e-commerce text class model. ChatGiiKin-6B is capable of creating tags that are specifically associated with a product that can later be used for our precise advertising strategies. For example, we can assign tags to our products regarding the age, gender, shopping habits, and other information of the target customer audience;

- G-king, a technology-powered placement assistant. We launched G-king in July 2023. G-king provides accurate and effective advertising strategies to our advertisement optimizers for reference based on historical advertisement data and experience of successful advertisement optimizers, enhancing their advertisement placement efficiency; and

- GiiAI, an e-commerce design and material generation model. GiiAI was launched in August 2023. GiiAI is used for image recognition, text translation and video clip editing, improving our efficiency of advertisement content generation.

Pricing

In line with industry norm, we adopt a market-oriented pricing approach. We principally offer products at competitive prices. We price our products based on, to the extent practicable, a series of factors including: (i) product purchase costs; (ii) operation costs; (iii) marketing or advertising costs and expenses; (iv) transportation or logistics costs; (v) expected profit margin; (vi) order fulfillment rate; and (vii) foreign exchange rate.

Using Giikin, our product discovery team determines a pricing plan for each product taking into account the above-mentioned factors. We review our pricing strategies continuously and adjust the prices of our products from time to time.

OUR PAPER PACKAGING BUSINESS

We have been in the paper packaging business for more than 20 years and operated 10 large-scale packaging and printing production facilities across Mainland China, as of December 31, 2024. We ranked first among FMCG paper consumer packaging providers in Mainland China, based on revenue in 2024, according to CIC, providing enterprise customers with integrated one-stop paper packaging products and services from marketing strategies, product design, process design, technology planning, to transportation and logistics. We ranked fifth in the "Top 100 Chinese Printing and Packaging Enterprises" published by Printing Manager Magazine in 2022. Our enterprise customers are primarily leading enterprises in food, catering, beverage, daily necessities, and other segments of the FMCG industry. We are focused on delivering comprehensive paper packaging products to our enterprise customers. We seek to not only simply provide paper packaging to our enterprise customers, but also offer product design, process design and technology planning services to add value for our enterprise customers as well as to help our enterprise customers manage their packaging costs by procuring the most optimal and cost-efficient raw materials when designing the packaging. Riding on the trend to use more environmentally-friendly materials and reduce plastic use, we have focused our R&D efforts to develop environmentally-friendly materials and techniques to produce green packaging, catering to evolving FMCG consumption trends. For each year of the Track Record Period, we had 238, 278 and 300 packaging customers, respectively. During the same periods, revenues from our paper packaging business amounted to RMB1,982.6 million, RMB2,096.6 million and RMB2,099.5 million, representing 36.9%, 31.3% and 38.0% of our total revenues, respectively.

According to CIC, typical paper packaging manufacturers primarily provide packaging production services, manufacturing standardized packaging products in accordance with designs designated by customers; while providers of one-stop paper packaging products and services are able to provide more comprehensive services covering marketing strategies, product design, process design, technology planning, transportation and logistics. Our decades-long relationship with Customer Group A, a leading Chinese diary products producer, is a testament to our capabilities of providing one-stop paper packaging products and services. We started our collaboration with Customer Group A since 2006 and have maintained a close business relationship with it ever since, providing paper packaging products ranging from marketing strategies, product design, process design, technology planning, to transportation and logistics. For example, we proactively proposed our packaging designs to Customer Group A, emphasizing on the quality of dairy products. We combined components such as grassland, cows and sunshine on the packaging cartons to give the end customers an impression of natural and freshness, echoing with Customer Group A's brand positioning strategies and intensifying brand images in the market. During the Track Record Period, eight packaging designs proposed by us to Customer Group A were accepted and came into the market. We employed more than 30 printing and packaging techniques, such as calendaring, in the production of Customer Group A's product packaging to enhance the visual expression of its products. We also provide technology planning services to develop patents with its R&D team in relation to the packaging for its products. We acted as an inventor to Customer Group A for certain patents. In 2023, we were also awarded as a benchmark supplier by Customer Group A. For more details of our transactions with Customer Group A, see "– Our Customers – Major Customers."

Key Operating Metrics

The following table sets forth the key operating metrics of our paper packaging business.

	For the year ended December 31,		
	2022	2023	2024
Production volume *(million sq.m.)*	846.7	925.3	1,026.1
Inventory turnover days[(Note)]	58.7	57.4	54.5

Note: Inventory turnover days is calculated by dividing the average of the beginning and ending balances of inventories of our paper packaging business for the relevant year by the corresponding cost of sales of our paper packaging business for the same year, multiplied by 365 days.

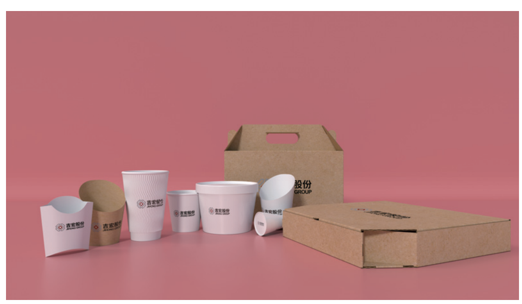
Our Products

We are a packaging supplier in Mainland China and are principally engaged in the manufacturing and sale of FMCG packaging products including color packaging cartons/boxes, eco-friendly paper bags, and food packaging. We carefully select eco-friendly raw materials used for production of our paper packaging products; for example, we utilize water-based ink that is tested as in compliance with eco-friendly standards including RoHS and REACH issued by EU, and we also utilize corn starch and phyto-based ink, which are widely-recognized as eco-friendly materials in the industry according to CIC. As of March 31, 2025, we owned 32 patents relating to green packaging materials and products. The following is a brief description of our principal packaging products:

The color packaging carton/box is a packaging box or consumer paper carton for retail and promotion purposes, which is made of white cardboard, white liner board and corrugated paper. Color packaging cartons/boxes can typically withstand a certain amount of pressure and therefore it can be used to protect goods. In addition, color packaging carton/boxes are economical and environmentally friendly. The color packaging carton/box has flat surfaces to print on images and logos of products to emphasize their brand value. Our enterprise customers would typically use it for food and beverage, household chemical products, consumer electronic products, and personal care products.

The eco-friendly paper bag makes use of recycled paper and kraft paper to form a bag. It is printed using water-based ink and bonded by water-based glue, which are also environmentally friendly. It is light and foldable to carry, and is recyclable. It is widely used for packaging of e-commerce goods, take-out food, and supermarket goods. Our enterprise customers primarily print their logos and slogans on the eco-friendly paper bag for marketing and promotion purposes.

Food packaging is made of food grade cardboard and kraft paper. Our food packaging is manufactured in accordance with good manufacturing practice (GMP) standards, and complies with various standards to ensure that it can safely come into direct contact with food. We primarily produce food packaging into our enterprise customers' desired shapes, including paper cups, paper bowls, paper bags and paper boxes for various foods and beverages, snack foods and ice cream.



The table below sets forth a breakdown of our revenue generated from our paper packaging business by type of paper packaging products:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Color Packaging Carton/Box	1,382,807	69.7	1,346,220	64.2	1,198,392	57.1
Eco-Friendly Paper Bag	203,308	10.3	325,787	15.6	387,593	18.5
Food Packaging	292,062	14.7	323,437	15.4	423,067	20.2
Others *(Note)*	104,414	5.3	101,162	4.8	90,409	4.2
Total	**1,982,591**	**100.0**	**2,096,606**	**100.0**	**2,099,461**	**100.0**

Note: Others primarily consist of revenue generated from sales of materials and scrap paper.

The table below sets forth a breakdown of our gross profit and gross profit margin generated from our paper packaging business by type of paper packaging products:

	For the year ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Color Packaging Carton/Box	164,365	11.9	210,389	15.6	175,938	14.7
Eco-Friendly Paper Bag	55,464	27.3	98,321	30.2	110,700	28.6
Food Packaging	28,443	9.7	44,681	13.8	50,291	11.9
Others *(Note)*	52,255	50.0	39,765	39.3	38,252	42.3
Total	**300,527**	**15.2**	**393,156**	**18.8**	**375,181**	**17.9**

Note: Others primarily consist of gross profit generated from sales of materials and scrap paper.

The table below sets forth our production volume and average selling price by product types during the Track Record Period:

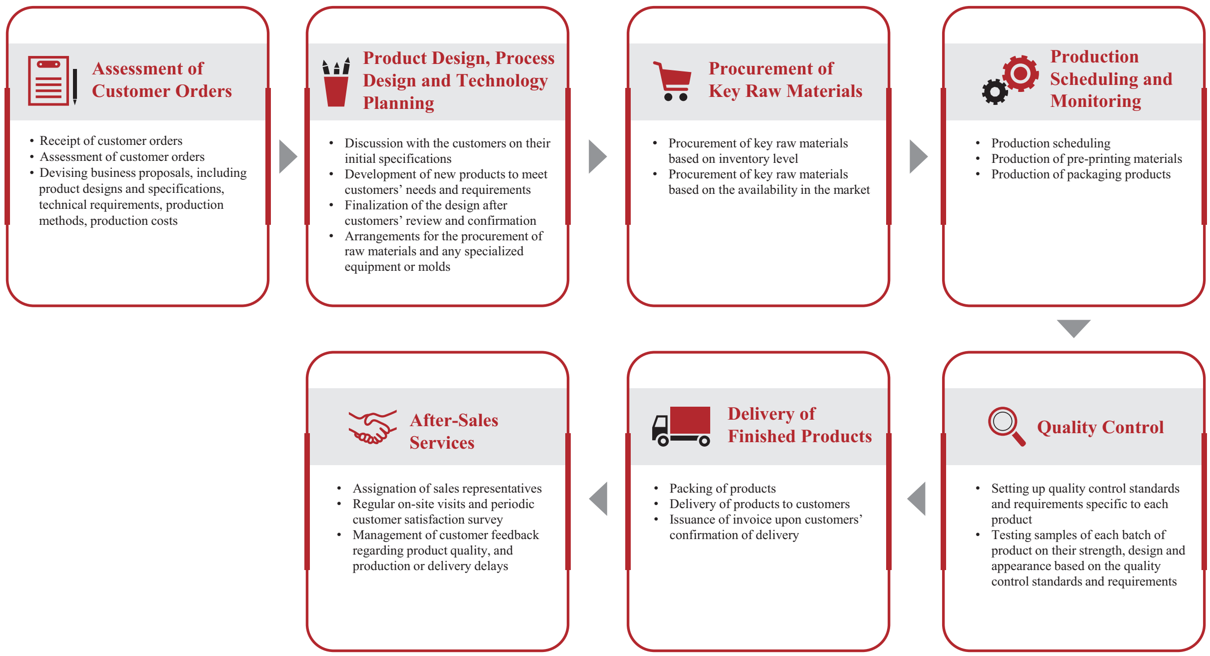
	For the year ended December 31,					
	2022		2023		2024	
	Total production volume	Average selling price	Total production volume	Average selling price	Total production volume	Average selling price
	million sq.m.	*RMB/ sq.m.*	*million sq.m.*	*RMB/ sq.m.*	*million sq.m.*	*RMB/ sq.m.*
Color Packaging Carton/Box	438.7	3.2	430.6	3.1	423.7	2.8
Eco-Friendly Paper Bag	137.0	1.5	172.0	1.9	271.7	1.4
Food Packaging	271.0	1.1	322.7	1.0	330.7	1.3
Total	**846.7**	**2.2**	**925.3**	**2.2**	**1,026.1**	**2.0**

Note:

(1) Average selling price was calculated dividing revenue from the relevant paper packaging product by total production volume of the relevant paper packaging product.

Our Business Process

Our paper packaging business process can be summarized as follows:



Assessment of Customer Orders

Once a business opportunity with a new enterprise customer or an existing enterprise customer for a new product is identified by us, we will discuss with the enterprise customer and assess the customer's order with respect to raw materials' availability, product design and specifications, technical requirements, and production method as well as production cost analysis. Based on the above assessment results, we will devise a business proposal to our enterprise customer for confirmation. We believe effective communication with our enterprise customers at the early stage of production allows for a better understanding of our enterprise customers' needs and a smooth production process.

Product Design, Process Design and Technology Planning

For a new product design, after discussing with the enterprise customer on his or her initial specifications, we collaborate with the enterprise customer to develop new products that meet the material, structure, function, and graphic design specifications proposed by the enterprise customer. For the enterprise customer who do not have a specific specification, we would independently design and provide prototype samples for the enterprise customer to select, and, based on the customer's feedback, modify the design until the enterprise customer is satisfied with it.

As part of developing product designs, we will also propose optimal process designs to our enterprise customers. Process design for packaging products is of great importance and can affect product attributes, such as esthetic value and hardness. If we do not possess certain processes needed to cater to special or personalized enterprise customer needs, we provide technology planning services to our enterprise customers, which also facilitates our production capabilities.

In addition to the overall design specifications, we also pay attention to enterprise customers' special needs and requirements, such as marketing and ESG compliance.

Once the product design and process design are finalized, we communicate with the enterprise customer to finalize the order, and we will arrange for the procurement of raw materials and any specialized machines, equipment or molds for production.

Monitoring of Raw Materials' Availability and Procurement of Raw Materials

After selecting the key raw materials for production, we will determine if the appropriate raw materials are available at our production plants or our warehouses. In the event that the required key raw materials are not available for reasons such as unexpectedly strong demand for our products during peak seasons, we will procure the required key raw materials.

We procure the key raw materials to (i) maintain a sufficient level for production need, which we mainly determine based on the monthly procurement plans from our enterprise customers; and (ii) minimize risks arising from substantial price fluctuations. To make sure the key raw materials are consumed effectively and efficiently, we keep track on (i) their inventory level; (ii) the key raw materials supply and consumptions in the preceding month; (iii) the prevailing price of the key raw materials; and (iv) purchase orders from our enterprise customers.

The key raw materials are procured based on the requirements of our enterprise customers in terms of density, color and physical strength. Our Group purchases the key raw materials from a few large and well-established suppliers, mainly in Mainland China which are independent third parties.

For each year of the Track Record Period, the cost of raw materials represented approximately 77.9%, 77.9% and 76.1%, respectively, of our total cost of goods sold for our paper packaging business. Currently, we source the key raw materials from a number of suppliers. We consider that our key raw materials are readily available in the market, and we will not face a significant problem in sourcing them.

The following table sets forth the key terms of our typical procurement agreements with our raw material suppliers.

Product Specifications	Pursuant to the agreements, the raw material supplier is responsible for delivering raw materials to us according to our specifications within the specific period set forth in the agreements.
Pricing	The price of each order is calculated based on weight and unit price of raw materials.
Payment	The payment for each order of paper raw materials is typically due 30 days following the date of the order and is payable through wire transfer or by promissory note. For other raw materials, the payment is generally due 60 days following the date of the order and is payable through wire transfer.

Liability	If we are late on any payments, we are typically obliged to pay 0.05% to 0.3% of the unpaid amount per day as liquidated damages to the raw material supplier. The raw material supplier shall indemnify us for any damage arising from either (1) the failure of the raw materials to comply with our specifications and requirements, or (2) failure to deliver the raw materials on a timely basis.
Term and Renewal	The agreements typically have a fixed initial term of one year, and is renewable upon expiration, subject to mutual consent. Each party is entitled to terminate the agreements when the other party breaches the agreements and fails to rectify such breach within 30 calendar days.
Dispute Resolution	The agreements are governed by the laws of the PRC and provide for exclusive dispute resolution provisions, either in a PRC court or in a designated arbitration institution.

Production Scheduling and Monitoring

We monitor and control the inventory levels of our raw materials and finished products to optimize our operations and to keep our operation costs and risks at a relatively low level. Typically, we produce products only when we receive a purchase order from an enterprise customer. We use ERP system for scheduling and monitoring production for different enterprise customer orders with an aim to optimize utilization of our production capacities so as to maximize our production efficiency and achieve cost saving. The entire production process is monitored by our ERP system through which we obtain real time information on raw paper consumption and inventory levels, production progress, finished products' warehouse turnovers, and delivery and logistics information, thereby ensuring accurate and on-time delivery to our enterprise customers.

We manage our inventory of raw materials and finished products taking into consideration the quantity of purchase orders that are made by our enterprise customers, as well as our production schedules and the procurement cycle for raw materials. We adopt stringent procedures to monitor the inventory levels of our key raw materials, work-in-progress and finished goods. We control our inventory level by (i) keeping track of the inventory movements on a real-time basis, and (ii) usually maintaining stock of key raw materials at a sufficient level for our use while our finished products will not be stocked at individual plants for more than three days on average.

Quality Control

Our packaging and printing production facilities have passed professional certification qualifications, such as ISO9000 quality management system, ISO14001 environmental system, and BRCGS ETRS social responsibility certification.

ISO9000 is a set of international standards outlining the criteria for a quality management system (QMS). It focuses on enhancing enterprise customer satisfaction by ensuring that products and services meet rigorous quality standards through a systematic approach to processes and continuous improvement. ISO14001, on the other hand, pertains to environmental management systems (EMS). It provides a framework for organizations to establish, implement, maintain, and improve effective environmental performance. BRCGS Ethical Trade and Responsible Sourcing (ETRS) standard focuses on social responsibility within supply chains. It addresses issues such as labor practices, human rights, and ethical sourcing, providing a framework for companies to ensure fair and ethical treatment of workers and responsible sourcing practices throughout their operations. Each of these standards plays a crucial role in promoting excellence and responsibility within different facets of our business operations.

To ensure that products are manufactured according to our enterprise customers' requirements, we will set specific quality control standards and requirements for each product according to their specification. We will take samples of each batch of product and conduct testing on their strength, design and appearance based on the quality control standards and requirements.

Delivery of Finished Products

Logistics management

The finished products will be stored in warehouses of the relevant production plant after passing our quality control inspection and before delivery to our enterprise customers. The finished products will be delivered to the locations designated by our enterprise customers (or as stipulated in the purchase orders) primarily by third-party logistics companies. We will coordinate among different customer orders and arrange for product delivery to our enterprise customers with an aim to maximize finished products turnover and reduce transportation costs. On the day of delivery, we load the products on to trucks provided by the logistics companies for delivery. Once delivery has been confirmed, we will issue an invoice to our enterprise customer.

The following table sets forth the key terms of our typical cooperation agreements with third-party logistics companies for our paper packaging business.

Scope of Services	Third-party logistics companies are responsible for delivering packaging products from our production facilities to our enterprise customers or to other locations designated by us on behalf of our enterprise customers.
Pricing	The price of the transportation service is negotiated primarily based on weight, distance, time, and vehicle capacity.
Payment	Payment for the logistics services is typically due 30 days or 60 days following the date of confirmation of the service fee by both parties and is payable through wire transfer.
Damages	If the third-party logistics company is late on delivery, it is typically obliged to pay us 10% of the delivery fee or RMB500 per day for each day the delivery is delayed as liquidated damages. In addition, the logistics company is responsible for any damages, including consequential damages suffered by us arising from the delivery.

Duration and Renewal	The agreements typically have a fixed initial term of one year, and is renewable upon expiration, subject to mutual consent. Each party is generally entitled to terminate the agreements by (i) mutual consent, (ii) advance notice with payment of liquidated damages for early termination as set forth in the agreements, or (iii) upon the other party's failure to perform the agreements.
Dispute Resolution	The agreements are governed by the laws of the PRC and each party may bring suit in a PRC court with jurisdiction.

Warehouse Management

Our warehouses are primarily proximate to each of our production facilities to store our raw materials and finished packaging products. Additionally, if our clients are located far from our existing warehouses and production facilities, after considering the costs, we will lease warehouses near them to facilitate transportation. For example, as of the Latest Practicable Date, we also leased one warehouse in Huizhou, Guangdong Province as a transition center to store our paper packaging products for certain of our major customers.

Purchase and After-Sales Services

Customer Service and Feedback

Over the years, we have built a large, stable enterprise customer base, consisting of domestically and internationally recognized food and beverage, catering, and daily necessities manufacturers. To maintain long-term relationships with our enterprise customers, we adopt a fully interactive and comprehensive customer service approach.

We assign a group of sales representatives to serve each enterprise customer, ensuring seamless interaction and communication with our enterprise customers. We actively engage in communication with both new and existing enterprise customers to assess their needs. We provide customized product designs catering to their required specifications. Following their confirmation of the proposed designs, we proceed to produce the products for our enterprise customers. Throughout the entire production process, we share real-time updates with our enterprise customers on production status. In cases where an order changes or there is any unexpected delay, we will contact the enterprise customer immediately.

Upon completion of production, we arrange for logistics companies to deliver the products. We provide our enterprise customers with updated delivery status, and facilitate communication between them and the logistics companies when necessary. After delivery of the products, we also maintain ongoing communication with our enterprise customers to ensure we receive timely feedback regarding our products and service.

In addition, we arrange for regular on-site visits to enterprise customers' headquarters or production facilities and periodic customer satisfaction survey. We collected valuable feedback through these two communication channels, which help us enhance our service standards and make improvements to our business processes such as to simplify internal approval processes, and to cooperate with more efficient logistics companies.

Management of Customer Feedback

Our enterprise customers give feedback primarily on product quality, and production or delivery delays.

If the customer feedback arises out of production or delivery delays, we will promptly contact the enterprise customer to provide detailed explanations for the delay. If the delay causes any loss for the enterprise customer, we will actively propose feasible resolutions, in accordance with our agreement with the enterprise customer.

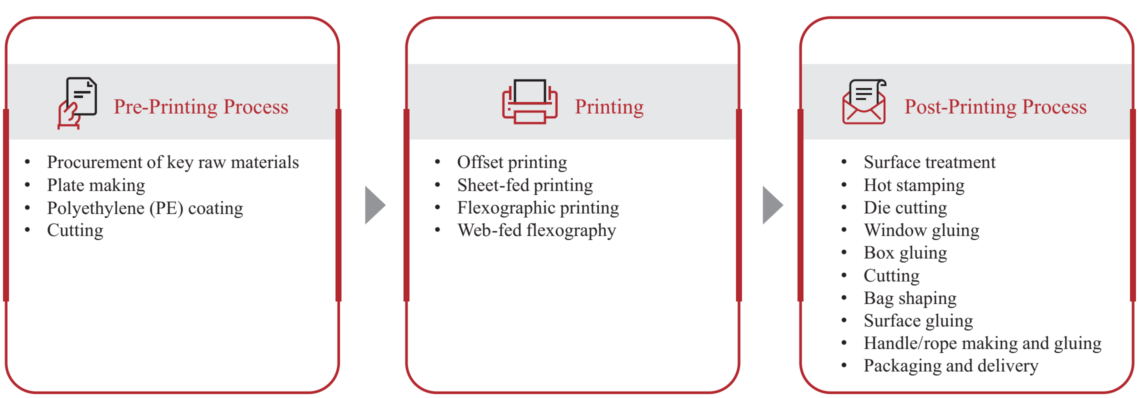
For feedback on product quality, our sales and marketing team and our quality control team will work together to understand the feedback and re-test the quality of the product. If our product has quality issues, we will work with the enterprise customer to determine a resolution, including monetary compensation in accordance with our agreements, and discounts for future orders.

If the enterprise customer insists on returning the products and requests a refund, we will initiate internal processes, arrange for the logistics companies to return the products to our production facilities. We will take samples of the products that have been returned and perform further quality testing, and our quality control team will determine whether the products are qualified be re-processed into other products. If re-processing is feasible, the products will undergo re-processing and will be stored in our warehouses for future sales. If the products are not proper for re-processing, they will be disposed. See "– Our Product Return and Refund Policies."

Our Production Process

Our production process is highly-automated. We use high speed equipment and machinery to reduce our product time. The time needed for each phase of the production process varies is different for each order, based on the type of product and materials used and complexity of designs.

The following flow chart provides an overview of the major steps involved in the production process:



Pre-printing process:

- We procure raw materials primarily from Mainland China paper manufacturers. The key raw materials in our production process are raw paper, including black liner board, white liner board, and food grade cardboard. We also import a small amount of key raw materials from overseas. We perform procurement of the key raw materials and store them in our warehouses at each of our production facilities.

- After the raw paper is procured, it must be pre-processed before any printing. We deploy multiple techniques to pre-process the raw paper, in accordance with the specifications of our products, including polyethylene (PE) coating, and cutting. In addition to pre-processing, we also arrange for the production of plates which will be used during the printing process.

Printing:

We primarily apply four printing methods as part of the production of our packaging products.

- Offset printing: offset printing transfers an inked image to the flat printing surface of individual paper sheets.

- Sheet-fed printing: in addition to transferring an image to single, individual printed surfaces, sheet-fed printing enhances the flatness of the printed surface by pressing the surface with the printer machine.

- Flexo printing: flexo printing utilizes a flexible relief plate to print on surfaces with ink and water.

- Web-fed flexography: web-fed flexography is a kind of flexographic printing method. Similar to sheet-fed printing, web-fed flexography involves printing by pressing the printing surface except that the printing surface is a continuous roll of paper.

Post-printing process:

We further process the printed matter generally by gluing, cutting, and assembling the printed matter into the desired product. The specific techniques involved in this process for various products includes surface treatment, hot stamping, die cutting, window gluing, box gluing, cutting, bag shaping, surface gluing, handle making and gluing, and rope making and gluing. Once the products are finished, we pack and deliver them to our enterprise customers primarily through logistics service providers.

- Surface treatment: surface treatment is the process of glazing, coating, and calendering the surface of printed matter to improve the wear resistance, gloss, and decoration of the surface of the printed matter. This technique is used to produce color packaging cartons/boxes.

- Hot stamping: hot stamping is the process of transferring the hot printing materials to paper and board by stamping on the surfaces. This technique is applied to the production of color packaging cartons and eco-friendly paper bags.

- Die cutting: in this process, the printed matter is cut into the desired irregular shape by the die cutter and the line cutter. The two cutters are combined in the same plate of the die cutting machine, and they perform die cutting and pressing at the same time. Die cutting is used in the production of color packaging cartons/boxes and food packaging.

- Window gluing: if the printed matter has a window feature, after the process of die cutting, a thin film will be glued onto the window of the printed matter.

- Box gluing: to produce color packaging cartons/boxes, after the process of die cutting, the printed paper and board will be glued together.

- Cutting: the printed matter is cut into the desired regular size and shape. This technique is used to produce eco-friendly paper bags, and food packaging.

- Bag shaping: to produce food packaging, the printed materials are glued, sewed, or compounded into the shape of bags.

- Surface gluing: in this process, the corrugated paper is glued with surface paper for further processing.

- Handle/rope making and gluing: handles or ropes are made in this process and then glued onto the printed matter.

Our Production Facilities

Our production activities were carried out at our production facilities at 10 different locations as of December 31, 2024. The map below shows the geographical coverage of our existing production facilities in Mainland China:

For illustrative purpose only, the map (Map Review Number (審圖號): GS(2019)1686號) is presented to demonstrate our production facilities in Mainland China.

Our key production processes are highly automated and can be used to produce different kinds of packaging without the need to significantly modify the existing production facilities and equipment. Therefore, we adjust our production to meet market demand and our sales target in response to market demand. We import key equipment used in our production processes from developed countries, as we believe the use of such advanced equipment provides better quality control and assurance and increases our production efficiency. Our production facilities are fully equipped with advanced automated equipment such as offset printer, corrugated paper production line, flexography printer, die cutting stacker and logistics equipment. Our production facilities are well recognized for deploying eco-friendly technologies in the production process. For example, in May 2021, our production facility in Hohhot was granted with the title "green factory" by the Department of Industry and Information Technology of Inner Mongolia Autonomous Region, by virtue of its eco-friendly production, and in April 2023, our products were certified as eco-friendly products by the aforementioned government authority. Moreover, our paper packaging product was also recognized by the Ministry of Industry and Information Technology Office of the PRC as one of the 2022 green design products, considering various metrics including the product's recycling rate and efficiency, and energy consumption. Our major production equipment is generally aged from zero to 10 years. We carry out maintenance and repair work in compliance with applicable GMP requirements and we will replace or upgrade our production equipment when necessary to enhance productivity. We believe our production facilities and equipment are in good working condition.

The following table sets forth a summary of our production facility as of the Latest Practicable Date.

No.	Location	Ownership	Approximate GFA of Production Facility and Warehouse
			(sq.m.)
1	Xiamen, Fujian Province	Self-owned	37,000
		Leased	11,000
2	Qingtongxia, Ningxia Hui Autonomous Region	Self-owned	46,000
3	Langfang, Hebei Province	Self-owned	57,000
4	Luanzhou, Hebei Province	Leased	25,000
5	Hohhot, Inner Mongolia Autonomous Region	Self-owned	84,000
6	Jinan, Shandong Province	Self-owned	30,000
7	Bengbu, Anhui Province	Self-owned	45,000
8	Huanggang, Hubei Province	Leased	16,000
9	Xiaogan, Hubei Province	Leased	36,000
10	Xianyang, Shaanxi Province	Leased	20,000

For each year of the Track Record Period, our designed production capacity was 1,340.4 million sq.m., 1,660.2 million sq.m. and 1,826.2 million sq.m., respectively. During the same periods, our utilization rate was 63.2%, 55.7% and 56.2%, respectively.

Our Machinery and Equipment

Our major machinery and equipment were primarily purchased from Germany, Japan and Mainland China. We have installed advanced fully-automatic in-line printer and robots arms for auto-packing in most of our production plants. We believe that by using technologically advanced machinery and equipment, we can not only improve our production efficiency, cut down manpower costs, but also enhance our product quality. Our capital expenditures during the Track Record Period were primarily in connection with additions of property, plant and equipment, land use rights and other intangible assets. For each year of the Track Record Period, our capital expenditures were RMB175.3 million, RMB228.9 million and RMB124.6 million, respectively.

We believe that all major machinery and equipment that are being used by our Group are functioning properly. As of December 31, 2024, we had approximately 70 maintenance personnel and technicians responsible for our routine inspections and maintenance of our production machinery and equipment to maintain their optimum performance. We adopt a preventive maintenance system, and all our production plants are required to follow standardized inspection and maintenance procedures, which require them to inspect the cleanliness and lubrication level of the machinery and equipment on a monthly basis. Our machines and equipment are generally modularized, enabling our maintenance personnel and technicians to efficiently repair them by replacing components instead of conducting integral repair.

In addition, information on repair and maintenance are gathered, stored, monitored and analyzed by an online mini program for information sharing, which enables us to enhance production efficiency and avoid unexpected mechanical failure. During the Track Record Period, we did not experience any material mechanical failures.

Our Technology Capabilities

We invest heavily in research and development in our paper packaging business. As of March 31, 2025, we owned 362 patents and 17 software copyrights, in relation to the designing and manufacturing of packaging for our paper packaging business. For each year of the Track Record Period, our research and development expenses for our paper packaging business recorded RMB104.8 million, RMB98.9 million and RMB84.9 million, respectively.

We believe that R&D is crucial for maintaining and further enhancing the competitiveness of our paper packaging business. Driven by our core of innovation, we have been strengthening our paper packaging business through our professional development team. We established a R&D innovation center for our paper packaging business, the members of which are primarily responsible for the research and development of packaging printing techniques, materials, technologies and products, and automation technology of printing equipment. As of December 31, 2024, we had approximately 360 research and development personnel in our paper packaging business.

With the coordination of our packaging professional development team, we participate in the development of industry standards, including technical requirements for evaluating carbon emission reductions for packaging products, assessment requirements for production process of corrugated boxes, and assessment requirements for green-design packaging cartons.

Through our cooperation with enterprise customers, we continue to develop new and innovative paper packaging products to solve specific packaging problems. The following table sets forth details of some of our select R&D achievements in innovative proprietary designs in our paper packaging business.

R&D Achievements	Description	Benefits from this Project
Dual-Coated Paper Cup	We proposed a cup production process whereby the order of the traditional coating process is reversed. By printing the image before coating the cup, we efficiently affix the image on the cup and avoid the transfer of ink from the printed part to the unprinted part during the production process.	The dual-coated paper cup improves the food safety by efficiently fixing the printed image to avoid its direct contact with food and beverage. It also saves raw materials such as paper and ink, reducing production and waste processing costs, and decreasing the carbon footprint involved in product.
Packaging for Fried Chicken with a Window Structure	We added window features on fried chicken packaging boxes, which are the same size as the sauce boxes, to hold the sauce box. The window features also improve the esthetic value of the fried chicken boxes.	The packaging for fried chicken with a window structure avoids the direct contact of the sauce box with the food, which improves food safety, and eliminates the need for extra packaging for sauce boxes, reducing the packaging costs for our enterprise customers.

Following the long-term trend of national policies promoting a green economy and low-carbon transition, we actively develop and apply environmentally-friendly materials and techniques to manufacture our products. We seek to pursue excellence in environmental protection, and continuously strengthen our R&D efforts in green packaging. We proactively integrate ESG principles into the whole production process of our products, from product design, process design, production to waste disposal. As of March 31, 2025, we owned 32 patents relating to green packaging materials and products.

Marketing and Promotion

Our sales and marketing staff are mainly responsible for promoting our services, communicating with our enterprise customers, and handling their inquiries and orders. Substantially all of our sales and marketing staff are located in Mainland China. Our promotional efforts are focused on maintaining and growing the relationships with our existing enterprise customers. We seek to cater to the comprehensive paper packaging needs of our enterprise customers. Therefore, as our existing enterprise customers have increasing packaging needs as their businesses grow, we prioritize our ability to serve these growing needs.

From time to time, our sales and marketing staff will provide the latest information about our services, sample designs, shipping schedules and fee quotations to our enterprise customers for their selection based on their needs. When contacted by our enterprise customers, our sales and marketing staff will discuss with them about their needs, such as designs, nature of packaging, budget, pick-up location, destination, delivery time, and any requirement for additional services and confirm with them the details of the shipping plan and the fees.

We also engage in a variety of programs and marketing activities to promote our brand and our services. Our offline marketing activities include the attending of professional packaging trade fairs and holding meetings with packaging trade associations to grasp the latest market trend within the packaging industry. We will also hold meetings to discuss, among other things, our marketing strategies and relationship maintenance with our enterprise customers.

Pricing

In line with industry norm, we generally adopt a cost-plus approach when determining the price we charge our enterprise customers and take into account factors including: (i) the volume of packaging sold; (ii) cost of services; (iii) seasonality; and (iv) reasonable profit margin.

OUR OTHER BUSINESSES

During the Track Record Period, we also recorded revenue primarily from (1) our precision marketing and advertising business, and (2) our incidental trading business. For each year of the Track Record Period, revenue from our other businesses amounted to RMB286.7 million, RMB341.4 million and RMB63.9 million, representing 5.3%, 5.1% and 1.1% of our total revenue, respectively.

Leveraging our experience in cross-border social e-commerce, during the Track Record Period, we also offered precision marketing and advertising services to SMEs in Mainland China, helping them increase brand awareness and engaging potential customers through creative advertising strategies, search engine optimization, content creation and multi-channel campaigns we provided. Under such business model, we directly cooperated with certain major social media platforms in Mainland China and we were authorized by such platforms in facilitating advertisement placements by third parties. The customers we served under our precision marketing and advertisements business primarily included advertisers and advertisement agencies (who place advertisements on behalf of their advertiser customers while do not have authorization by social media platforms). The customers paid us through prepayments or monthly settlements and we in turn topped up the advertisement credits under their accounts for them to place advertisements. During the Track Record Period, revenue generated from our precision marketing and advertisements business contributed to a very small portion of our total revenue, and we had ceased the operation of our precision marketing and advertising business in March 2024, owing to our focus on our cross-border social e-commerce business and paper packaging business.

In line with our wide-array product strategy, we have been discovering popular products and expanding our product portfolio. We observed opportunities from the liquor industry and attempted to acquire a liquor production company in 2021 but terminated such plan due to macroeconomic conditions in the same year, during the process of which we procured a certain amount of liquor which became our inventories. During the Track Record Period, we sold our liquor inventories through online and offline channels in Mainland China as our incidental trading business.

OUR PRODUCT RETURN AND REFUND POLICIES

We have adopted standardized procedures for after-sale services and handling product return and refund requests from our customers. During the Track Record Period, we had not experienced any material product return or refund requested from our customers and had not suffered any material loss or damages caused by product return or refund. For each year of the Track Record Period, the total amount subject to product return and refund accounted for less than 1.5% of our total revenue.

For our cross-border social e-commerce business, we will communicate with customers to address their concerns if certain general after-sales issues arise, such as inconsistency between the product and the customer's expectation. If the consumer asks for an exchange on the ground that we shipped the incorrect product or if there is a defect in the shipped product, after confirmation, we will directly send a replacement without requiring the customer to return the received product. If our customers request to return the product and provide them with a refund, and do not accept alternative solutions such as product exchanges, we will accept such requests. Once the product return or refund request is accepted, we will request the relevant customer to send the product to our designated site. If the products are returned by our customers due to quality issue, we will negotiate with the relevant suppliers to return the products or request for refund.

For our paper packaging business, if our product has quality issues, we will work with the customer to reach feasible resolution, including monetary compensation in accordance with our agreements, and discounts for future orders. If the customer insists on returning the products and requests a refund, we will initiate internal processes, arrange for the logistics companies to return the products to our production facilities. We will also take samples of the products that have been returned and perform further quality testing, and our quality control team will determine whether the products are qualified be re-processed into other products. If re-processing is feasible, the products will undergo re-processing and will be stored in our warehouses for future sales. If the products are not proper for re-processing, they will be disposed.

OUR CUSTOMERS

Major Customers

Our customers primarily consist of enterprise customers which are FMCG companies under our paper packaging business and individual consumers under our cross-border social e-commerce business. Due to the nature of our cross-border social e-commerce business, the customer base for this business is composed of a diverse group of individual consumers who purchase our products, each of whom contributed to a very small portion of revenue as compared to our total revenue during the Track Record Period.

For each year of the Track Record Period, sales from our five largest customers accounted for 28.7%, 24.3% and 27.2% of our total revenue, and sales from our largest customer, Customer Group A, accounted for 23.8%, 18.6% and 18.8% of our total revenue for each year of the Track Record Period. For each year of the Track Record Period, sales from Customer Group A represented a sizable amount of our revenue, as we have maintained close cooperation with Customer Group A since 2006, whereby both parties are committed to establishing a stable supply relationship, which is an industry norm in the paper packaging industry in Mainland China; and Customer Group A is a leading dairy products producer in Mainland China, such that as long as they maintain a significant sales volume, our sales to them would continue to be sizeable, as our sales of paper packaging products were positively correlated with the sales volume of dairy products sold by Customer Group A for which our paper packaging is used.

To the best of our knowledge, all of our five largest customers for each year of the Track Record Period are independent third parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers for each year of the Track Record Period.

The following table sets forth certain information of our five largest customers, which include their affiliates as applicable, for each year of the Track Record Period:

Customer	Major products/ services sold by us	Business relationship since	Credit terms	Settlement information	Amount of sales	As a percentage of our total revenue
					RMB'000	*%*
For the year ended December 31, 2024						
Customer Group A[(1)]	Color Packaging Carton/Box	2006	25-60 days	Wire transfer and promissory note	1,037,386.3	18.8
Customer B[(2)]	Eco-Friendly Paper Bag	2018	15 days	Wire transfer	209,043.0	3.8
Customer Group C[(3)]	Eco-Friendly Paper Bag, Food Packaging	2020	30-60 days	Wire transfer	88,064.7	1.6
Customer Group D[(4)]	Eco-Friendly Paper Bag, Food Packaging, Color Packaging Carton/Box	2019	15 days	Wire transfer	85,735.2	1.6
Customer Group E[(5)]	Eco-Friendly Paper Bag	2019	60 days	Wire transfer	81,316.7	1.4
Total					**1,501,545.9**	**27.2**

Customer	Major products/ services sold by us	Business relationship since	Credit terms	Settlement information	Amount of sales	As a percentage of our total revenue
					RMB'000	*%*
For the year ended December 31, 2023						
Customer Group A	Color Packaging Carton/Box	2006	25-90 days	Wire transfer and promissory note	1,248,397.1	18.6
Customer B	Eco-Friendly Paper Bag	2018	15-30 days	Wire transfer	142,357.0	2.1
Customer Group E	Eco-Friendly Paper Bag	2019	60 days	Wire transfer	87,411.2	1.3
Customer Group C	Eco-Friendly Paper Bag, Food Packaging	2020	90 days	Wire transfer	76,083.7	1.1
Customer Group F(6)	Eco-Friendly Paper Bag, Food Packaging	2020	30 days	Wire transfer	69,495.7	1.0
Total					**1,623,744.7**	**24.3**
For the year ended December 31, 2022						
Customer Group A	Color Packaging Carton/Box, Food Packaging	2006	25-90 days	Wire transfer and promissory note	1,277,302.4	23.8
Customer B	Eco-Friendly Paper Bag	2018	15-30 days	Wire transfer	85,777.4	1.6
Customer Group F	Eco-Friendly Paper Bag, Food Packaging	2020	30 days	Wire transfer	72,897.3	1.3
Customer Group C	Eco-Friendly Paper Bag, Food Packaging	2020	30 days	Wire transfer	65,243.2	1.2
Customer Group G(7)	Color Packaging Carton/Box, Food Packaging	2013	15 days	Wire transfer	43,814.2	0.8
Total					**1,545,034.5**	**28.7**

Notes:

(1) Customer Group A is a leading Chinese dairy products producer headquartered in Hohhot, Inner Mongolia Autonomous Region, China, listed on Shanghai Stock Exchange in 1996, along with its affiliates.

(2) Customer B is a Chinese coffee company and coffeehouse chain. It was founded in 2017.

(3) Customer Group C is the primary franchisee of a multinational fast-food chain and the shares of such multinational fast-food chain are listed on the New York Stock Exchange.

(4) Customer Group D is a restaurant company in Mainland China with the shares of one of its affiliates listed on the Stock Exchange and the New York Stock Exchange.

(5) Customer Group E is one of Australia's largest supermarkets and grocery chain stores, listed on the Australian Securities Exchange in 1993, along with its affiliate.

(6) Customer Group F is a fast-food chain in Mainland China which focuses on fried chicken hamburgers, quoted on the National Equities Exchange and Quotations in 2016, along with its affiliates.

(7) Customer Group G is a food manufacture group, primarily engaging in the manufacturing and trading of snack foods and beverages, with one of its affiliates listed on the Stock Exchange in 2008.

SUPPLIERS AND SUPPLY CHAIN MANAGEMENT

Major Suppliers

Our major suppliers for each year during the Track Record Period include product suppliers, digital marketing services providers, social media platforms, logistics companies, payment service suppliers and raw paper suppliers. For each year of the Track Record Period, purchases from our five largest suppliers accounted for 34.6%, 39.6% and 38.1% of our total purchases, and purchases from our largest supplier accounted for 14.5%, 14.5% and 13.8% of our total purchases. During the Track Record Period, our top five suppliers were primarily digital marketing service providers. We primarily place our advertisements on social media platforms primarily through contracting with digital marketing service providers. This practice is in line with industry norms, according to CIC.

The following table sets out the details of our five largest suppliers, which include their affiliates as applicable, for each year during the Track Record Period:

Supplier	Major products/services purchased by us	Business relationship since	Credit terms	Settlement information	Amount of purchases	As a percentage of our total purchases
					RMB'000	*%*
For the year ended December 31, 2024						
Supplier Group A[(1)]	Digital marketing	2018	30 days	Wire transfer	643,551.8	13.8
Supplier Group B[(2)]	Digital marketing	2017	30 days	Wire transfer	461,194.2	9.9
Supplier C[(3)]	Digital marketing	2023	45 days	Wire transfer	329,459.1	7.1
Supplier Group D[(4)]	Raw paper	2007	15-30 days	Promissory note	236,498.5	5.1
Supplier Group E[(5)]	Logistics	2022	7 days	Wire transfer	101,033.0	2.2
Total					**1,771,736.6**	**38.1**
For the year ended December 31, 2023						
Supplier Group A	Digital marketing	2018	30 days	Wire transfer	811,121.5	14.5
Supplier Group B	Digital marketing	2017	30 days	Wire transfer	538,741.4	9.6
Supplier C	Digital marketing	2023	45 days	Wire transfer	313,015.2	5.6
Supplier Group D	Raw paper	2007	15-30 days	Wire transfer	284,806.6	5.1
Supplier F[(6)]	Digital marketing	2021	Not applicable[(8)]	Wire transfer	275,317.8	4.0
Total					**2,223,002.5**	**39.6**

Supplier	Major products/services purchased by us	Business relationship since	Credit terms	Settlement information	Amount of purchases	As a percentage of our total purchases
					RMB'000	*%*
For the year ended December 31, 2022						
Supplier Group A	Digital marketing	2018	30 days	Wire transfer	644,435.7	14.5
Supplier Group D	Raw paper	2007	15-30 days	Wire transfer and promissory note	334,448.0	7.5
Supplier G(7)	Digital marketing	2020	30 days	Wire transfer	227,735.8	5.1
Supplier Group B	Digital marketing	2017	30 days	Wire transfer	215,410.4	4.8
Supplier Group E	Logistics	2022	7 days	Wire transfer	120,986.9	2.7
Total					**1,543,016.8**	**34.6**

Notes:

(1) Supplier Group A is a Chinese digital marketing service provider group established in 1996 with one of its affiliate listed on the SZSE in 2010.

(2) Supplier Group B is a Chinese digital marketing service provider group focusing on providing customized marketing planning to cross-border. It was established in 2003 and its headquarters is located in Zhengzhou, Henan Province, China.

(3) Supplier C is a leading popular social media platform. It was established in 2017 and is based in both Singapore and the U.S. and provides marketing service to companies.

(4) Supplier Group D is a leading Chinese paper manufacturing group listed on the Stock Exchange in 2006, and headquartered in Dongguan, Guangdong Province, China. It was established in 1995.

(5) Supplier Group E is a cross-border logistics service provider based in Hong Kong SAR. It was founded in 2019.

(6) Supplier F is a digital marketing service provider in the Mainland China. It was founded in Xiamen, Fujian Province.

(7) Supplier G is a Chinese digital marketing service provider which provides one-stop marketing service to Chinese companies looking to sell their products overseas. It was established in 2006 and is headquartered in Hangzhou, Zhejiang Province, China.

(8) According to the agreements between Supplier F and us, we make prepayments to Supplier F and there is no arrangement regarding credit terms.

The following table sets out the details of our five largest suppliers, which include their affiliates as applicable, for our cross-border social e-commerce business for each year during the Track Record Period:

Supplier	Major products/services purchased by us	Business relationship since	Credit terms	Settlement information	Amount of purchases	As a percentage of our total purchases of cross-border social e-commerce business
					RMB'000	*%*
For the year ended December 31, 2024						
Supplier Group A	Digital marketing	2018	30 days	Wire transfer	643,551.8	22.0
Supplier Group B	Digital marketing	2017	30 days	Wire transfer	461,194.2	15.8
Supplier C	Digital marketing	2023	45 days	Wire transfer	329,459.1	11.3
Supplier Group E	Logistics	2022	7 days	Wire transfer	101,033.0	3.5
Supplier Group H(1)	Digital marketing	2021	30 days	Wire transfer	90,731.1	3.1
Total					**1,625,969.2**	**55.7**
For the year ended December 31, 2023						
Supplier Group A	Digital Marketing	2018	30 days	Wire transfer	811,121.5	22.4
Supplier Group B	Digital Marketing	2017	30 days	Wire transfer	538,741.4	14.9
Supplier C	Digital Marketing	2023	45 days	Wire transfer	313,015.2	8.6
Supplier G	Digital Marketing	2020	30 days	Wire transfer	193,425.2	5.3
Supplier Group E	Logistics	2022	7 days	Wire transfer	123,881.7	3.4
Total					**1,980,185.0**	**54.6**

Supplier	Major products/services purchased by us	Business relationship since	Credit terms	Settlement information	Amount of purchases	As a percentage of our total purchases of cross-border social e-commerce business
					RMB'000	*%*
For the year ended December 31, 2022						
Supplier Group A	Digital Marketing	2018	30 days	Wire transfer	644,435.7	24.7
Supplier G	Digital Marketing	2020	30 days	Wire transfer	227,735.8	8.7
Supplier Group B	Digital Marketing	2017	30 days	Wire transfer	215,410.4	8.3
Supplier Group E	Logistics	2022	7 days	Wire transfer	120,986.9	4.6
Supplier I(2)	Logistics	2019	Monthly settlement	Wire transfer	85,169.9	3.3
Total					**1,293,738.7**	**49.5**

Notes:

(1) Supplier Group H is a digital media SaaS management service provider headquartered in Guangzhou, Guangdong Province. It was established in 2018.

(2) Supplier I is a cross-border logistics service provider headquartered in Shenzhen, Guangdong Province. It was established in 2019.

The following table sets out the details of our five largest suppliers, which include their affiliates as applicable, for our paper packaging business for each year during the Track Record Period:

Supplier	Major products purchased by us	Business relationship since	Credit terms	Settlement information	Amount of purchases	As a percentage of our total purchases of paper packaging business
					RMB'000	*%*
For the year ended December 31, 2024						
Supplier Group D	Raw Paper	2007	15-30 days	Promissory note	236,498.5	14.1
Supplier J[(1)]	Raw Paper	2009	Monthly settlement	Wire transfer	89,218.5	5.3
Supplier K[(2)]	Raw Paper	2019	30 days	Wire transfer	60,375.3	3.6
Supplier L[(3)]	Raw Paper	2018	30-45 days	Wire transfer	52,431.8	3.1
Supplier M[(4)]	Raw Paper	2022	Not applicable[(9)]	Wire transfer	44,061.1	2.7
Total					**482,585.2**	**28.8**
For the year ended December 31, 2023						
Supplier Group D	Raw paper	2007	15-30 days	Wire transfer	284,806.6	19.7
Supplier J	Raw paper	2009	Monthly settlement	Wire transfer and promissory note	107,897.8	7.4
Supplier K	Raw paper	2019	30 days	Wire transfer	56,780.6	3.9
Supplier N[(5)]	Raw paper	2022	Not applicable[(9)]	Wire transfer	41,755.0	2.9
Supplier O[(6)]	Raw paper	2022	Not applicable[(9)]	Wire transfer and promissory note	33,503.2	2.3
Total					**524,743.2**	**36.2**

Supplier	Major products purchased by us	Business relationship since	Credit terms	Settlement information	Amount of purchases	As a percentage of our total purchases of paper packaging business
					RMB'000	%
For the year ended December 31, 2022						
Supplier Group D	Raw paper	2007	15-30 days	Wire transfer and promissory note	334,448.0	23.0
Supplier J	Raw paper	2009	7 days	Wire transfer	99,686.6	6.9
Supplier P(7)	Raw paper	2020	30 days	Wire transfer	59,892.6	4.1
Supplier K	Raw paper	2019	30 days	Wire transfer	59,334.7	4.1
Supplier Q(8)	Raw paper	2020	30 days	Promissory note	35,743.7	2.5
Total					**589,105.6**	**40.5**

Notes:

(1) Supplier J is a Chinese paper manufacturer. It was established in 2000 and was headquartered in Weifang, Shandong province, China.

(2) Supplier K is a Chinese paper manufacturer. It was established in 2014 and was headquartered in Beihai, Guangxi Province, China.

(3) Supplier L is a Chinese paper manufacturer listed on Shanghai Stock Exchange in 2004. It was established in 1994.

(4) Supplier M is a Chinese paper manufacturer. It was established in 2009 and headquartered in Jinzhong, Shanxi Province, China.

(5) Supplier N is a Chinese paper manufacturer. It was established in 2010 and headquartered in Zhangzhou, Fujian Province, China.

(6) Supplier O is a Chinese paper manufacturer. It was established in 2015 and headquartered in Lanzhou, Gansu Province, China.

(7) Supplier P is a Chinese paper manufacturer. It was established in 2006 and headquartered in Yinchuan, Ningxia Hui Autonomous Region, China.

(8) Supplier Q is a Chinese paper manufacturer. It was established in 1992 and headquartered in Zhuhai, Guangdong Province, China.

(9) According to the agreements between Supplier M and Supplier N and us, we make prepayments to Supplier M and Supplier N and there is no arrangement regarding credit terms.

Our Directors confirm that our five largest suppliers for each year during the Track Record Period were independent third parties and none of our Directors, their respective close associates, or any Shareholders (which to the best knowledge of our Directors owned more than 5% of our share capital as at the Latest Practicable Date) had any interest, directly or indirectly, in any of our five largest suppliers for each year during the Track Record Period. The Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material interruptions, disputes, or delays in relation to the supply of suppliers.

SEASONALITY

For our cross-border social e-commerce business, we typically carry out more sales and marketing activities before and during overseas holiday seasons. As a result, we may maintain higher level of inventories for our cross-border social e-commerce business to satisfy market demand before and during holiday seasons and relevant shopping events than at other times in the year. On the other hand, our businesses are vulnerable to extreme or unusual weather conditions. For example, the extended period of warm weather during the winter season could render a portion of our apparel products incompatible with such unseasonable conditions, and thus may affect our sales and inventories.

For our paper packaging business, we typically see greater demand for packaging before and during Chinese holiday seasons. We typically engage with our enterprise customers well in advance of holiday seasons to design packaging tailored to holiday seasons. As a result, we may maintain higher level of inventories for our paper packaging business to satisfy market demand before and during holiday seasons.

The above occurrences do not result in material seasonal fluctuations in our financial condition and results of operations.

COMPETITION

Cross-Border Social E-Commerce Business

We operate in the B2C outbound social media e-commerce market strategically focusing on the Asian market. According to CIC, the size of China's B2C outbound e-commerce market was approximately US$29.1 billion in terms of revenue generated in Asia in 2024 through social media e-commerce business. The total market share of the top five participants in this market was approximately 6.5% based on revenue generated through social media e-commerce business in Asia in 2024.

According to CIC, we ranked second among China's B2C outbound e-commerce players based on revenue generated through social media e-commerce business in Asia in 2024, with a market share of 1.3%. We primarily compete based on a number of factors in this market: (i) digitalization and AI application capability; (ii) precision targeting capability; (iii) product selection capability; (iv) localization capability; (v) multi-platform management capability; (vi) supply chain management capability. We believe we are well positioned to capitalize on the future industry growth, leveraging our leading market position and extensive market knowledge.

Paper Packaging Business

We operate in the FMCG paper consumer packaging market in Mainland China. The market size of FMCG paper consumer packaging market in Mainland China in 2024 was approximately RMB170.3 billion in terms of revenue. The total market share of the top five participants in China's FMCG paper consumer packaging industry was approximately 4.5% in 2024. This signifies an upward trend in market concentration.

According to CIC, in 2024, we ranked first among FMCG paper consumer packaging companies in Mainland China, in terms of revenue, and our market share of FMCG paper consumer packaging market in Mainland China was 1.2% in 2024. We primarily compete based on a number of factors in this market: (i) one-stop service capability; (ii) top-tier client coverage; (iii) process design and technology planning capability; (iv) adaptability to the policy environment and emphasis on ESG; (v) technology capability. We believe we can compete effectively by virtue of our advanced technologies, rich market experience and long-term relationship with leading FMCG enterprises.

AWARDS AND RECOGNITION

As of the Latest Practicable Date, we had received a number of recognitions for our technologies, products and services. In addition to those awards and recognitions listed in "History and Corporate Structure – Business Milestones", we also received the key awards and recognitions are set out below.

Year of Award	Award	Awarding Organization	Related Business
2024	Top 50 Overseas Service Providers for Chinese Corporates	Cailian Press and China Overseas Development Association	Cross-border social e-commerce business
2023	Digital Economy Enterprise with the Most Investment Value of the Year	Cailian Press	Cross-border social e-commerce business
2022	Digital Enterprise with the Most Investment Value of the Year	Cailian Press	Cross-border social e-commerce business
2022	Top 100 Paper Packaging Companies (ranked fifth) in China	China Packaging Federation	Paper packaging business

Year of Award	Award	Awarding Organization	Related Business
2022	Excellent Cross-Border E-Commerce Technology Service Provider	Shenzhen Cross-Border E-Commerce Association	Cross-border social e-commerce business
2021	National-Level Specialized, Special and New Little Giant Enterprise	The Ministry of Industry and Information Technology	Our Group

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are important to our business. We develop and use a number of proprietary trademarks, patents, work copyrights and software copyrights during the conduct of our business. As of the Latest Practicable Date, we had a variety of registered trademarks, trademark applications, registered patents, patent applications and software copyrights in Mainland China to protect our intellectual properties. See "Statutory and General Information – B. Further Information about Our Business – 2. Intellectual Property Rights of Our Group" in Appendix VI to this Prospectus for further details of our material intellectual property rights.

In order to protect our intellectual property rights, we generally require our employees to enter into confidentiality agreements. These agreements typically provide that all relevant intellectual properties developed by our employees during the course of their employment with us become our intellectual properties. Our employees are contractually required to refrain from disclosing confidential information to third parties unless authorized in writing by our Company.

During the Track Record Period and up to the Latest Practicable Date, none of our employees breached the confidentiality obligations under their employment contracts in a material respect; we were not subject to, nor were we party to, any intellectual property rights infringement claims or litigations; and we were not aware of any material infringement of our intellectual property rights that had or could have a material adverse effect on our business. We had complied with all applicable intellectual property laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not been the subject of any adverse finding in an investigation or audit by any governmental authorities in respect of the infringement of any intellectual property of third parties or sales of counterfeit pharmaceutical products that had a material adverse effect on our business.

PROPERTIES

We are headquartered in Xiamen, Fujian Province, China. As of the Latest Practicable Date, in Mainland China, we owned 23 properties with a GFA of approximately 300 thousand sq.m., which were mainly used for packaging production. In addition, as of the Latest Practicable Date, we had entered into 40 valid lease and sublease agreements of properties with a GFA of over 139 thousand sq.m., for packaging production, office use, or research. These lease and sublease agreements had standard terms, including payment of rent, payment of security deposit, maintenance and repairment, and early termination upon advance notice and payment of liquidated damages.

As of the Latest Practicable Date, with respect to 9 of our leased properties in Mainland China, the lessors of such properties had still not provided us valid title certificates, or relevant proofs evidencing the legality of the construction of the leased properties, despite the proactive requests we previously made. In addition, as of the Latest Practicable Date, 37 lease agreements of our leased properties had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. We believe that the defects in leased properties described above will not, individually or in the aggregate, materially affect our business and results of operations, on the grounds that (a) we maintain a pool of site candidates for our leased properties, and believe we would be able to relocate to a different site relatively easily within a short period of time and without incurring substantial additional costs should we be required to do so; and (b) for the non-registration of leases, (i) we were advised by our PRC Legal Advisor that failure of registration does not in itself invalidate the leases and the risk of governmental authorities imposing penalties on us with respect to these leased properties is relatively low, and (ii) no penalty had been imposed on us for our failure to register and file the relevant lease agreements during the Track Record Period and up to the Latest Practicable Date. We will continue to liaise with our lessors to obtain relevant title certificates and lease registrations in the future. We also highly treasure safety in our business operations and we endeavor to create and maintain a safe environment in our production facilities and offices by implementing various internal control measures to prevent accidents, such as fire hazard, including requiring mandatory inspections of firefighting equipment and trainings on fire safety issues. As advised by our PRC Legal Adviser, we had not encountered any material fire safety incidents, nor had we been subject to any administrative penalties by competent regulatory authorities regarding fire safety issues during the Track Record Period. We have also enhanced our internal control measures and procedures to prevent re-occurrence of such non-compliance incidents. We will (i) continue to closely monitor the regulatory development associated with lease registration and filing in Mainland China to ensure compliance with the relevant laws and regulations; (ii) use reasonable efforts to seek assurances from competent authorities to confirm that our future new properties chosen will be compliant with applicable laws and regulations; and (iii) urge the lessors to complete the lease registration for our future new leased properties in accordance with the applicable laws and regulations. See "Risk Factors – Risks Relating to Our Business and Industry – There are legal defects regarding some of our leased properties."

We believe our current facilities are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration.

DATA COMPLIANCE AND DATA SECURITY

We place great emphasis on data security and personal information protection. We have strictly implemented various internal policies and procedures to ensure the security of the data we collect, process, and store during the course of our business.

We employ a variety of technologies, including encryption, access authentication, log audits, and security incident monitoring, to prevent and detect risks and vulnerabilities in data security. We implement firewalls for our cloud-based systems to enhance network security. Regular data backup and recovery tests are conducted to minimize the risk of data loss, and we have established data disaster recovery procedures. Furthermore, we closely control and monitor employees' access to our systems, ensuring that access to data is limited based on necessity. We grant different levels of data access rights to employees, which are determined based on their responsibilities. Moreover, we classify the data stored in our systems according to applicable laws and regulations. We take additional technological measures, such as encrypting relevant confidential personal information, to ensure the secure processing, storage, transmission, and usage of data. We also have designated personnel responsible for data security and personal information protection as part of our internal governance. We also provide data security and information privacy trainings to relevant employees on a periodic basis to enhance their data compliance awareness.

We have established the Data Lifecycle Security Management Policy (the "**Data Management Policy**"), which outlined detailed requirements of data collection, transmission, processing, storage, application, sharing, archiving, and destruction. We also conduct regular security audits and risk assessments to ensure the effective implementation of the policy and the confidentiality, integrity, and availability of data. In addition, we have established the Personal Information Protection Policy (the "**PI Policy**") to govern the entire life cycle of personal information we obtained during the provision of our services. We only collect personal information that is relevant and not excessive for the intended purpose. In accordance with the PI Policy, for direct personal information collection, we take the initiative to notify the consumers of the intended purpose and ensure that we obtain valid consents. For personal information collected through third parties, we constantly verify the data source and include strict obligations for wrongful data collection in the agreements with third parties. We implemented a classified and hierarchical storage management system, segregating data based on its type and level of confidentiality. We have established specific data retention periods based on types of personal information and ensures the deletion or anonymization of personal information upon the expiration of data retention periods. To oversee our data protection process, we have established an information department supervised by a cybersecurity officer.

We place advertisements utilizing the API connection between our Giikin system and the advertising systems of social media platforms. See "Our Cross-Border Social E-Commerce Business – Advertisement Placement" in this section for more details. To ensure compliance with applicable laws and regulations and smooth networking in view of the Internet censorship imposed on certain social media platforms, we purchased corporate virtual private network (VPN) services from an authorized agent of a state-owned qualified telecommunication company in Mainland China, enabling our access to and placing of advertisements on social media platforms which are accessible to our overseas consumers. As advised by our PRC Legal Advisor, our advertisement placements on overseas social media platforms are in compliance with applicable PRC laws and regulations, and such practice is also in line with industry norms according to CIC. After our placements, targeted overseas consumers are able to view the pop-up advertisements while browsing relevant social media platforms and will be directed to our landing pages upon their click on the relevant link. See "Business – Our Cross-Border Social E-Commerce Business – Our Business Process." Our landing pages are generated from servers located overseas. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any issue in accessing our landing pages displayed on social media platforms by overseas consumers.

In addition, we have established various policies, such as Data Backup Management Policy, Classified and Hierarchical Management Policy for Data Assets, Management and Emergency Plan for Cyber and Data Security Events, Information Security Management Procedures, and Protocol of Data Security and Personal Information Protection, to ensure proper IT system maintenance, cyber-related log management, data access control, data backup and recovery, IT device utilization, and data event response mechanisms. In particular, for the information relating to overseas consumers of our cross-border social e-commerce business, we have implemented various internal control policies in place, including (i) collecting personal information to the minimum extent, with the lowest frequency and the least amount of the collection of personal information, and with requisite consents; (ii) leveraging the back up services provided by our cloud service providers to keep full back-ups on the daily basis, with the designated storage amount and period pursuant to the materiality of the data; and (iii) devising the tiered data management system that the critical and sensitive data, such as the information relating to orders and logistics, shall be transmitted through encryption methods and be prevented from illegal distribution, loss or damage during transmission.

Our internal operations do not involve any cross-border transmission of personal data of our consumers, and we do not transfer consumer data or information to any third party except that we need to provide necessary details of orders to third-party logistics service providers through encrypted transmission for logistics distribution and parcel delivery. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines, administrative penalties, or other sanctions by any relevant regulatory authorities in the PRC or any jurisdiction where we sell our products in relation to violation of cybersecurity and data protection laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material data leakage or loss of user data in all jurisdictions where we have operations. As advised by our PRC Data Legal Advisor, we are in compliance with all currently effective and applicable PRC laws and regulations on data privacy and cybersecurity, as applicable, in all material respects during the Track Record Period and up to the Latest Practicable Date. Moreover, as advised by our Overseas Legal Advisors, we have complied with applicable laws and regulations on data privacy and cybersecurity in the jurisdictions where we carry material overseas sales under our cross-border social e-commerce business in all material respects during the Track Record Period and up to the Latest Practicable Date.

Data Compliance

Recently, regulators in Mainland China have been increasingly focusing on laws and regulations in the areas of data compliance.

In particular, in recent years, privacy and data protection have become increasing regulatory focuses of government authorities across the world. The PRC government has enacted a series of laws, regulations and governmental policies for the protection of personal data, cybersecurity and data security in the past few years. On December 28, 2021, the Cyberspace Administration of China (the "**CAC**") adopted the updated Cybersecurity Review Measures (《網絡安全審查辦法》), which came into effect on February 15, 2022. The Cybersecurity Review Measures stipulates the mandatory requirement of cybersecurity review for companies which hold more than one million users' personal information when applying for an overseas listing.

Article 10 of the Critical Information Infrastructure Security Protection Regulations which came into force on September 1, 2021 (the "**CII Regulations**") provides that the protection authorities shall arrange the identification of critical information infrastructures in each of the sectors or fields overseen by such authority in accordance with the identification rules, promptly inform the operators of the results of identification, and report such results to the public security authority of the State Council. Article 16 of the Cybersecurity Review Measures provides that the cybersecurity review office can initiate cybersecurity review if it considers that a network product or service or a data processing activity will or may affect national security. See "Regulatory Overview – PRC Laws and Regulations – Regulations on Internet Security" for details.

Our PRC Data Legal Advisor is of the view that the Cybersecurity Review Measures have not had and will not have any material adverse impact on us on the basis that (i) on January 30, 2024, our PRC Data Legal Advisor conducted a verbal consultation with the China Cybersecurity Review Certification and Market Regulation Big Data Center (the "**Verbal Consultation**"), the department delegated by the CAC to accept consultation and applications for cybersecurity review, and were informed that a listing in Hong Kong SAR is not deemed as a listing abroad within the meaning of the Cybersecurity Review Measures, therefore we are not required to apply for cybersecurity review according to Article 7 of the Cybersecurity Review Measures; (ii) as of the Latest Practicable Date, we had not received any notification or other documentation from any government authority that identifies or may identify us as a CIIO and hence, pursuant to Article 10 of the Critical Information Infrastructure Security Protection Regulations as mentioned above, the risk that we will be deemed as CIIO and be subject to the cybersecurity review under Article 5 of Cybersecurity Review Measures is remote; and (iii) although pursuant to Article 16 of the Cybersecurity Review Measures, possibilities could not be excluded that we may be required to conduct the cybersecurity review if the cybersecurity review working mechanism considers our product, service or data processing activities affect national security, as of the Latest Practicable Date, we have not received any notification or other documentation from relevant government authorities in relation to national security, including but not limited to cybersecurity review initiated by governmental authorities. See "Risk Factors – Risks Relating to Our Business and Industry– The theft, loss, or misuse of personal information or other data, could increase our expenses, damage our reputation, or result in legal or regulatory proceedings."

In addition, on September 24, 2024, the State Council published the Regulations on the Administration of Network Data Security (《網絡數據安全管理條例》) (the "**Network Data Security Regulations**"), which came into effect on January 1, 2025. The Network Data Security Regulations provide implementing rules that cover various aspects, including personal information, data security, and network security, largely following the paths set by existing data protection laws. Network data processors are required to comply with these requirements during their daily operation to ensure the safety of network data. See "Regulatory Overview – PRC Laws and Regulations – Regulations on Internet Security" for details.

The Network Data Security Regulations have not had and will not have any material adverse impact on us because our PRC Data Legal Advisor is of the view that we are in compliance with the requirements under the Network Data Security Regulations, as applicable, in all material respects, on the basis that: (1) we have established an effective internal system in connection with cybersecurity and data protection; (2) all personal information and other kinds of network data collected and generated from PRC individuals during the operation of PRC members of the Group in Mainland China are currently stored within Mainland China, and we have not been informed by any government authorities that the data we process constitutes important data or core data; and (3) as of the Latest Practicable Date, we had not been subject to any administrative penalty related to cybersecurity or personal information protection issued by the PRC authorities. Nevertheless, as the Network Data Security Regulations only came into effect in early 2025, the Group is unable to rule out the possibilities that we may be required to enhance our current compliance practices according to the interpretation of competent authorities regarding the Network Data Security Regulations; see "Risk Factors – Risks Relating to Our Business and Industry – The theft, loss, or misuse of personal information or other data, could increase our expenses, damage our reputation, or result in legal or regulatory proceedings." We will continue to closely monitor the legislative and regulatory development regarding cybersecurity and personal information protection to comply with the latest regulatory requirements. As of the Latest Practicable Date, we had not been involved in any review or investigation by the CAC.

To ensure compliance with these regulations, we have in place a set of comprehensive data compliance policies to cover various aspects, such as data security, cybersecurity, and information privacy protection. Our employees are required to strictly follow our detailed internal rules, policies and protocols to ensure the security of our data. Our internal policies regarding the protection of personal information establish robust management systems and operating procedures that cover the entire lifecycle for processing of personal information. Furthermore, these policies require an impact assessment to be conducted for specific scenarios involving the processing of personal information that may pose a substantial risk to individuals' rights and interests.

To ensure the secure operation of our business, our cybersecurity and data security policies outline the technical and organizational measures that must be implemented. These documents encompass various areas, including personnel and organizational structure, management of cyber-related logs, data access control, data backup and recovery, IT device utilization, data event response mechanism, and education and training programs. Additionally, we have a stringent data classification and hierarchical protection system in place, which provides clear instructions on how to handle and store different types of collected data. In order to make our employees better understand and comply with the above-mentioned policies, we organize data and cybersecurity training to employees on a regular basis. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge and after due and careful inquiry, we did not experience any material information leakage or loss of user data in all jurisdictions where we have operations.

REGULATORY CHANGES ON U.S. TARIFF REGULATIONS

In early 2025, the U.S. government issued multiple executive orders implementing additional tariff on imports from various jurisdictions, including additional tariff amounting to an aggregate of 145% on imports from the PRC that took effect on April 10, 2025, and the repeal of duty-free treatment under the U.S. Tariff Act of 1930 for products imported from the PRC to the U.S. with the aggregated fair retail value under US$800 per person per day (the "**De Minimis Exemption**") which took effect from May 2, 2025. On May 12, 2025, the PRC government and U.S. government issued a joint announcement acknowledging that both parties will take actions to build a sustainable and long-term trade relationship, and the U.S. government is committed to take actions to (i) reduce the additional tariff rate to 54% on imports from the PRC and Hong Kong SAR, of which the tariff duty amounting to 24% is subject to temporary imposition suspension for an initial period of 90 days, and (ii) reduce the tariff rates of the imports from the PRC that would have been subject to the De Minimis Exemption to 54% or US$100 per item. For each year of the Track Record Period, our revenue generated from exports to the U.S. accounted for 3.2%, 1.8% and 2.3% of our total revenue, respectively, and our gross profit generated from exports to the U.S. accounted for 1.1%, 0.8% and 1.3% of our total gross profit, respectively. We have not considered the U.S. market as our primary focus and we do not expect the changes in U.S. tariff regulations would result in a material adverse effect on our business and financial conditions. However, the U.S. tariff and trade policies are subject to constant changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice. We cannot predict the timing, scope, or severity of potential changes in tariff and trade policies, which may continue to evolve in the future. The changes in U.S. tariff regulations may bring various second-order effects, for example, (i) the market competition of global social e-commerce market with destinations in non-U.S. countries and regions may be intensified as market players may shift their focus to non-U.S, markets, (ii) other countries may take similar actions by imposing additional tariffs on products with Chinese origins following the changes in U.S. tariff regulations, (iii) the demands and purchasing willingness of customers, those who are price-sensitive in particular, may be bruised as cross-border e-commerce merchants may raise the selling prices of products in response to the incremental tariff costs, and (iv) the global economy may be subject to ongoing impact, such as slower growth rates or contractions. We cannot assure you that we will not be influenced by the second-order effects arising from the changes in U.S. tariff regulations and the potential impacts on us cannot be quantified. Furthermore, we cannot assure you that we will not be subject to stricter tariff rules or trade restrictions in the future and we may be subject to various risks relating to tariff changes. For more details, see "Risk Factors – Risks relating to our Business and Industry – Our business operations involve multiple jurisdictions and are susceptible to changes in international trade policies, tariff regulations and geopolitical tensions."

LICENSES, APPROVALS AND PERMITS

We are required to obtain various licenses, permits and approvals for our operations. During the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses and permits which were material to the operation of our business and such licenses and permits were valid and remained in effect. We usually apply for renewal of the material permits and licenses prior to their respective expiry dates. As advised by our PRC Legal Advisers, as of the Latest Practicable Date, there was no legal impediment for us to renew these licenses, permits and certificates as long as we comply with the relevant legal requirements. The following table sets forth the licenses, approvals, and permits that are material to our business operation.

Licenses, Approvals, and Permits	Holder	Date of Grant	Date of Expiry
License for printing operations (印刷經營許可證)	Company	October 16, 2024	December 31, 2025
	Jihong Packaging	March 31, 2023	December 31, 2025
	Hohhot Jihong	July 6, 2020	December 31, 2025
	Ningxia Jihong	March 5, 2021	December 31, 2025
	Langfang Jihong	July 27, 2020	December 31, 2025
	Jinan Jilian	March 25, 2021	December 31, 2025
	Anhui Jihong	March 25, 2022	December 31, 2025
	Shaanxi Jihong	May 23, 2022	December 31, 2025
	Luanzhou Jihong	August 10, 2020	December 31, 2025
	Huanggang Jihong	April 1, 2025	March 31, 2028
	VStar Packaging	January 6, 2022	December 31, 2025
Pollutant discharge permit (排污許可證)	Company	February 22, 2023	February 21, 2028
	Jihong Packaging	July 13, 2022	July 12, 2027
	Hohhot Jihong	April 27, 2025	April 26, 2030
	Hohhot Jihong	December 29, 2023	December 28, 2028
	Ningxia Jihong	December 28, 2023	December 27, 2028
	Anhui Jihong	May 9, 2024	May 8, 2029
	Shaanxi Jihong	July 9, 2024	July 8, 2029
	Luanzhou Jihong	August 7, 2023	August 6, 2028

Licenses, Approvals, and Permits	Holder	Date of Grant	Date of Expiry
National industrial production permit (全國工業產品生產許可證)	Anhui Jihong	November 4, 2022	February 15, 2026
	Langfang Jihong	September 28, 2021	September 27, 2026
	VStar Packaging	January 27, 2025	April 9, 2030
Sanitation license of disinfection product manufacturer (消毒產品生產企業衛生許可證)	Anhui Jihong	March 25, 2025	March 24, 2029
	Langfang Jihong	December 8, 2021	December 7, 2025

EMPLOYEES

We had 4,324 employees as of December 31, 2024. The following table sets forth the number of our employees as of December 31, 2024:

Function	Number
Production[(1)]	2,256
Sales and marketing	74
Technology[(1)]	534
Accounting and finance	108
General administrative	513
Operation	839
Total	**4,324**

Note:

(1) Our research and development personnel are managed under our production department and technology department. Other than research and development personnel, the remaining employees in our technology department primarily comprise the design team and information technology support team of our cross-border social e-commerce business.

As required by laws and regulations in the PRC, we participate in various employee social security plans that are organized by municipal and provincial governments including pensions, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance, and housing fund plans through a PRC government-mandated benefit-contribution plan. We are required under PRC laws to make contributions to employee benefit plans at specified percentages of the salaries, bonuses, and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. We provide statutory insurance for our overseas employees. In addition, we provide pension and defined benefit plans for employees of certain of our overseas subsidiaries, which provide supplemental retirement benefits in addition to the benefits provided by the state-regulated insurance system.

Our employees typically enter into standard employment contracts with us. We place a high value on recruiting, training, and retaining qualified employees. We maintain high standards on selecting and recruiting talent worldwide and provide competitive compensation packages. Remuneration packages for our employees mainly comprise base salary and incentive bonus. We generally grant our employees year-end bonuses, project bonuses and other miscellaneous bonuses, and we assess eligibility of these bonuses, as well as salary increases, and promotions for employees based on their seniority and project performance for the current year. To maintain and enhance the quality, knowledge and skill levels of our workforce as well as their familiarity with industry quality standards and work safety standards, we provide our employees with training, including orientation programs for new employees, technical training, and professional and management training.

Our subsidiaries have set up several labor unions in Mainland China according to the related PRC labor laws. The labor unions represent the relevant employees with respect to labor disputes and other employee matters. During the Track Record Period and up to the Latest Practicable Date, our employees did not negotiate their terms of employment through any labor union or by way of collective bargaining agreements, and we did not experience any material labor disputes or shortages that may have a material adverse effect on our business, financial position and results of operations.

During the Track Record Period, certain PRC operating entities in our Group did not make full contribution to the social insurance and housing provident funds for our employees. During the Track Record Period, we had not been subject to any administrative penalties in connection with the PRC labor laws and regulations including regulations in relation to social insurance and housing fund contributions for our employees. See "Risk Factors – Risks Relating to Our Business and Industry – Our operations may be affected by laws and regulations of various jurisdictions where we operate or sell products." To rectify such deficiencies, we have reviewed and implemented enhanced internal control measures to prevent future potential non-compliances. We have prepared and distributed internally a compliance policy with respect to social insurance and housing provident fund contribution in accordance with the PRC laws and regulations. In addition, we have assigned designated personnel to monitor the status of payments of social insurance premiums and housing provident funds on a regular basis in order to ensure that we have made these payments for our employees on time in compliance with the applicable laws and regulations or in a manner as required by the relevant government authorities. The designated team includes our human resources staff, who shall prepare the written records of the relevant payments on a monthly basis and submit the same to the heads of our human resources and finance departments for review. We also intend to provide compliance trainings to the responsible administrative staff and employees on the updates of the relevant laws and regulations on an on-going basis. Our Directors believe that our enhanced internal control measures are sufficient and effective for our current operations.

INSURANCE

We believe that we are equipped with adequate insurance coverage and that it is consistent with business practices in the industries in which we operate.

We provide social security insurance, including pension insurance, unemployment insurance, work injury insurance, maternity insurance and medical insurance, for our employees in Mainland China and statutory insurance for our overseas employees. In addition, we provide pension and defined benefit plans for employees of certain of our overseas subsidiaries, which provide supplemental retirement benefits in addition to the benefits provided by the state-regulated insurance system. Our management evaluates the adequacy of our insurance coverage from time to time and will purchase additional policies as needed.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Our ESG Governance

We are committed to environmental protection and promoting corporate social responsibility and best corporate governance practices to create sustainable value for our stakeholders and take up responsibilities as a corporate citizen. We are subject to regular random ESG inspections from our customers, especially those renowned FMCG companies. Therefore, we seek to uphold the highest standard of corporate governance as a means to ensure our sustainable growth and safeguard the interests of all of our stakeholders, including but without limitation, our shareholders, employees, suppliers, customers, other business partners and the community at large. We have established various ESG policies which set forth our environmental protection measures, social responsibility principles and internal governance.

We have adopted comprehensive ESG policies. Under our ESG policies, our Board of Directors are responsible for identifying and evaluating ESG risks and opportunities, developing ESG policies and objectives, and reviewing annual performance based on these objectives. Our Board of Directors reviews ESG-related policies annually and makes necessary adjustments if significant deviations from the objectives are identified. We have established an ESG department under our Strategy Committee. Our ESG department, headed by Mr. Wang Yapeng, consists of members from our senior management team and employees from various departments who have an in-depth understanding of current and emerging ESG trends. The ESG department is responsible for: (i) assessing and managing our ESG-related risks and opportunities, and considering the development of our ESG strategic plan, management structure, systems, strategies and implementation rules to ensure that our ESG policies are consistently implemented and enforced; (ii) developing guidelines on key ESG matters, and reviewing and rating the key matters identified; (iii) identifying key ESG issues; (iv) reviewing our ESG efforts and internal control systems and making recommendations on their appropriateness and effectiveness; (v) reviewing our ESG-related disclosure documents, including (but not limited to) the annual ESG report; (vi) monitoring ESG-related risks, enquiring into and formulating appropriate measures in respect of material issues affecting our performance in ESG efforts, and reviewing and monitor the handling of such issues; and (vii) provide ESG-related training and information to the Board.

In addition, we have adopted an Implementation Rules for Special Committees of the Board of Directors (《董事會專門委員會實施細則》) to ensure board diversity from various perspectives, including gender, age, cultural and educational background and professional experience.

Environmental Management

We endeavor to minimize potential environmental and climate-related risks and impacts from our daily operation and to foster our green operations. Our Group strictly abides by the environment-related laws and regulations involving air emissions, wastewater discharge, and waste disposal of Mainland China and Hong Kong SAR. We have adopted a "three simultaneities" management policy to control facility safety, pollutant emission and occupational disease for construction projects.

Usage of Resources

In terms of electricity and energy usage, we strictly abide by energy-related laws and regulations in the PRC, and have formulated internal policies, such as the Energy Conservation and Consumption Reduction Management System (《節能降耗管理制度》) and the Energy Conservation Management Operation Guide (《節能管理作業指導書》), striving to achieve maximum production results and economic benefits with the least energy consumption. We have gradually phased out high-energy-consuming equipment and adopted measures, such as improving the combustion of industrial boilers, equipping our factories with natural gas, scheduling the load distribution of each boiler, and adopting water supply pumps, blowers, fans and water treatment ancillary equipment to reduce energy consumption. In addition, we set up meters to monitor, control and maintain the energy consumption level of the boilers. We organize energy-conservation-related training and activities to enhance the energy conservation awareness of our employees, and formulate evaluation, including reward and punishment system. In 2023, some of our factories adopted energy-saving equipment to centralize gas supply with both positive and negative pressure.

As a provider of paper packaging products, we also implemented multiple measures to reduce the use of paper through utilizing lightweight design in our paper packaging business. For instance, in 2023, we saved the base paper of approximately 1,660 tons and approximately 400 square meters by employing materials with lower grammage and technique improvements in certain of our products. However, as our future paper consumption is correlated to demands from our customers, it is not feasible for us to set a clear target for paper usage in the following years, but we would, to our best efforts, utilize the base paper and recycle the waste paper generated during the production to the maximum extent to achieve both high utilization rate and recycling rate of paper resources.

For water usage, all of our factories have adopted reclaimed water reuse and treatment equipment to realize the recycling of wastewater. In 2023, our factory in Shaanxi achieved an annual water saving of approximately 1,320 tons through recycling of water purification equipment and our factory in Ningxia recycled wastewater from the pure water equipment in the boiler room, achieving an annual water saving of approximately 1,440 tons.

In addition, we attach great importance to the management of emissions and have formulated the Management Policy for the Prevention and Control of Wastewater, Exhaust Gas, Dust and Solid Waste (《廢水、廢氣、粉塵、固體廢棄物防治管理制度》). We discharge domestic wastewater mainly generated from production and operation. We treat the wastewater with sewage treatment equipment. We adopted dust removal and filtration technology to control exhaust gas and dust generated from our production facilities and apply a unified collection and clearing measure to handle solid waste generated from production. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any litigation, violation or punishment relating to waste management.

We have formulated the Environmental Protection Contingency Plan (《環境保護應急預案》) to regulate the handling of sudden pollution incidents and minimize the losses caused by environmental pollution and ecological damage incidents. We have established a contingency rescue leading group, which is responsible for cooperating with relevant departments to analyze the causes and impacts of incidents and take reasonable contingency response measures.

The following tables set forth the amount of energy and water usage and waste emission for each year indicated:

Energy Usage

	For the year ended December 31,		
	2022	**2023**	**2024**
Gasoline *(ton)*	77	37	27
Diesel oil *(ton)*	103	53	28
Natural gas *(m^3)*	4,086,169	3,468,124	2,863,157
Purchased electricity *(kWh)*[(1)]	38,437,591	49,512,481	51,384,764
Purchased heat[(2)] *(GJ)*[(3)]	–	95[(4)]	479

Notes:

(1) kWh is a unit of energy representing one thousand watt hours.

(2) The thermal data is derived from externally purchased steam (in tons), with a calculation coefficient of 0.0336 into GJ.

(3) GJ is a unit of measurement of energy consumption.

(4) We have been using externally supplied steam since November 2023, therefore the data in 2023 only covers usage for November and December in 2023.

Water Usage

	For the year ended December 31,		
	2022	**2023**	**2024**
Purchased water *(ton)*	190,922	177,534	134,958

Waste Emission

	For the year ended December 31,		
	2022	**2023**	**2024**
Exhaust gas emission *(ton)*	122,978	213,000	86,697[(1)]
Domestic sewage *(ton)*	68,450	67,113	66,269

Note:

(1) The volume of exhaust gas decreased significantly in 2024 as we upgraded the gas supply equipment and utilized cleaner raw materials in some production facilities.

In accordance with the Notice of the State Council on Printing and Distributing the Action Plan for Carbon Peaking by 2030 (《國務院關於印發2030年前碳達峰行動方案的通知》) and the Opinions of the Central Committee of the Chinese Communist Party and the State Council on Completely and Comprehensively Implementing the New Development Concept to Achieve Carbon Peaking and Carbon Neutrality (《中共中央國務院關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》), we proactively prepared the Action Plan for Carbon Peaking and Carbon Neutrality of Jihong (《吉宏股份碳達峰、碳中和行動方案》), formulating the corresponding carbon emission reduction action plans.

The following table sets forth the amount of greenhouse gas emissions for each year/period indicated:

	For the year ended December 31,		
	2022	**2023**	**2024**
Scope 1 greenhouse gas emission *(tCO_2e)*[1]	9,490	7,860	6,362
Scope 2 greenhouse gas emission *(tCO_2e)*[1]	21,921	28,237	29,357

Note:

(1) tCO_2e stands for tons of carbon dioxide equivalent.

In respect of reduction in energy consumption and emission, we have set out the following targets:

– *Energy Usage*: We aim to reduce our electricity consumption per unit of revenue by 5% by 2026 compared to 2022.

– *Water Usage*: We aim to reduce our water consumption per unit of revenue by 5% by 2026 compared to 2022.

– *Waste Emission*: We aim to achieve the compliant disposal rate of waste to 100% by 2025.

– *Greenhouse Gas Emissions*: We plan to reach our peak carbon emission levels within the next four years (by 2028) and to achieve an annual reduction of about 5% starting from 2029.

To reduce incidental greenhouse gas emission generated from our cross-border social e-commerce business, we strictly regulate the usage and quantities of plastic packaging, such as bubble bags and bubble mats, for the products we sell overseas. In addition, to reduce waste and emission from returned products, we have established the Overseas Warehouse Operation Procedure (海外倉操作流程), thriving to improve the order fulfillment rate and reduce product returns through multiple rounds of product inspection and timely and accurate delivery.

Based on our carbon inventory, we formulated a carbon reduction plan. In order to achieve the set carbon reduction targets, we undertook measures such as energy structure reform, energy-consuming equipment optimization, and renewable energy utilization. In 2023, four of our factories installed distributed photovoltaics, with an estimated annual power generation of 6,000,000 kWh. With a sustainable perspective, we will continue to minimize our environmental impact through monitoring our resource consumption and pollutant emission levels. We intend to reach peak carbon level within the next four years and realize carbon reduction of approximately 5% per year going forward. In addition, we will replace all fuel forklifts in our production facilities and warehouses with electric forklifts by 2030.

We are in the process of developing a robust data collection system to effectively gather the exact amount of our Scope 3 greenhouse gas emissions. We are committed to improving our understanding of Scope 3 greenhouse gas emissions and are actively working towards aligning the data collection efforts with industry best practices and emerging reporting standards. The following table sets forth the implementation timeline for the collection and disclosure of our Scope 3 greenhouse gas emissions:

2022-2023	–	Complete the verification of Scope 3 greenhouse gas emissions in certain of our production facilities.
	–	Identify the sources of Scope 3 greenhouse gas emissions.
2024	–	Commence preliminary collection and statistical analysis of Scope 3 greenhouse gas emissions and address any related issues.
	–	Conduct professional training and education for relevant staff.
2025	–	Develop the carbon emission inventory system.
	–	Initiate the collection of Scope 3 greenhouse gas emissions data across the Group, and finetune the collection system and framework, clarify the scope of data collection for each category, and calibrate the data.
	–	Provide training to relevant staff on a regular basis.
2026	–	Conduct comprehensive collection and verification of Scope 3 greenhouse gas emissions data across the Group and prepare for the disclosure of such data.
2027	–	Commence disclosure of the Scope 3 greenhouse gas emissions data on an annual basis.

Social Responsibility

We attach great importance to the integrity of our business operation. In order to further strengthen the management of business ethics, we have implemented a commitment system for prevention of commercial bribery for key personnel in key links of operation, and requires personnel in important position to sign the Commitment Letter for Honest Management and Compliance (《誠信經營合規管理承諾函》), and to register gifts and hospitality information. In addition, we attach great importance to building an integrity culture. In order to maintain the corporate compliance culture and carry out business ethics training, we carried out eight anti-corruption trainings for employees in 2023.

Labor Practices

Human capital is valuable for our Group in reaching long-term sustainable development. Our Group believes that human resource management is of utmost importance to our business, and understands that well-established employment procedures enable itself to attract and retain talents. We have formulated internal control policies, such as the Cooperate Social Responsibility (CSR) Management Manual (《社會責任管理手冊》) and the Compensation and Management System (《薪酬福利管理制度》), to promote fairness and equality in the workplace. Our Group strictly prohibits the employment of child labor in accordance with the relevant laws and regulations such as the Employment of Children Regulations of Hong Kong and the Provision on the Prohibition of Using Child Labor of the PRC. We have implemented measures and procedures that emphasize on strict prohibition of engaging child labor.

We put a strong emphasis on providing suitable trainings for employees in order to cater for the requirements of various positions. At the same time, in order to enhance the employees' sense of happiness at work, we provide our employees with a variety of benefits, such as labor protection, holiday benefits, birthday gifts, various subsidies and post-job benefits.

Work safety and personal safety of employees always come first during the business operation of our Group. Adhering to the concept of "people-oriented, safety first, prevention first and comprehensive management", we formulated a series of internal policies, such as the Production Safety Management System (《安全生產管理制度》), and adopted a standardized safety management process during production. In order to enhance our employees' ability to response to emergencies, we carried out various safety drills and trainings. In 2023, we have obtained the ISO 45001 occupational health and safety management system certification.

Social Welfare

We believe the best approach to corporate social responsibility is embedding elements of social responsibility in our business. For example, we actively organized visits to retired military personnel, made donations to charitable organizations, and engaged in public welfare activities related to party building. During the Track Record Period, we donated a total of approximately RMB195.9 thousand and a total of approximately 891 hours invested in charitable events.

Supply Chain Management

We attach great importance to supplier management, and have formulated internal systems, such as Supplier Management Procedures (《供應商管理程序》), Procurement Management Procedures (《採購管理程序》), Centralized Procurement Management Measures (《集中採購管理辦法》), Procurement Bidding Management Measures (《採購招標管理辦法》), and Sunshine Integrity Action Cooperation Agreement (《陽光誠信行動合作協議》) to strictly regulate the management of access, cooperation and withdrawal of suppliers.

We select our third-party logistics providers based on various factors, including good qualifications and route selection, to ensure the efficiency of product delivery and avoid carbon emissions caused by secondary transportation. Moreover, we consider the logistics providers' degree of digitalization during our selection process, as usage of advanced algorithms and GPS technology can optimize delivery routes, reduce fuel consumption and emissions.

We keep our suppliers in compliance with relevant policies by checking the supplier's business license, management system certification, production equipment list and various other information. During our cooperation, we conduct sampling evaluation, trial testing and small batch trial production to ensure quality of products or raw materials sourced from suppliers. In addition, we regularly conduct performance appraisal to evaluate our suppliers. For suppliers who fail to meet the assessment standards, we will issue a corrective and preventive report, requiring them to conduct corrective measures. We will discontinue our relationship with suppliers who fail to meet our assessment standards for three consecutive procurement cycles.

COMPLIANCE AND LEGAL PROCEEDINGS

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material legal, arbitration or administrative proceedings and we were not aware of any pending or potential legal, arbitration or administrative proceedings against us or our Directors that may, 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 involved in any non-compliance that resulted in fines, enforcement actions or other penalties that could, individually or in the aggregate, materially adversely affect our business, financial condition and results of operations.

INTERNAL CONTROL AND RISK MANAGEMENT

We are exposed to various risks in the operations of our business and we believe that risk management is important to our success. We established and maintain a robust risk management and internal control system. We have adopted and been continuously improved our internal control mechanisms to ensure the compliance of our business operations. In particular, in view of our Groups' geographical reach in respect of our cross-border e-commerce business, we have established a set of extensive internal policies for our cross-border social e-commerce business. To ensure compliance with the relevant laws and regulations in different jurisdictions, our internal guidelines required our employees be familiar with the local laws and regulations relating to the selling and distribution of consumer goods in the jurisdictions to which we sold products, and that our employees shall at all times observe such local laws and regulations when selecting the category of products to be sold in a certain jurisdiction. Our policies also established internal selection procedures for local logistic service providers (including conducting site visits if necessary) to ensure they are familiar with local laws and regulations with appropriate capacities and manpower in handling regulatory matters, and to include provisions in the agreements with logistic service providers that they will be responsible for the compliance of such local laws and regulations in the jurisdictions to which we sold and deliver products. We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance matters. Our Board will be collectively responsible for the establishment and operations of mechanisms in relation to corporate governance and environmental, social and governance. Our Directors are involved in the formulation of such mechanisms and the related policies.

We have adopted and implemented risk management policies in various aspects of our business operations to address various potential risks in relation to aspects, such as operations, compliance, information security and data privacy, intellectual property and investment.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk. We maintain a risk management system to ensure the independence of different departments and committees in performing their risk management duties. In particular, as a technology company, we have established strict policies on information security. See "– Data Compliance and Data Security." Our information technology, human resources, finance and operations departments are collectively responsible to ensure the compliance of our operations with internal procedures. Through effective operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Compliance Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines. Compliance management refers to the dynamic managing processes of our effective identification and management of compliance risks and proactively preventing the occurrence of risk events. Compliance risk management is the core of our risk management activities, the foundation for effective internal controls and an important aspect of our corporate culture. We have established a sound compliance risk management framework as part of our comprehensive risk management system, to achieve effective identification and management of compliance risk and ensure that our operations are in compliance with applicable laws and regulations.

Information Security and Data Privacy Risk Management

See "– Data Compliance and Data Security."

Anti-corruption Risk Management

Anti-corruption risk refers to the risk of use of cheating, bribery or other illegal measures for (i) the pursuit of improper personal benefits at the expense of our Company's economic interests and (ii) the pursuit of improper interests of the Company. We have established our anti-corruption risk management policies prohibiting any corruption activities by the employees, either for the pursuit of improper personal benefits or improper interests of the Company. In addition, we have maintained a whistleblower mechanism encouraging the internal report of suspicious activities. We conduct routine internal trainings and require all suppliers to execute anti-corruption commitments before engagement.

Audit Committee Experience and Qualification and Board Oversight

To monitor the ongoing implementation of our risk management policies, we have established an Audit Committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The Audit Committee comprises three members, namely Mr. Zhang Guoqing, Ms. Ng Weng Sin and Dr. Yang Chenhui. Mr. Zhang Guoqing is the chairperson of the Audit Committee and an independent non-executive Director. Please refer to the section headed "Directors, Supervisors and Senior Management – Board – Independent Non-executive Directors" in this document.

In addition to our internal control department, we have also established an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board of Directors on a timely basis.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

By virtue of the Takeovers Code, Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai and Tibet Yongyue are deemed to be parties acting in concert. On February 5, 2024, Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Mr. Lu Tashan and Tibet Yongyue executed the Concert Parties Agreement and pursuant to which they constitute the Single Largest Group of Shareholders, holding approximately 32.1%# and approximately 27.3%# of our Shares in aggregate as at the Latest Practicable Date, and immediately upon completion of the Global Offering, respectively.

Pursuant to the Concert Parties Agreement, all members of the Single Largest Group of Shareholders agreed that they shall act in concert in respect of each of the members of our Group. Pursuant to the Concert Parties Agreement, it was confirmed that each of Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai and Tibet Yongyue had acted in accordance with Ms. Zhuang Hao's instructions prior to the date of the Concert Parties Agreement and from when they each held voting rights at the meetings of the shareholders of the Company. Furthermore, Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Tibet Yongyue and Mr. Lu Tashan have undertaken to act in concert directly or indirectly through the companies controlled by them. They have also agreed to, among others, (i) vote unanimously at all meetings of the shareholders of each member of our Group, (ii) discuss and reach consensus with each other before proposing to such meetings, and (iii) act in concert in respect of the business operations, governance and other key matters of our Group which shall be decided by the shareholders of each of the members of the Group. In the event that consensus cannot be reached, Ms. Zhuang Hao's view shall prevail and the Single Largest Group of Shareholders shall reflect her view in their decisions in such meetings accordingly. As at the Latest Practicable Date, being the latest practicable date for ascertaining the shareholding information of our Company, each of Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Tibet Yongyue (which is held as to 71.4% by Mr. Zhuang Zhenhai) and Mr. Lu Tashan held 18.1%, 9.0%, 1.7%, 1.6%, 1.4% and 0.2%# of our Shares, respectively. In addition, as advised by our PRC Legal Advisor, the members of the Single Largest Group of Shareholders are parties acting in concert pursuant to PRC laws and regulations and the Concert Parties Agreement, and the Concert Parties Agreement is valid and in compliance with PRC laws and regulations.

Each of Ms. Zhuang Hao, Mr. Zhuang Shu, Mr. Zhang Heping and Mr. Lu Tashan is a Director of our Company. Ms. Zhuang Hao is the spouse of Mr. Zhang Heping, and the sister of Mr. Zhuang Shu. Ms. He Jingying is the spouse of Mr. Zhuang Shu. Mr. Zhuang Zhenhai is the father of Ms. Zhuang Hao and Mr. Zhuang Shu.

Tibet Yongyue is a limited company established in the PRC on June 30, 2010 and is principally engaged in the provision of business management and consultancy services. As at the Latest Practicable Date, Tibet Yongyue was owned as to approximately 71.4% by Mr. Zhuang Zhenhai, 15.4% by Ms. Gong Hongying, 11.4% by Mr. Li Jiadong, and 1.71% by Ms. Xu Ping. Ms. Gong Hongying is a director of three subsidiaries of our Company and a supervisor of six subsidiaries of our Company. As of Latest Practicable Date, Mr. Li Jiadong and Ms. Xu Ping were independent third parties.

Includes 568,750 restricted A Shares granted under the 2023 Restricted Share Incentive Plan which shall only become saleable upon the expiration of the corresponding lockup periods (the next expiration period being 24 months after October 23, 2023) with satisfaction of performance targets of the Group and Mr. Lu Tashan. Please refer to "Appendix VI – Statutory and General Information – E. 2023 Restricted Share Incentive Plan" for details of the 2023 Restricted Share Incentive Plan and the performance targets. The restricted A Shares carry voting rights the exercise of which is not subject to any conditions or the lock-up periods, but the exercise of voting rights will be subject to the terms of the Concert Parties Agreement. For further details of the Concert Parties Agreement, please refer to the paragraph headed "– Our Shareholders Acting in Concert" in this section.

Immediately after the completion of the Global Offering, our Single Largest Group of Shareholders will hold approximately 27.3%[#] in aggregate of the issued share capital of our Company. Accordingly, our Single Largest Group of Shareholders, will not be regarded as our controlling Shareholders, but will remain as our Single Largest Group of Shareholders upon completion of the Global Offering. For details of the shareholding of our Single Largest Group of Shareholders, see the section headed "Substantial Shareholders" in this Prospectus.

COMPETING INTERESTS

Each of our Single Largest Group of Shareholders and Directors confirms that their respective close associates do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business.

In March 2013, each of Ms. Zhuang Hao, Mr. Zhuang Shu and Xiamen Yongyue Investment Consulting Co., Limited* (廈門市永悦投資諮詢有限公司) (the predecessor of Tibet Yongyue) entered into a non-competition undertaking in favor of our Group, pursuant to which, each of Ms. Zhuang Hao, Mr. Zhuang Shu and Xiamen Yongyue Investment Consulting Co., Limited* (廈門市永悦投資諮詢有限公司) (the predecessor of Tibet Yongyue) have undertaken respectively that (1) as of the date of the undertaking, the enterprises in which the undertaking party had invested directly or indirectly were not engaged in the same or similar business as our Company and our controlled subsidiaries, and the undertaking party had not operated the same or similar business as our Company and our controlled subsidiaries for others; and (2) during the period when the undertaking party is the controlling shareholder (as defined under the Company Law and the Shenzhen Stock Exchange Listing Rules) of our Company, the undertaking party will not directly or indirectly engage in the same or similar business activities as our Company and our controlled subsidiaries.

In April 2018, Ms. Zhuang Hao, Mr. Zhang Heping, Ms. He Jingying, Mr. Zhuang Shu and Xiamen Yongyue Investment Consulting Co., Limited* (廈門市永悦投資諮詢有限公司) (the predecessor of Tibet Yongyue), among others), entered into a non-competition undertaking in favor of our Group, pursuant to which each of Ms. Zhuang Hao, Mr. Zhang Heping, Ms. He Jingying, Mr. Zhuang Shu and Xiamen Yongyue Investment Consulting Co., Limited* have undertaken, among others, (1) as of the date of the undertaking, the enterprises in which the undertaking parties had invested directly or indirectly were not engaged in the same or similar business as our Company and our controlled subsidiaries, and the undertaking parties had not operated the same or similar business as our Company and our controlled subsidiaries for others; and (2) during the period when the undertaking party is the controlling shareholder and actual controller (as defined under the Company Law and the Shenzhen Stock Exchange Listing Rules) of our Company, the undertaking party will not directly or indirectly engage in the same or similar business activities as our Company and our controlled subsidiaries.

[#] Includes 568,750 restricted A Shares granted under the 2023 Restricted Share Incentive Plan which shall only become saleable upon the expiration of the corresponding lock-up periods (the next expiration period being 24 months after October 23, 2023) with satisfaction of performance targets of the Group and Mr. Lu Tashan. Please refer to "Appendix VI – Statutory and General Information – E. 2023 Restricted Share Incentive Plan" for details of the 2023 Restricted Share Incentive Plan and the performance targets. The restricted A Shares carry voting rights the exercise of which is not subject to any conditions or the lock-up periods, but the exercise of voting rights will be subject to the terms of the Concert Parties Agreement. For further details of the Concert Parties Agreement, please refer to the paragraph headed "– Our Shareholders Acting in Concert" in this section.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Single Largest Group of Shareholders and their close associates after Listing.

Operational Independence

Despite that our Single Largest Group of Shareholders will continue to hold a substantial interest in our Company and will be our Single Largest Group of Shareholders after the Listing, we have full rights to make all decisions regarding, and to carry out, our own business operations independently from our Single Largest Group of Shareholders. We have established our own organizational structure with independent departments, and each department is assigned to specific areas of responsibilities. We maintain a set of comprehensive internal control procedures to facilitate the effective operation of our business. We have sufficient capital, facilities, premises and employees to operate our business independently from our Single Largest Group of Shareholders and their close associates. We have independent access to suppliers and customers and are not dependent on our Single Largest Group of Shareholders and their close associates with respect to supplies for our business operations. We are also in possession of all relevant licenses necessary to carry out and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently. None of our joint company secretaries, operational personnel or administrative personnel is under the employment of our Single Largest Group of Shareholders or their respective close associates.

Although during the Track Record Period, there had been transactions between us and our related parties, details of which are set out in Note 43 in the Accountants' Report contained in Appendix IA to the Prospectus, our Directors have confirmed that these related party transactions, if trade related, were conducted on normal commercial terms or better to us. None of the historical related party transactions constitute continuing connected transactions as defined in the Listing Rules.

Accordingly, our Directors are satisfied that we will be able to function and operate independently from our Single Largest Group of Shareholders and their close associates.

Management Independence

The day-to-day management of the business of our Group rested primarily with our Board and our senior management as of the Latest Practicable Date. The Board comprises five executive Directors, one non-executive Director, and five independent non-executive Directors. Save for Ms. Zhuang Hao, Mr. Zhang Heping, Mr. Zhuang Shu and Mr. Lu Tashan, who are both our executive Directors and also members of our Single Largest Group of Shareholders, all the other seven Directors and other members of our senior management are independent from our Single Largest Group of Shareholders. The balance of power and authority is ensured by the operation of the senior management and our Board. See "Directors, Supervisors and Senior Management – Board" in this Prospectus for more details of our Directors and senior management.

Each Director is aware of his or her fiduciary duties as a Director, which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interests. Further, we believe our independent non-executive Directors have the depth and breadth of experience which will enable them to bring independent judgment to the decision-making process of our Board. Our independent non-executive Directors have been appointed in accordance with the requirements of the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, in accordance with the constitutional documents of Company, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum. We will comply with all the relevant requirements of the Stock Exchange and the SFC. We have established an internal control mechanism to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions.

Based on the above, our Directors are satisfied that the Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently.

Financial Independence

Our Group has established an independent finance department with its own internal control, accounting, funding, reporting and financial systems and a team of independent financial staff, as well as a sound and independent financial system and makes financial decisions according to our Group's own business needs. Our Group has adequate capital to operate our business independently, and has sufficient internal resources to support our daily operations.

During the Track Record Period, our Group had no trade or non-trade related amounts due to/from our Single Largest Group of Shareholders and their respective close associates.

During the Track Record Period, none of bank borrowings were guaranteed by our Single Largest Group of Shareholders and any of their close associates.

Our Group has sufficient capital to operate its business independently, and has adequate internal resources and a strong credit profile to support its daily operations. There will be no financial assistance, security and/or guarantee provided by our Single Largest Group of Shareholders or their close associates in favor of our Group or vice versa upon the Listing. We engaged an independent internal control consultant to assist us in putting in place controls in relation to transactions with connected persons and their associates to ensure that any advances to or from such persons are in compliance with the Listing Rules.

Having considered that our future operations are not expected to be financed by our Single Largest Group of Shareholders or their close associates, our Directors are of the view that our Group is financially independent from our Single Largest Group of Shareholders and their close associates.

CORPORATE GOVERNANCE

Each of the members of our Single Largest Group of Shareholders has confirmed that he or she fully comprehends his obligations to act in our Shareholders' and our best interests as a whole. Our Directors recognize the importance of good corporate governance to protect the interest of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group, the Single Largest Group of Shareholders and/or the Directors:

(i) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his or her close associates has a material interest nor shall such Director be counted in the quorum present at the meeting;

(ii) where a Shareholders' meeting is held for considering proposed transaction in which the Single Largest Group of Shareholders have a material interest, the Single Largest Group of Shareholders shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;

(iii) any transaction between (or proposed to be made between) our Group and the connected persons will be subject to the requirements under Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting, annual review, circular (including independent financial advice) and independent Shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with relevant requirements under the Listing Rules;

(iv) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed five independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors, see "Directors, Supervisors and Senior Management – Board – Independent Non-executive Directors";

(v) in the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and the Single Largest Group of Shareholders, the Single Largest Group of Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual report or by way of announcements in accordance with the Listing Rules; and

(vi) our Company has appointed Fosun International Capital Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to Directors' duties and corporate governance.

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 Group and our Single Largest Group of Shareholders and/or Directors to protect the minority Shareholders' rights after Listing.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**" and together, 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 a certain number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares) that may be purchased for an aggregate amount of US$20,000,000 (approximately HK$155,444,000) (exclusive of brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$7.48, 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 20,780,500 Offer Shares, representing approximately 30.6% of the Offer Shares pursuant to the Global Offering and approximately 4.6% of the total Shares in issue immediately upon completion of the Global Offering.

Assuming an Offer Price of HK$9.08, 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 17,118,500 Offer Shares, representing approximately 25.2% of the Offer Shares pursuant to the Global Offering and approximately 3.8% of the total Shares in issue immediately upon completion of the Global Offering.

Assuming an Offer Price of HK$10.68, 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 14,554,000 Offer Shares, representing approximately 21.4% of the Offer Shares pursuant to the Global Offering and approximately 3.2% of the total Shares in issue immediately upon completion of the Global Offering.

Our Company is of the view that, the Cornerstone Placing will help to raise the profile of our Company and to signify that such investors have confidence in the business and prospect of the Group. The Cornerstone Placing will form part of the International Offering and the Cornerstone Investors will not subscribe for 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 respect with the fully paid H Shares in issue and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors or their close associates will become a substantial shareholder of our Company, and the Cornerstone Investors or their close associates will not have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders.

To the best knowledge of our Company and after making reasonable enquiries, (i) each Cornerstone Investor is independent from our Company, our connected persons and their respective associates and they are not our existing Shareholders; (ii) the Cornerstone Investors are independent from each other; (iii) the Cornerstone Investors are not accustomed to taking instructions from our Company, our Directors, our Supervisors, chief executive of our Company, our Single Largest Group of Shareholders, our substantial shareholders, our existing Shareholders or any of its respective subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares registered in their names or otherwise held by them; and (iv) the subscription of Offer Shares pursuant to each of the respective Cornerstone Investment Agreements is not directly or indirectly financed by our Company, our Directors, our Supervisors, chief executive of our Company, our Single Largest Group of Shareholders, our substantial shareholders, our existing Shareholders or any of its subsidiaries or their respective close associates.

As confirmed by each of the Cornerstone Investors, their subscription under the Cornerstone Placing would be financed by their internal resources, and each of the Cornerstone Investors has sufficient funds to settle its respective investment under the Cornerstone Placing. There are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicant. Our Company became acquainted with each of the Cornerstone Investors through the business network of our Group or through introduction by the Company's existing shareholder(s) or through introduction by certain underwriters in the Global Offering. The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's H Shares commence on the Stock Exchange. There will be no delayed delivery of the Offer Shares for the Cornerstone Investors and no deferred settlement arrangement for all of the Cornerstone Investors under the Cornerstone Investment Agreements.

To the best knowledge of our Company and as confirmed by each of the Cornerstone Investors, none of the Cornerstone Investors nor their respective shareholders are listed on any stock exchanges. Each of the Cornerstone Investors 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 total 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 "Structure of the Global Offering – The Hong Kong Public Offer – Reallocation". Each of the Cornerstone Investors has agreed that, in the event that the requirement pursuant to Rule 8.08(3) of the Listing Rules, which provides that no more than 50% of our Shares in public hands on the Listing Date can be beneficially owned by the three largest public Shareholders, cannot be satisfied, the Overall Coordinators, the Joint Global Coordinators, the Joint Sponsors and our Company have the right to adjust the allocation of the number of Offer Shares to be subscribed by the Cornerstone Investors in their sole and absolute discretion to satisfy the requirement pursuant to Rule 8.08(3) of the Listing Rules. Details of the actual number of the Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around May 26, 2025.

THE CORNERSTONE INVESTORS

Set out below is the aggregate number of Offer Shares, and the corresponding percentage to the Company's total Offer Shares and total issued Shares under the Cornerstone Placing.

Based on the Offer Price of HK$7.48 (being the low-end of the Offer Price range)

Cornerstone Investor	Investment Amount*	Number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares)	Approximate % of total number of Offer Shares	Approximate % of the total issued share capital of our Company immediately following the completion of Global Offering
Timber Kangaroo	US$3,000,000 (equivalent to approximately HK$23,316,600)^	3,117,000	4.6%	0.7%
Yulong International	US$7,000,000 (equivalent to approximately HK$54,405,400)^	7,273,000	10.7%	1.6%
Ms. Shen Zhenyu (沈臻宇)	US$10,000,000 (equivalent to approximately HK$77,722,000)^	10,390,500	15.3%	2.3%
Total	US$20,000,000 (equivalent to approximately HK$155,444,000)^	20,780,500	30.6%	4.6%

Notes:

\# All share numbers and amounts are for illustrative purposes only.

^ Calculated based on an exchange rate of US$1.0000: HK$7.7722 for illustrative purpose. The actual investment amount of the relevant Cornerstone Investor may and the exact amount of Offer Shares to be subscribed by the relevant Cornerstone Investor may be subject to adjustment due to the actual exchange rate to be used as prescribed in the Cornerstone Investment Agreements.

* Exclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy.

Based on the Offer Price of HK$9.08 (being the mid-point of the Offer Price range)

Cornerstone Investor	Investment Amount*	Number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares)	Approximate % of total number of Offer Shares	Approximate % of the total issued share capital of our Company immediately following the completion of Global Offering
Timber Kangaroo	US$3,000,000 (equivalent to approximately HK$23,316,600)^	2,567,500	3.8%	0.6%
Yulong International	US$7,000,000 (equivalent to approximately HK$54,405,400)^	5,991,500	8.8%	1.3%
Ms. Shen Zhenyu (沈臻宇)	US$10,000,000 (equivalent to approximately HK$77,722,000)^	8,559,500	12.6%	1.9%
Total	US$20,000,000 (equivalent to approximately HK$155,444,000)^	17,118,500	25.2%	3.8%

Notes:

\# All share numbers and amounts are for illustrative purposes only.

^ Calculated based on an exchange rate of US$1.0000: HK$7.7722 for illustrative purpose. The actual investment amount of the relevant Cornerstone Investor may and the exact amount of Offer Shares to be subscribed by the relevant Cornerstone Investor may be subject to adjustment due to the actual exchange rate to be used as prescribed in the Cornerstone Investment Agreements.

* Exclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy.

Based on the Offer Price of HK$10.68 (being the high-end of the Offer Price range)

Cornerstone Investor	**Investment Amount***	**Number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares)**	**Approximate % of total number of Offer Shares**	**Approximate % of the total issued share capital of our Company immediately following the completion of Global Offering**
Timber Kangaroo	US$3,000,000 (equivalent to approximately HK$23,316,600)^	2,183,000	3.2%	0.5%
Yulong International	US$7,000,000 (equivalent to approximately HK$54,405,400)^	5,094,000	7.5%	1.1%
Ms. Shen Zhenyu (沈臻宇)	US$10,000,000 (equivalent to approximately HK$77,722,000)^	7,277,000	10.7%	1.6%
Total	US$20,000,000 (equivalent to approximately HK$155,444,000)^	14,554,000	21.4%	3.2%

Notes:

\# All share numbers and amounts are for illustrative purposes only.

^ Calculated based on an exchange rate of US$1.0000: HK$7.7722 for illustrative purpose. The actual investment amount of the relevant Cornerstone Investor may and the exact amount of Offer Shares to be subscribed by the relevant Cornerstone Investor may be subject to adjustment due to the actual exchange rate to be used as prescribed in the Cornerstone Investment Agreements.

* Exclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy.

The following information about the Cornerstone Investors was provided to the Company by the Cornerstone Investors in relation to the Cornerstone Placing.

Timber Kangaroo Capital Limited

Timber Kangaroo Capital Limited ("**Timber Kangaroo**") was incorporated in the British Virgin Islands on 12 March 2021. Timber Kangaroo is an investment institution and its principal business activities include investment management and investment advisory services, focusing primarily on investments in the technology, consumer, healthcare, and financial sectors. As of June 30, 2024, the net asset value of Timber Kangaroo was approximately HK$308 million.

Timber Kangaroo is wholly owned by Mr. Cheng Sai Kit (鄭世傑), an independent third party. Timber Kangaroo 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) is required for the relevant cornerstone investment.

Yulong International Capital Limited

Yulong International Capital Limited ("**Yulong International**") was incorporated in the British Virgin Islands on 26 January 2021. Yulong International is an investment firm primarily focused on the domestic and overseas capital markets, with its business centered on secondary market equity investments and financing advisory services. As of the financial year ended December 31, 2024, the net asset value of Yulong International was approximately HK$800 million.

Yulong International is wholly owned by Ms. Su Shijin (蘇施錦), an independent third party. Yulong International 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) is required for the relevant cornerstone investment.

Ms. Shen Zhenyu

Ms. Shen Zhenyu is the Chairwoman of Harbin Gloria Pharmaceuticals Co., Ltd. (stock code: 002437), a company listed on the Shenzhen Stock Exchange. Harbin Gloria Pharmaceuticals Co., Ltd. is principally engaged in the research, development, production, and sale of a broad portfolio of pharmaceutical products, supported by advanced manufacturing capabilities and recognized industry certifications. She directly holds approximately 4.92% equity interest in Harbin Gloria Pharmaceuticals Co. Ltd, marking her the single largest shareholder of the company.

Ms. Shen Zhenyu is an independent third party. She confirmed that no approval, including any specific approvals from any stock exchange (if relevant), will be required with respect to the Cornerstone Placing.

CLOSING CONDITIONS

The obligation of the Cornerstone Investors to acquire the Offer Shares under the Cornerstone Investment Agreements is subject to, among other things, the following closing conditions:

(a) 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;

(b) the Offer Price having been agreed upon between our Company and the Joint Global Coordinators (on behalf of the Underwriters);

(c) the Listing Committee having granted 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;

(d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the respective representations, warranties, undertakings and confirmations of the Cornerstone Investors under the Cornerstone Investment Agreements are accurate and true in all respects and not misleading and that there is no breach of the Cornerstone Investment Agreements on the part of the Cornerstone Investors.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from and inclusive of the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares it has subscribed pursuant to the Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investors, including the Lock-up Period restriction.

OVERVIEW

Our Board consists of eleven Directors, including five executive Directors, one non-executive Director and five independent non-executive Directors. Our Board is responsible, and has general authority for, the management and operation of our Company.

Our Supervisory Committee consists of three Supervisors, including two employee representative Supervisors and one Shareholders representative supervisor.

Our senior management is responsible for the daily operations of our Company.

BOARD

Upon Listing, the Board will consist of eleven Directors, comprising five executive Directors, one non-executive Director and five independent non-executive Directors. The following table sets forth certain information regarding our Directors:

Name	Age	Position	Time of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors, Supervisors and/ or Senior management
Mr. WANG Yapeng (王亞朋)	45	Chairman of the Board of Directors and executive Director	August 2017	September 2020	Responsible for the overall management, strategic and business development, and overall management of our Group with a focus on cross border e-commerce business	None
Ms. ZHUANG Hao (莊浩)	55	Executive Director and general manager	December 2003	December 2003	Responsible for the overall management, strategic and business development of our Group	Spouse of Mr. Zhang Heping; Sister of Mr. Zhuang Shu; Member of the Single Largest Group of Shareholders
Mr. ZHANG Heping (張和平)	55	Executive Director, vice chairman and deputy general manager	February 2006	July 2010	Responsible for the overall management, strategic and business development, and overall management of packaging business of our Group	Spouse of Ms. Zhuang Hao; Member of the Single Largest Group of Shareholders

Name	Age	Position	Time of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors, Supervisors and/ or Senior management
Mr. ZHUANG Shu (莊澍)	53	Executive Director and deputy general manager	December 2003	November 2013	Responsible for the overall management, strategic and business development, and management of packaging business of our Group	Brother of Ms. Zhuang Hao; Member of the Single Largest Group of Shareholders
Mr. LU Tashan (陸它山)	27	Executive Director	April 2023	February 2024	Responsible for the management of Hong Kong business of our Group	Member of the Single Largest Group of Shareholders
Mr. LIAO Shengxing (廖生興)	48	Non-executive Director	November 2019	November 2019	Providing guidance and advice on the business strategies of our Group	None
Dr. ZHANG Guoqing (張國清)	48	Independent non-executive Director	May 2021	May 2021	Responsible for providing independent opinion and judgment to our Board	None
Dr. YANG Chenhui (楊晨暉)	57	Independent non-executive Director	September 2020	September 2020	Responsible for providing independent opinion and judgment to our Board	None
Mr. HAN Jianshu (韓建書)	63	Independent non-executive Director	November 2022	November 2022	Responsible for providing independent opinion and judgment to our Board	None
Professor Alfred SIT Wing Hang (薛永恒), *GBS, JP*	63	Independent non-executive Director	February 2024	February 2024	Responsible for providing independent opinion and judgment to our Board	None
Ms. NG Weng Sin (吳永蒨)	53	Independent non-executive Director	February 2024	February 2024	Responsible for providing independent opinion and judgment to our Board	None

Executive Directors

Mr. WANG Yapeng (王亞朋), formerly known as Wang Yapeng (王亞鵬), aged 45, is the chairman and an executive Director of our Company. Mr. Wang joined our Company as head of the cross-border e-commerce business of our Group in August 2017, was subsequently appointed as the vice chairman and the chairman of our Company in September 2020 and November 2022 respectively, and is primarily responsible for the overall management, strategic and business development, and overall management of our Group with a focus on cross border e-commerce business. Mr. Wang is also the chairperson of the Strategy Committee of our Company.

Mr. Wang has over 20 years of experience in Internet marketing and cross-border e-commerce business. From June 2003 to December 2015, Mr. Wang worked as an executive director at Beijing Yisainuo Technology Co., Ltd.* (北京易賽諾科技有限公司). From January 2013 to November 2014, Mr. Wang served as an executive director at Shanghai Kugai Information Technology Co., Ltd.* (上海酷改信息技術有限公司), a company principally engaged in the online advertisement business. From November 2015 to February 2018, Mr. Wang served as an executive director and the general manager at Guangzhou Nuorui Information Technology Co., Ltd.* (廣州諾睿信息科技有限公司). From May 2016 to February 2017, Mr. Wang served as an executive director and the general manager at Zhengzhou Yisainuo Advertisement Co., Ltd.* (鄭州易賽諾廣告有限公司), a company principally engaged in the online advertisement business. From May 2016 to August 2017, Mr. Wang served as an executive director and the general manager at Zhengzhou Yisainuo Information Technology Co., Ltd.* (鄭州易賽諾信息技術有限公司), a company principally engaged in the online advertisement business. From June 2016 to August 2017, Mr. Wang served as a supervisor at Yisainuo (Qingdao) Networking Technology Co., Ltd.* (易賽諾(青島)網絡技術有限公司). Mr. Wang ceased his duties and obligations in his relevant positions at Zhengzhou Yisainuo Information Technology Co., Ltd.* and Yisainuo (Qingdao) Networking Technology Co., Ltd.* when he joined our Group in August 2017, despite the fact that both companies had delayed in updating their corporate filings and therefore resulted in Mr. Wang's official cessation date with Zhengzhou Yisainuo Information Technology Co., Ltd.* being January 25, 2018 and that with Yisainuo (Qingdao) Networking Technology Co., Ltd.* being December 15, 2020, when the relevant corporate filings were finally completed by the relevant company. Mr. Wang Yapeng had held 40% shares in Yisainuo Information Technology. On January 23, 2018, Mr. Wang disposed of the relevant 40% shares in Yisainuo Information Technology to an independent third party at nil consideration due to the fact that the said company was still at an early stage since incorporation with low registered capital and low profitability at the material time.

Mr. Wang graduated from Changge No.1 High School (長葛市第一高級中學) in the PRC in July 1998.

Ms. ZHUANG Hao (莊浩), aged 55, is our founder, an executive Director and the general manager of our Company, and is primarily responsible for the overall management, strategic and business development of our Group. Ms. Zhuang served as a manager of our Company upon establishment and was subsequently appointed as a Director in 2003, after which she has continued to serve as a Director and was also appointed as the general manager of our Company in 2022. Ms. Zhuang is also a member of the Strategy Committee of our Company. Ms. Zhuang currently serves key positions in a number of our subsidiaries. She is a director of Hongkong Gat Wang Technology Limited (香港吉宏科技有限公司) (formerly known as Hong Kong Jihong Technology Co., Limited (香港吉宏科技有限公司)) and Fujian Strait Copyright Operation Co., Ltd.* (福建省海峽版權運營有限公司), the director of Guizhou Jihong Brand Planning Management Co, Ltd.* (貴州吉宏品牌策劃管理有限公司), Xiamen Haisheng Rongchuang Information Technology Co., Ltd.* (廈門海晟融創資訊技術有限公司) and Jiangxi Weizhi Supply Chain Management Co., Ltd* (江西維致供應鏈管理有限公司). She also serves as an executive director of Stork Paper (Shanghai) Co., Ltd (思塔克紙業(上海)有限公司). She is also an executive director and the general manager of Jiangxi Jihong Supply Chain Management Co., Ltd* (江西吉宏供應鏈管理有限公司) and Xiamen Jikeyin E-Commerce Co., Ltd.* (廈門市吉客印電子商務有限公司), the supervisor of Hangzhou GiiMall Internet Technology Co., Ltd. (杭州吉喵雲網絡科技有限公司), all of which are our subsidiaries.

Ms. Zhuang has over 25 years of experience in the packaging and advertisement industry. From December 1996 to February 2021, Ms. Zhuang served as an executive director and the general manager at Xiamen Zhengqi Information Technology Co., Limited* (廈門市正奇信息技術有限公司), a former subsidiary of the Company, a company principally engaged in the advertisement designing and plate making business.

Ms. Zhuang obtained her bachelor's degree in printing engineering from the Beijing Institute of Graphic Communication (北京印刷學院) in June 1992.

Ms. Zhuang is the spouse of Mr. Zhang Heping, our executive Director, and the sister of Mr. Zhuang Shu, our executive Director.

Mr. ZHANG Heping (張和平), aged 55, is the vice chairman, an executive Director and a deputy general manager of our Company, and is primarily responsible for the overall management, strategic and business development, and overall management of packaging business of our Group. Mr. Zhang is also a member of the Nomination Committee of our Company. Mr. Zhang served as a director of our Company from July 2010 to November 2016. From November 2016 to November 2022, he served as a director and general manager of our Company. Mr. Zhang was appointed as a director, vice chairman and deputy general manager of our Company in November 2022. Mr. Zhang currently holds various roles in our subsidiaries. He serves as an executive director and general manager of Xiamen Jihong Packaging Industry Co., Limited* (廈門吉宏包裝工業有限公司), Hohhot Jihong Printing & Packaging Co., Limited* (呼和浩特市吉宏印刷包裝有限公司), Jinan Jihong Packaging Limited* (濟南吉聯包裝有限公司), VStar Packaging (China) Limited* (孝感市吉聯食品包裝有限公司) and Shaanxi Yongxin Paper Packaging Co.* (陝西永鑫紙業包裝有限公司), the chairman of Luanzhou Jihong Packaging Limited* (灤州吉宏包裝有限公司), an executive director of Langfang Jihong Packaging Limited* (廊坊市吉宏包裝有限公司), Huanggang Jihong Packaging Limited* (黃岡市吉宏包裝有限公司) and Shaanxi Jihong Packaging Limited* (陝西吉宏包裝有限公司), and he also serves as an executive director and financial principal of Ningxia Jihong Environmental Protection Packaging Technology Co., Limited* (寧夏吉宏環保包裝科技有限公司).

Mr. Zhang has over 24 years of experience in the printing and packaging business. From December 1996 to February 2006, Mr. Zhang served as the vice general manager of Xiamen Zhengqi Information Technology Co., Limited* (廈門市正奇信息技術有限公司), a former subsidiary of the Company, a company principally engaged in advertisement designing and plate making business.

Mr. Zhang obtained his bachelor's degree in printing engineering from Beijing Institute of Graphic Communication (北京印刷學院) in June 1992.

Mr. Zhang is the spouse of Ms. Zhuang Hao, our executive Director.

Mr. ZHUANG Shu (莊澍), aged 53, is an executive Director and a deputy general manager of our Company, and is responsible for the overall management, strategic and business development, and management of packaging business of our Group. Mr. Zhuang was appointed as a Director and the deputy general manager of our Company in November 2013. Mr. Zhuang is also a member of the Remuneration and Appraisal Committee of our Company. Mr. Zhuang currently serves as an executive director and manager of Xiamen 3060 Carbon Reduction Technology Co., Limited* (廈門三零六零碳減科技有限公司), a director of Shaanxi Yongxin Paper Industry Packing Co., Limited (陝西永鑫紙業包裝有限公司) and Luanzhou Jihong Packaging Limited* (灤州吉宏包裝有限公司), and a supervisor of Hohhot Jihong Printing & Packaging Co., Limited* (呼和浩特市吉宏印刷包裝有限公司), Ningxia Jihong Environmental Protection Packaging Technology Co., Limited* (寧夏吉宏環保包裝科技有限公司), and Shaanxi Jihong Packaging Limited* (陝西吉宏包裝有限公司), all of which are our subsidiaries.

From September 1994 to February 2006, Mr. Zhuang worked at China Telecommunications Corporation Limited Xiamen Branch (中國電信股份有限公司廈門分公司), a company principally engaged in the telecommunication business. From February 2006 to October 2013, Mr. Zhuang served as the vice general manager at Langfang Branch of Xiamen Jihong Technology Co., Limited* (廈門吉宏科技股份有限公司廊坊分公司), a company principally engaged in the packaging business and a subsidiary of our Company.

Mr. Zhuang graduated from the Southwest Jiaotong University (西南交通大學) in the PRC with a bachelor's degree in mechanical engineering in June 1994. He further obtained a master's degree in business administration from Xiamen University (廈門大學) in the PRC in January 2005.

Mr. Zhuang is the brother of Ms. Zhuang Hao, our executive Director.

Mr. LU Tashan (陸它山), aged 27, was appointed as our executive Director in February 2, 2024 and assistant to the general manager of our Company since 2023, and is responsible for the Hong Kong business of our Group. Since April 2023, Mr. Lu has served as the general manager's assistant of our Company and a director of Hongkong Gat Wang Technology Limited (formerly known as Hong Kong Jihong Technology Co., Limited), our wholly-owned subsidiary.

Prior to joining our Group, Mr. Lu worked as a technology product specialist at Apple Trading (Shanghai) Co., Limited* (蘋果貿易(上海)有限公司), a company engaged in the technology and retail businesses, from May 2021 to March 2022. Mr. Lu then worked at Ningbo Goldbrick Trading Co. Ltd (寧波金磚貿易有限公司) until November 2022.

Mr. Lu graduated from Ritsumeikan University in Japan with a bachelor's degree in civil engineering in March 2021.

Non-executive Director

Mr. LIAO Shengxing (廖生興), aged 48, has served as our Director since November 2019, and is responsible for providing guidance and advice on the business strategies of our Group.

Prior to joining our Company, Mr. Liao served as the secretary to the board of Ganzhou Development and Investment Holding (Group) Co., Limited* (贛州發展投資控股集團有限責任公司) from June 2009, and took up the role as the vice general manager of Ganzhou Development and Investment Holding (Group) Co., Limited* (贛州發展投資控股集團有限責任公司) from February 2019 to March 2021. From June 2019 to April 2021, Mr. Liao served as the director of Ganzhou Guangwei Development Industrial Co., Limited* (贛州廣微發展實業有限公司). Since December 2019, Mr. Liao has served as the director of Kingsignal Technology Co., Limited* (深圳金信諾高新技術股份有限公司). From December 2020 to March 2022, Mr. Liao served as the chairman of Ganzhou Investment Development Fund Management Co., Limited* (贛州發展投資基金管理有限公司), where he was responsible for investment strategies and decisions.

Mr. Liao graduated from the bachelor's degree program in the Jiangxi University of Finance and Economics (江西財經大學) in the PRC majoring in accounting in December 2005 through higher education self-taught examination, and a master's degree in business administration from the Jiangxi University of Science and Technology (江西理工大學) in the PRC in June 2014.

Independent Non-executive Directors

Dr. ZHANG Guoqing (張國清), aged 48, was appointed as our independent Director in May 2021. Dr. Zhang is the chairman of the Audit Committee and a member of the Remuneration and Appraisal Committee of our Company. He is responsible for supervising and providing independent judgment and opinion to our Board on issues material to our Group and where otherwise required.

Dr. Zhang has more than 15 years of experience in academia, financial reporting, management and services. Dr. Zhang joined Xiamen University (廈門大學) in the PRC in July 2005 and is currently a professor at the business management school of the university. Since October 2019, Dr. Zhang has served as an independent director of Kehua Data Co., Ltd. (科華數據股份有限公司), a company listed on the SZSE (stock code: 002335) and primarily engaged in the supply of integrated solutions for power protection and energy conservation. Since February 2023, Dr. Zhang has served as an independent director of Guangzhou Baiyun Electric Equipment Co., Ltd. (廣州白雲電器設備股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 603861) and primarily engaged in the research and development, manufacturing, sale and services of complete switchgear control equipment.

Dr. Zhang graduated from the Nanchang University (南昌大學) in the PRC with a bachelor's degree in marketing in July 1998. He further obtained a master's degree in accounting from the Xiamen University (廈門大學) in the PRC in July 2002, and a doctor's degree in accounting from the Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2005.

Dr. YANG Chenhui (楊晨暉), aged 57, was appointed as our independent director in September 2020. Dr. Yang is also the chairman of the Nomination Committee and a member of the Audit Committee of our Company. He is responsible for supervising and providing independent judgment and opinion to our Board on issues material to our Group and where otherwise required.

Since June 1995, Dr. Yang has taken up academic roles in Xiamen University (廈門大學) in the PRC and is currently a professor of the Department of Computer Science and Technology. Dr. Yang is currently also the executive dean of Yongtai Institute of Artificial Intelligence* (永泰人工智慧研究院) of Xiamen University.

Dr. Yang graduated from the National University of Defense Technology (國防科技大學) in the PRC with a bachelor's degree in automatic control in July 1989. He further obtained a master's degree from National University of Defense Technology (國防科技大學) in the PRC in February 1992, and a doctor's degree in mechanical manufacturing and automation from the Zhejiang University (浙江大學) in the PRC in May 1995. Dr. Yang obtained his independent director qualification certificate in September 2020.

Mr. HAN Jianshu (韓建書), aged 63, was appointed as our independent director in November 2022. Mr. Han is also a member of the Strategy Committee of our Company. He is responsible for supervising and providing independent judgment and opinion to our Board on issues material to our Group and where otherwise required.

Prior to joining our group, Mr. Han has served various positions in Shanxi Xinghuacun Fen Wine Factory Co., Limited* (山西杏花村汾酒廠股份有限公司) ("**Shanxi Xinghuachun**"), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600809), from October 1983 to January 2019 with his last position as a director. From February 2016 to January 2019, Mr. Han served as a director, member of the party committee and the head engineer of Shanxi Xinghua Village Fenjiu Group Co., Limited* (山西杏花村汾酒集團有限責任公司), the holding company of Shanxi Xinghuacun. From January 2019 to December 2021, Mr. Han served as a director of the Shanxi Coal Import & Export Group Co., Limited* (山西煤炭進出口集團有限公司).

Mr. Han completed a four-year bachelor degree program in Shanxi University (山西大學) in the PRC majoring in microbiology in August 1983. He then completed a three-year postgraduate degree program majoring in economics in the Party School of the Central Committee of the Chinese Communist Party (中共中央黨校), the PRC in July 2010.

Professor Alfred SIT Wing Hang (薛永恒), *GBS, JP*, aged 63, was appointed as our independent non-executive Director on February 2, 2024. Professor Sit is also a member of the Nomination Committee of our Company. He is responsible for supervising and providing independent judgment and opinion to our Board on issues material to our Group and where otherwise required.

Professor Sit joined the Electrical and Mechanical Services Department (EMSD) in 1984 and was subsequently promoted to the director in 2017. From April 2020 to June 2022, Professor Sit served as the Secretary for Innovation and Technology of the Hong Kong SAR Government. Since July 2023, Professor Sit served as an independent non-executive director of Morris Home Holdings Limited (慕容家居控股有限公司), a company listed on the Main Board of the Stock Exchange (Stock Code: 1575) and primarily engaged in in the manufacturing of sofas and sofa covers in Mainland China with an integrated design, manufacturing, sales and marketing operation. Since October 2023, Professor Sit served as an independent non-executive director of Envision Greenwise Holdings Limited (晉景新能控股有限公司) (formerly known as Golden Ponder Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1783) and primarily engaged in the residential and commercial buildings construction business as well as environmental conservation business. Since January 2024, Professor Sit served as an independent non-executive director of Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 897) and primarily engaged in the manufacturing and sales of medicine.

Professor Sit received the Higher Diploma in Electrical Engineering in 1981 and the Associateship in Electrical Engineering in November 1982 at The Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University). Professor Sit obtained his master of business administration at The Chinese University of Hong Kong in October 1992. Professor Sit is a fellow member of the Hong Kong Institution of Engineers, and is currently an honorary fellow of the Hong Kong Institute of Facility Management and a Professor of Practice of the Department of Electrical and Electronic Engineering at the Hong Kong Polytechnic University. Professor Sit is also the Chief Executive and Secretary of the Hong Kong Institution of Engineers, a Senior Advisor to the President and Vice-Chancellor and Honorary Professor of the Hong Kong Baptist University.

Ms. NG Weng Sin (吳永蒨), aged 53, was appointed as our independent non-executive Director on February 2, 2024. Ms. Ng is also the chairman of the Remuneration and Appraisal Committee and a member of the Audit Committee of our Company. She is responsible for supervising and providing independent judgment and opinion to our Board on issues material to our Group and where otherwise required.

Ms. Ng has more than 25 years of experience in financial reporting, management and services. Ms. Ng worked at Deloitte Touche Tohmatsu from August 1997 to September 2001. From September 2001 to May 2003, she worked at Hong Kong Wing On Travel Service Limited. From November 2003 to November 2004, she worked at Hua Yang Printing Holdings Co., Ltd. From November 2004 to May 2006, she worked at Norstar Automobile Industrial Holding Limited. From May 2006 to February 2010, she was the financial controller, the company secretary and authorized representative of China Information Technology Development Limited (中國信息科技發展有限公司), a company listed on the Stock Exchange (Stock Code: 8178). From August 2010 to October 2013, she served as the chief financial officer, and from February 2011 to October 2013, she served as the company secretary and the authorized representative of Billion Industrial Holdings Limited (百宏實業控股有限公司), a company listed on the Main Board of the Stock Exchange (Stock Code: 2299). From May 2014 to December 2015, Ms. Ng served as the chief financial officer, and from July 2014 to November 2015, she served as the company secretary and authorized representative of Xiwang Special Steel Company Limited (西王特鋼有限公司) (stock code: 1266) and Xiwang Property Holdings Company Limited (西王置業控股有限公司) (stock code: 2088), both companies of which were listed on the Main Board of the Stock Exchange. From December 2016 to November 2021, Ms. Ng successively served as a consultant, an executive director, the chief financial officer, the company secretary and an authorized representative of China Public Procurement Ltd (中國公共採購有限公司) (now known as Cherish Sunshine International Ltd (承輝國際有限公司)), a company listed on the Main Board of the Stock Exchange (Stock Code: 1094). Since December 2024, Ms. Ng has served as an independent non-executive director of New Gonow Recreational Vehicles Inc. (新吉奧房車有限公司), a company listed on the Stock Exchange (stock code: 0805).

Ms. Ng obtained her bachelor's degree of arts in accountancy in 1996, a master's degree of professional accounting in 2010, a master's degree of corporate finance in 2013 from the Hong Kong Polytechnic University. She further obtained a master of business administration degree (Executive MBA program) from the Chinese University of Hong Kong in 2015. She is also a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, and The Hong Kong Chartered Governance Institute.

SUPERVISORY COMMITTEE

Our Supervisory Committee consists of three members. The following sets forth the biographies of our Supervisors.

Name	Age	Position	Time of joining our Group	Date of appointment as supervisor	Roles and responsibilities	Relationship with other Directors, Supervisors and/ or Senior management
Ms. BAI Xueting (白雪婷)	45	Chairlady of our Supervisory Committee, Supervisor	December 2003	November 2011	Responsible for the overall operation of the Supervisory Committee and the supervision of the Board, senior management and the business operations of our Group	None
Mr. HE Zhuokai (何卓鍇)	48	Supervisor	May 2008	November 2013	Responsible for the supervision of the Board, senior management, the business operations and strategic management of our Group	None
Mr. HU Guanhong (胡官宏)	33	Supervisor	September 2017	November 2022	Responsible for the supervision of the Board, senior management, the business operations and financial management of our Group	None

The PRC Company Law requires a joint stock company with limited liability to establish a supervisory committee. Pursuant to our Articles, our Supervisory Committee consists of three members, including one Shareholders representative and two employee representatives. Employee representatives will be appointed and replaced via election by the employees and Shareholders representative will be appointed and replaced via election at a Shareholders' meeting. The appointment of the Supervisors is for a term of three years, which is renewable upon re-election and re-appointment.

Ms. BAI Xueting (白雪婷), aged 45, was appointed as the Chairlady of the Supervisory Committee in November 2011, and is primarily responsible for the overall operation of the Supervisory Committee and the supervision of the Board, senior management and the business operations of our Group.

Since December 2003, Ms. Bai has served as the head of the business department of our Company, and is primarily responsible for supervision of the our Group's business operations. Since September 2021, Ms. Bai has served as a supervisor of Stork Paper (Shanghai) Co., Ltd. (思塔克紙業(上海)有限公司), and is primarily responsible for supervision of its board, senior management and the business operations.

Ms. Bai graduated from Quanzhou Agricultural and Engineering School (泉州農業工程學校) in June 1998.

Mr. HE Zhuokai (何卓鍇), aged 48, was appointed as a Supervisor of our Company in November 2013, and is primarily responsible for the supervision of the Board, senior management, the business operations and strategic management of our Group.

From May 2008 to September 2022, Mr. He served as the head of the procurement department of Langfang Jihong Packaging Limited* (廊坊市吉宏包裝有限公司). Since October 2022, Mr. He has served as the manager of the procurement department of our Company, and has been primarily responsible for procurement management. Mr. He currently serves as a supervisor of Langfang Jihong Packaging Limited* (廊坊市吉宏包裝有限公司), Luanzhou Jihong Packaging Co., Limited* (灤州吉宏包裝有限公司), and Vstar Packaging (China) Limited* (中港包裝製品江蘇有限公司).

Mr. He obtained a bachelor's degree in Chinese from Sichuan Normal College (四川師範學院) in June 1997.

Mr. HU Guanhong (胡官宏), aged 33, was appointed as a Supervisor of our Company in November 2022, and is primarily responsible for the supervision of the Board, senior management, the business operations and financial management of our Group.

From July 2014 to January 2016, Mr. Hu served as an accountant of Xinjiang Jiuding Jinshengxiang Agricultural Products Development Co., Limited* (新疆九鼎金盛祥農產品開發有限公司). From February 2016 to August 2017, Mr. Hu worked as the finance manager of Shaanxi Hongtai Furniture Co., Limited* (陝西鴻泰傢俱有限公司), and is primarily responsible for its internal audit and budgeting. Since September 2017, Mr. Hu has served as the finance manager of Giikin (Xi'an) Digital Technology Co., Limited* (吉客印(西安)數字科技有限公司), and is primarily responsible for its internal audit and budgeting.

Mr. Hu obtained a bachelor's degree in accounting from Shangluo University (商洛學院) in June 2014.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The following sets forth the biographies of the members of our senior management.

Name	Age	Position	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors, Supervisors and/ or Senior management
Ms. ZHUANG Hao (莊浩)	55	General manager	December 2003	December 2003	Responsible for the overall management, strategic and business development of our Group	Spouse of Mr. Zhang Heping, Sister of Mr. Zhuang Shu; Member of the Single Largest Group of Shareholders
Mr. ZHANG Heping (張和平)	55	Deputy general manager	February 2006	July 2010	Responsible for the overall management, strategic and business development, and overall management of packaging business of our Group	Spouse of Ms. Zhuang Hao; Member of the Single Largest Group of Shareholders
Mr. ZHUANG Shu (莊澍)	53	Deputy general manager	February 2006	November 2013	Responsible for the overall management, strategic and business development, and management of packaging business of our Group	Brother of Ms. Zhuang Hao; Member of the Single Largest Group of Shareholders
Mr. ZHANG Luping (張路平)	35	Secretary to Board	December 2023	December 2023	Responsible for our Group's communication with securities regulatory authorities, information disclosure, operation of the committees, investor relations management, and foreign investment	None
Mr. WU Minggui (吳明貴)	53	Finance director	April 2011	April 2013	Responsible for the financial management of our Group	None

Ms. ZHUANG Hao (莊浩), is an executive Director and the general manager of our Company. For her biographical details, please refer to "– Board – Executive Directors" in this section.

Mr. ZHANG Heping (張和平), is an executive Director, the vice chairman and a vice general manager of our Company. For his biographical details, please refer to "– Board – Executive Directors" in this section.

Mr. ZHUANG Shu (莊澍), is an executive Director and a vice general manager of our Company. For his biographical details, please refer to "– Board – Non-executive Director" in this section.

Mr. ZHANG Luping (張路平), aged 35, has served as the Secretary to the Board of our Company since December 2023, and is primarily responsible for our Group's communication with securities regulatory authorities, information disclosure, operation of the committees, investor relations management, and foreign investment.

From July 2013 to May 2015, Mr. Zhang worked at Beijing Zhongmin Gas Co., Ltd. (北京中民燃氣有限公司), a company principally engaged in gas production and supply. From July 2015 to April 2017, Mr. Zhang worked at Dalian Zeus Entertainment Co. Ltd. (大連天神娛樂股份有限公司) (now known as Tianyu Digital Technology Co., Ltd. (天娛數字科技(大連)集團股份有限公司), a company whose shares are listed on the SZSE (stock code: 002354), a digital technology company principally engaged in e-games and data traffic. From April 2017 to January 2023, Mr. Zhang worked in PIESAT Information Technology Co., Ltd. (航天宏圖信息技術股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 688066), where he served as a director from January 2023 to November 2023.

Mr. Zhang obtained his bachelor's degree in management from the Qingdao University (青島大學) in the PRC in June 2013. He obtained his board secretary qualification certificate from the SZSE in August 2016.

Mr. WU Minggui (吳明貴), aged 53, joined our Company as a finance manager in April 2011, has served as the finance director of our Company since April 2013, and is primarily responsible for the financial management of our Company.

Prior to joining our Company, Mr. Wu worked at Xiamen Weilian Software Development Co., Limited* (廈門微聯軟件開發有限公司), and from January 2008 to April 2011, Mr. Wu worked at Xiamen Jinlian Logistics Co., Limited* (廈門晉聯物流有限公司) as the manager of the planning and finance department.

Mr. Wu obtained his college degree in accounting from Xiamen University (廈門大學) in the PRC in June 2002. Mr. Wu has been a certified intermediate accountant in the PRC since May 2005.

OTHER INFORMATION IN RELATION TO OUR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

For details of our Directors' respective interests or short positions (if any) in our Shares, particulars of our Directors' service agreements and Directors' remuneration, please see "Appendix VI – Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders" in this Prospectus.

Save as disclosed herein, each of our Directors and Supervisors confirms with respect to himself or herself, to the best of his or her knowledge, information and belief, that he or she (1) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date; (2) had no other relationship with any Directors, Supervisors, senior management or substantial shareholders of our Company as at the Latest Practicable Date; (3) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong SAR and/or overseas; and (4) there are no other matters concerning our Director's appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Mr. LU Tashan (陸它山), is an executive Director and a joint company secretary of our Company. For his biographical details, please refer to "Board – Executive Directors" in this section.

Mr. LEE Chung Shing (李忠成) is our joint company secretary. Mr. Lee has over 20 years of experience in providing auditing, financial management, company secretarial and investor relations services to listed companies in Hong Kong SAR. He is currently an assistant vice president of Governance Services of Computershare Hong Kong Investor Services Limited and the joint company secretary and the company secretary of various companies listed on the Stock Exchange.

Mr. Lee obtained his bachelor's degree in accountancy from City University of Hong Kong in December 1994 and a master's degree in business administration (financial services) from The Hong Kong Polytechnic University in November 2002. Mr. Lee is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

BOARD COMMITTEES

Strategy Committee

The Strategy Committee of our Company consists of three Directors, namely Mr. Wang Yapeng, Ms. Zhuang Hao and Mr. Han Jianshu. The chairperson of the Strategy Committee is Mr. Wang Yapeng. The primary duties of the Strategy Committee of our Company include (but are not limited to):

- studying and regularly advising on our business objectives and medium- to long-term development strategy in accordance with operation and the changes in the market;
- reviewing annual business plans and any material change or adjustment in implementation and advise the Board accordingly;

- regularly assessing and inspecting the implementation of the above issues after they have been approved by the Board and report back to the Board; and

- handling other matters required by laws, regulations, rules, normative documents, regulatory rules of the jurisdictions where the Shares of our Company are listed, the Articles of Association or as authorized by the Board.

Audit Committee

Our Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, being Dr. Zhang Guoqing, Ms. Ng Weng Sin and Dr. Yang Chenhui. The chairperson of the Audit Committee is Dr. Zhang Guoqing, who is an independent non-executive Director and Ms. Ng Weng Sin is an independent non-executive Director with the appropriate accounting and related financial management expertise. The primary duties of the Audit Committee include, among others:

- reviewing our compliance, accounting policies and financial reporting procedures;

- supervising the implementation of our internal audit system;

- advising on the appointment or replacement of external auditors;

- liaising between our internal audit department and external auditors; and

- other responsibilities as authorized by our Board.

Remuneration and Appraisal Committee

Our Company has established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee consists of three members, being Ms. Ng Weng Sin, Dr. Zhang Guoqing and Mr. Zhuang Shu. The chairperson of the Remuneration and Appraisal Committee is Ms. Ng Weng Sin. The primary duties of the Remuneration and Appraisal Committee include, among others:

- making recommendations to the Board on our policy and structure concerning remuneration of our Directors and members of the senior management;

- making recommendations to the Board on the specific remuneration package of each Director and members of the senior management;

- reviewing and approving compensations payable to executive Directors and members of senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- reviewing and approving compensation arrangements relating to dismissal or removal of any Director for his or her misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate; and

- other responsibilities as authorized by our Board.

Nomination Committee

Our Company has established a Nomination Committee with written terms of reference in accordance with Rule 3.27A of the Listing Rules and paragraph A.5 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three members, being Dr. Yang Chenhui, Professor Alfred Sit Wing Hang and Mr. Zhang Heping. The chairperson of the Nomination Committee is Dr. Yang Chenhui. The primary duties of the Nomination Committee include, among others:

- reviewing the structure, size and composition of the Board annually, and advising on any changes of the Board proposed in accordance with the strategies of our Company;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- making recommendations to the Board on relevant matters relating to the appointment and re-appointment of our Directors;
- assessing the independence of independent non-executive Directors; and
- other responsibilities as authorized by our Board.

CORPORATE GOVERNANCE

As of the Latest Practicable date and to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, the Directors are not aware of any deviation from provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

BOARD DIVERSITY

We have adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of our Board that are relevant to our business growth. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merits and contribution that the selected candidates will bring to the Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, information technology, accounting and financial management. We have also taken and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at the Board and senior management levels. In particular, two of our Directors and one of our Supervisors are female. Taking into account our existing business modes and specific needs as well as the different background of our Directors, we are of the view that the composition of our Board satisfies our board diversity policy.

Our Nomination committee is responsible for ensuring the diversity of our Board. After the Listing, our Nomination committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on annual basis.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors, supervisors and senior management members receive compensation from our Company in the form of salaries, bonuses, and other benefits in kind such as contributions to pension plans.

For each year of the Track Record Period, the aggregate amounts of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to our Directors and Supervisors, were approximately RMB8.14 million, RMB11.94 million and RMB19.04 million, respectively.

For each year of the Track Record Period, the five highest paid individuals, included nil, one and one Director(s), respectively, whose remunerations are included in the aggregate amount of remuneration set out above. For each year of the Track Record Period, the aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) for the remaining five, four and four highest paid individuals who are not Directors of our Group were approximately RMB12.80 million, RMB16.30 million and RMB25.74 million, respectively.

It is estimated that remuneration equivalent to approximately RMB16.3 million in aggregate will be paid to the Directors and Supervisors (inclusive of benefits in kind but exclusive of any discretionary bonuses) by our Company for the year ending December 31, 2025 based on the arrangements currently in force.

No remuneration was paid by our Company to the Directors or the five highest paid individuals as inducement to join or upon joining our Company or as a compensation for loss of office during the Track Record Period. Furthermore, none of the Directors had waived or agreed to waive any remuneration during the Track Record Period.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which 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 January 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) 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 appointments.

COMPLIANCE ADVISER

We have appointed Fosun International Capital Limited as the compliance adviser pursuant to Rule 3A.19 of the Listing Rules, and the compliance advisor will advise our Company 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 under the Listing Rules, is contemplated, including share issues and share repurchases;
- where our Company proposes to use the proceeds of the Global Offering in a manner that is different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecasts, estimates or other information in this Prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 13.10 of the Listing Rules a false market in the Shares.

The terms of the appointment of the compliance adviser will commence on the Listing Date and is expected to end on the date when our Company distributes the annual report of its financial results for the first full financial year commencing after the Listing Date.

SUBSTANTIAL SHAREHOLDERS AS OF THE LATEST PRACTICABLE DATE

As at the Latest Practicable Date, our total share capital was RMB384,769,288 comprising 384,769,288 A Shares and the following persons directly or indirectly control, or are entitled to exercise the control of, 5% or more of our A Shares:

Name of Shareholder	Nature of interest	Class	Number of Shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of Shares
Ms. Zhuang Hao	Beneficial interest	A Shares	69,623,082	18.09
	Interest of person acting in concert(1)	A Shares	53,866,003	14.00
Mr. Zhuang Shu	Beneficial interest	A Shares	34,671,025	9.01
	Interest of person acting in concert(1)	A Shares	88,818,060	23.08
Ms. He Jingying	Beneficial interest	A Shares	6,638,925	1.73
	Interest of person acting in concert(1)	A Shares	116,850,160	30.36
Mr. Zhang Heping	Beneficial interest	A Shares	6,236,125	1.62
	Interest of person acting in concert(1)	A Shares	117,252,960	30.47
Tibet Yongyue(2)	Beneficial interest	A Shares	5,444,928	1.42
	Interest of person acting in concert(1)	A Shares	118,044,157	30.67
Mr. Zhuang Zhenhai	Interest in a controlled corporation (3)	A Shares	5,444,928	1.42
	Interest of person acting in concert(1)	A Shares	118,044,157	30.67
Mr. Lu Tashan	Beneficial interest	A Shares	875,000(4)	0.23
	Interest of person acting in concert(1)	A Shares	122,614,085	31.86

Notes:

(1) Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Mr. Lu Tashan and Tibet Yongyue are parties acting in concert. Please refer to "History and Corporate Structure – Our Shareholders Acting in Concert" for further details.

(2) As of the Latest Practicable Date, Tibet Yongyue was owned as to approximately 71.4% by Mr. Zhuang Zhenhai, 15.4% by Ms. Gong Hongying, 11.4% by Mr. Li Jiadong, and 1.7% by Ms. Xu Ping.

(3) As of the Latest Practicable Date, Mr. Zhuang Zhenhai owned approximately 71.4% of the shares in Tibet Yongyue. Therefore, Mr. Zhuang Zhenhai was deemed to be interested in the Shares held by Tibet Yongyue under the SFO.

(4) The relevant Shares held by Mr. Lu Tashan consisted of (i) 306,250 A Shares granted under the 2023 Restricted Share Incentive Plan which were released from lock-up in accordance with the 2023 Release Mechanism on October 23, 2024; and (ii) 568,750 restricted A Shares granted under the 2023 Restricted Share Incentive Plan. Please refer to "History and Corporate Structure – Our Corporate History – Adoption of the 2023 Restricted Share Incentive Plan" for further details.

SUBSTANTIAL SHAREHOLDERS UPON LISTING

Immediately following the completion of the Global Offering, our share capital will comprise 384,769,288 A Shares and 67,910,000 H Shares, representing approximately 85% and 15% of the total issued share capital of our Company, respectively.

So far as our Directors are aware, immediately following the completion of the Global Offering, the following persons are expected to have an interest and/or short positions (as applicable) in the Shares or the underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings our Company:

Name of Shareholder	Nature of interest	Class	Number of Shares directly and indirectly held immediately following the completion of the Global Offering	Approximate percentage of shareholding in the relevant class of Shares immediately following the completion of the Global Offering(1)	Approximate percentage of shareholding in the total issued share capital immediately following the completion of the Global Offering(1)
Ms. Zhuang Hao	Beneficial interest	A Shares	69,623,082	18.09	15.38
	Interest of person acting in concert(2)	A Shares	53,866,003	14.00	11.89
Mr. Zhuang Shu	Beneficial interest	A Shares	34,671,025	9.01	7.66
	Interest of person acting in concert(2)	A Shares	88,818,060	23.08	19.61

Name of Shareholder	Nature of interest	Class	Number of Shares directly and indirectly held immediately following the completion of the Global Offering	Approximate percentage of shareholding in the relevant class of Shares immediately following the completion of the Global Offering[1]	Approximate percentage of shareholding in the total issued share capital immediately following the completion of the Global Offering[1]
Ms. He Jingying	Beneficial interest	A Shares	6,638,925	1.73	1.47
	Interest of person acting in concert[2]	A Shares	116,850,160	30.36	25.80
Mr. Zhang Heping	Beneficial interest	A Shares	6,236,125	1.62	1.38
	Interest of person acting in concert[2]	A Shares	117,252,960	30.47	25.89
Tibet Yongyue[3]	Beneficial interest	A Shares	5,444,928	1.42	1.20
	Interest of person acting in concert[1]	A Shares	118,044,157	30.67	26.07
Mr. Zhuang Zhenhai[4]	Interest in a controlled corporation[4]	A Shares	5,444,928	1.42	1.20
	Interest of person acting in concert[2]	A Shares	118,044,157	30.67	26.07
Mr. Lu Tashan	Beneficial interest	A Shares	875,000[5]	0.23	0.19
	Interest of person acting in concert[2]	A Shares	122,614,085	31.86	27.08

Notes:

(1) The calculation is based on the total number of 384,769,288 A Shares and 452,679,288 Shares in issue immediately following the completion of the Global Offering.

(2) Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Mr. Lu Tashan and Tibet Yongyue are parties acting in concert and are our Single Largest Group of Shareholders. Please refer to "History and Corporate Structure – Our Shareholders Acting in Concert" for further details.

(3) As of the Latest Practicable Date, Tibet Yongyue was owned as to approximately 71.4% by Mr. Zhuang Zhenhai, 15.4% by Ms. Gong Hongying, 11.4% by Mr. Li Jiadong, and 1.7% by Ms. Xu Ping.

(4) As of the Latest Practicable Date, Mr. Zhuang Zhenhai owned approximately 71.43% of the shares in Tibet Yongyue. Therefore, Mr. Zhuang Zhenhai was deemed to be interested in the Shares held by Tibet Yongyue under the SFO.

(5) The relevant Shares held by Mr. Lu Tashan consisted of (i) 306,250 A Shares granted under the 2023 Restricted Share Incentive Plan which were released from lock-up in accordance with the 2023 Release Mechanism on October 23, 2024; and (ii) 568,750 restricted A Shares granted under the 2023 Restricted Share Incentive Plan. Please refer to "History and Corporate Structure – Our Corporate History – Adoption of the 2023 Restricted Share Incentive Plan" for further details.

Save as disclosed above and in "Statutory and General Information – C. Further Information about our Directors and Substantial Shareholders" in Appendix VI to this Prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering, have an interest or short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested 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 our Company.

As at the Latest Practicable Date, we are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

This section presents certain information regarding our share capital prior to and following the completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, our registered and issued share capital was RMB384,769,288 comprising 384,769,288 A Shares at the nominal value of RMB1.00 each, all of which are listed on the SZSE.

	Number of Shares	Issued share capital
		(%)
A Shares in issue	384,769,288	100

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following completion of the Global Offering, our registered and issued share capital will be as follows:

	Number of Shares	Approximate percentage of issued share capital
		(%)
A Shares in issue	384,769,288	85
H Shares in issue	67,910,000	15
Total	**452,679,288**	**100**

SHARE CLASSES

Upon completion of the Global Offering, we will have two classes of Shares: (i) domestic Shares, namely A Shares (PRC listed Shares issued and subscribed for in RMB within the PRC); and (ii) overseas listed Shares, namely H Shares (overseas listed foreign invested Shares listed in Hong Kong). A Shares and H Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC and the qualified PRC investors under the Shenzhen-Hong Kong Stock Connect, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. On the other hand, A Shares can only be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors approved by the CSRC or the Hong Kong and overseas investors under the Shenzhen-Hong Kong Stock Connect and must be subscribed for and traded in RMB. A Shares and H Shares are regarded as different classes of shares under our Articles of Association. The rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class are listed in "Summary of the Articles of Association of the Company" in Appendix V to this Prospectus.

The difference between the two classes of shares and provisions on class rights, the dispatch of notices and financial reports to Shareholders, dispute, resolution, registration of Shares on different registers of Shareholders, the method of share transfer and appointment of dividend receiving agents are set out in the Articles of Association and summarized in "Summary of the Articles of Association of the Company" in Appendix V to this Prospectus.

Except for the differences above, A Shares and H Shares will however rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date in this Prospectus. All dividends in respect of the H Shares are to be calculated in RMB and paid by us in Hong Kong dollars whereas all dividends in respect of A Shares are to be paid by us in RMB. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of A Shares, dividends in the form of Shares will be distributed in the form of additional A Shares.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE GLOBAL OFFERING

We have obtained approval from our holders of A Shares to issue H Shares and seek the listing of H Shares on the Stock Exchange. Such approval was obtained at the general meetings of our Company held on February 2, 2024 upon, among other things, the following major terms:

(1) Size of the offer

The proposed number of H Shares to be offered initially shall not exceed 67,910,000 H Shares, representing approximately 15% of the total issued number of shares as enlarged by the H Shares to be issued pursuant to the Global Offering.

(2) Method of offering

The method of offering shall be by way of a public offer for subscription in Hong Kong SAR and an international offering to institutional and professional investors.

(3) Target investors

The H Shares shall be issued to professional organizations, institutions individual investors and the public.

(4) Price determination basis

The issue price of the H Shares will be determined after due consideration of the interests of existing Shareholders, the acceptance of investors and issuance risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(5) Validity period

The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date when the Shareholders' meeting was held on February 2, 2024.

There is no other approved offering plans for our Shares except the Global Offering.

2023 RESTRICTED SHARE INCENTIVE PLAN

On August 30, 2023, we adopted the 2023 Restricted Share Incentive Plan. Please see "Statutory and General Information – E. 2023 Restricted Share Incentive Plan" in Appendix VI to this Prospectus for further details.

SHAREHOLDERS' GENERAL MEETINGS AND CLASS MEETINGS

For details of circumstances under which our general Shareholders' meeting and classified Shareholders' meeting are required, see "Summary of the Articles of Association of the Company" in Appendix V to this Prospectus and "Summary of Principal PRC and Hong Kong SAR Legal and Regulatory Provisions" in Appendix IV to this Prospectus.

*You should read the following discussion and analysis in conjunction with our consolidated financial information as of and for the three financial years ended December 31, 2022, 2023 and 2024 included in the Accountants' Report set out in Appendix IA to this Prospectus, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with the IFRS Accounting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**").*

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in this Prospectus including but not limited to the sections headed "Risk Factors" and "Business" in this Prospectus.

OVERVIEW

Our operations span across our cross-border social e-commerce business and FMCG paper packaging business. After our listing on the SZSE in 2016, supported by the leadership and industry experience of our management team, we successfully transformed and diversified our business while attaining achievements from both business and financial perspectives. As a leading cross-border social e-commerce company strategically focusing on the Asian market, we ranked second among China's B2C outbound e-commerce players based on revenue generated through social media e-commerce business in Asia in 2024, with a market share of 1.3%, according to CIC. Furthermore, we are a leading FMCG paper packaging company in Mainland China, and ranked first among FMCG paper consumer packaging companies in Mainland China based on revenue in 2024, with a market share of 1.2%, according to CIC.

Founded in 2003, we set out on providing one-stop paper packaging products and services to FMCG enterprise customers, focusing on providing marketing strategies, product design, process design, technology planning, transportation and logistics. As the core of our paper packaging business is essentially grounded in product design and marketing that ultimately center around addressing end consumers' needs and spur their purchase desires, we have accumulated deep understanding and experience in both product marketing and discerning consumer demands. Seeking to expand our business beyond our decades-long paper packaging business, we seized the business opportunities from the burgeoning of cross-border e-commerce driven by the development of the mobile Internet by building our cross-border social e-commerce business in 2017, which has become our major source of revenue. For each year of the Track Record Period, our total revenue amounted to RMB5,375.9 million, RMB6,694.7 million and RMB5,529.3 million, respectively. During the same periods, our profit amounted to RMB171.6 million, RMB332.1 million and RMB184.5 million, respectively.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with IFRS, which comprise all standards and interpretations approved by the IASB.

All IFRSs effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been consistently applied by us in the preparation of the historical financial information throughout the Track Record Period.

The historical financial information has been prepared under the historical cost convention, except for certain trade and bills receivables at fair value through other comprehensive income, certain time deposits at fair value through profit or loss, certain financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and equity investments designated at fair value through other comprehensive income which have been measured at fair value.

We have prepared the historical financial information on the basis that we will continue to operate as a going concern.

For more information on the basis of preparation of the financial information included herein, please refer to Note 2.1 of the Accountants' Report in Appendix IA to this Prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors. The following are the principal factors that have affected, and we expect will continue to affect, our business, financial condition, results of operations and prospects.

Global Macro Environment and Consumer and Business Spending

We operate a cross-border social e-commerce business which sells products to consumers around the world, with a strategic focus on Asia, and an FMCG paper packaging business which provides one-stop paper packaging products and services to leading FMCG companies in Mainland China as well as abroad. Our business and operating results are therefore affected by global economic conditions, including overall global economic growth and the level of per capita disposable income, growth of end-markets, international trade policies and tariffs, among other things. Unfavorable changes in the global economic conditions and consumer and business spending could negatively affect demand for our products and services and materially and adversely affect our results of operations.

Our two businesses are also particularly affected by factors that affect their respective industries, namely the global cross-border social e-commerce industry and the packaging industry in Mainland China:

Our cross-border social e-commerce business. We are a leading China's cross-border social e-commerce company strategically focusing on the Asian market. As a result, the results of our cross-border social e-commerce business are affected by changes in the global B2C cross-border social e-commerce industry in general and in the Asian market specifically. For details, see "Industry Overview – Overview of China's B2C Outbound Social Media E-commerce Business in the Asian Market".

The global B2C cross-border social e-commerce industry is driven by the increase in the Internet and mobile penetration rate, which has led to an increasing number of consumers around the world becoming accustomed to a digital purchasing experience, including receiving and responding to advertising through social media platforms. Riding on the above trends, our revenue from our cross-border social e-commerce business experienced remarkable growth from 2022 to 2023, increasing by 37.0% from RMB3,106.6 million in 2022 to RMB4,256.6 million in 2023. Our revenue from our cross-border social e-commerce business decreased by 20.9% from RMB4,256.6 million in 2023 to RMB3,365.9 million in 2024, which is primarily resulted from intensified market competition and exchange rate fluctuations in certain regions.

We expect that the continued growth in the B2C cross-border social e-commerce industry both in Asia and globally will continue to spur our future growth. From 2024 to 2029, the size of China's B2C outbound social media e-commerce business in the Asian market, as measured by revenue, is expected to grow at a CAGR of 19.0%, according to CIC. As a leading China's cross-border social e-commerce company in the Asian market, we believe we are well positioned to capture this significant growth.

Our paper packaging business. We were the leading FMCG paper consumer packaging company in Mainland China based on revenue in 2024, according to CIC. Therefore, the results of our paper packaging business are affected by the FMCG paper consumer packaging industry in Mainland China. For details, see "Industry Overview – Overview of FMCG Paper Consumer Packaging Market in Mainland China."

The FMCG paper consumer packaging industry in Mainland China is driven by acceleration in the introduction of new product releases, environmental policies expanding the utilization of paper packaging and enhanced added value of packaging. As a result, the utilization of paper packaging products has steadily increased in recent years and is expected to continue to rise. According to CIC, the market size of FMCG paper consumer packaging business in Mainland China is expected to experience sustained expansion, reaching RMB222.7 billion by 2029.

Furthermore, processing fee of FMCG paper consumer packaging in Mainland China is expected to contribute a greater percentage of the selling price moving forward. As our focus is on providing one-stop paper packaging products and services covering marketing strategies, product design, process design and technology planning, production, to transportation and logistics, we believe we are well positioned to capture a greater proportion of the growth in FMCG paper consumer packaging in Mainland China.

Discovery and Pricing of Products

We sell a broad range of products worldwide under both businesses. Under our cross-border social e-commerce business, leveraging data analysis capabilities empowered by AI technologies, our product discovery team is able to continuously test the waters and discover the best matching SKUs to achieve a higher gross profit margin. Therefore, our ability to discover and price popular products and accurately identify, anticipate consumer trends and adapt to any changes in a timely manner is of great importance to our market performance. For more details on how we apply our data analytical capabilities in product discovery, see "Business – Our Cross-border Social E-commerce Business – Product Discovery." By strategically targeting consumers, we seek to implement an optimized price strategy to achieve a higher gross profit margin. For each year of the Track Record Period, the gross profit margin of our cross-border social e-commerce business was 59.1%, 63.1% and 60.5%, respectively. Our ability to timely respond to consumer preferences could affect the efficacy of our advertising spending for our cross-border social e-commerce business, which could affect our ability to attract and maintain enterprise customers and our business profitability, which may in turn affect our business, financial condition and results of operations. See "Risk Factors – Risks Relating to Our Business and Industry – We may not be able to identify and respond to changes in consumption trends and consumer preferences and market demand in a timely manner."

Relationship with Our Strategic FMCG Customers

We have been in the paper packaging business since our inception for more than 20 years. As we have grown our paper packaging business, we have established and maintained long-term relationships with our packaging enterprise customers. Our historical growth was mainly driven by our ability to deepen our relationships with existing enterprise customers and grow our strategic enterprise customer base.

Future growth in our paper packaging business will depend on our ability to maintain and deepen relationships with our enterprise customers. Our enterprise customers primarily include FMCG companies in Mainland China and overseas. Substantially all of our five largest customers for each year during the Track Record Period were customers for our paper packaging business. Accordingly, changes in relationship with our FMCG enterprise customers may affect our results of operation and financial condition.

We are committed to expanding our cooperation with enterprise customers. We are among a limited number of FMCG paper packaging companies that have the capability to provide one-stop paper packaging products and services covering marketing strategies, product design, process design, technology planning, transportation and logistics. We continuously pre-empt enterprise customer needs by innovating in materials, designs, process and products. Exemplifying our commitment to environmental protection and ESG, we prospectively invested in developing environmentally friendly packaging, following the increasing global prevalence of restrictions on plastic use, allowing us to expand our product portfolio to better cater to the needs of our enterprise customers. We expect to continue to innovate and develop new paper packaging products that address and adapt to our enterprise customers' needs, while also taking into consideration their budgets. Our ability to continue to perform the foregoing will affect our relationship with our enterprise customers, and in turn affect our results of operations and financial performance.

Ability to Control Costs and Expenses

Our ability to control costs and expenses in both our cross-border social e-commerce business and paper packaging business has been affected by recent inflationary trends. According to CIC, a worldwide increase in inflation began in mid-2021, with many countries seeing their highest inflation rates in decades. It has been attributed to various causes, including pandemic-related economic dislocation, supply chain problems, the fiscal and monetary stimuli provided in 2020 and 2021 by governments and central banks around the world in response to the pandemic, and price gouging. In countries and regions in Asia excluding Mainland China, the Consumer Price Index increased by 7.7% between 2021 and 2022, driven by price increases for gasoline, food, and housing. These general inflationary pressures could impact the operational and procurement costs of our businesses.

Our cross-border social e-commerce business. During the Track Record Period, we incurred cost of sales associated with our cross-border social e-commerce business as well as advertising costs as part of selling our e-commerce products. Our ability to control such costs and expenses may significantly affect our profitability.

Cost of sales associated with cross-border social e-commerce business refers to the cost to purchase products from our suppliers for cross-border social e-commerce business. For each year of the Track Record Period, cost of sales associated with cross-border social e-commerce business amounted to RMB1,269.8 million, RMB1,571.7 million and RMB1,329.1 million, representing 39.7%, 43.8% and 42.8% of our total cost of sales, respectively. We manage our supply chain for our cross-border social e-commerce business through maintaining a certain level of inventory for specific products and purchasing products from suppliers after we receive orders form our customers if the ordered product is not available in our warehouses. As testament to the efficacy of our supply chain management capabilities, for each year of the Track Record Period, for our cross-border social e-commerce business, our inventory to sales ratio ranges between 3.2% to 4.0%, which was below the industry average, according to CIC.

In addition, our advertising costs, which mainly consist of costs associated with placing advertisement on social media platforms, increased by 50.3% from RMB1,491.4 million in 2022 to RMB2,242.2 million in 2023, and decreased by 21.5% from RMB2,242.2 million in 2023 to RMB1,761.1 million in 2024. For each year of the Track Record Period, advertising costs accounted for 94.7%, 95.7% and 95.2% of our total selling and marketing expenses, respectively, and 48.0%, 52.7% and 52.3% of our total revenue of our cross-border social e-commerce business, respectively. We expect advertising cost will continue to contribute a vast majority of our total selling and marketing costs in the foreseeable future. The effectiveness of our marketing activities largely depends on our analytical capabilities to select relevant products for our consumers and to accurately target our advertisement on the social media platforms. If these marketing activities prove ineffective or if the policies of the social media platforms shift unfavorably affecting the effectiveness of our marketing activities, it could affect our ability to reach and engage our target consumers effectively and affect our ability to implement our business model and strategies. Our profitability, performance and financial results will depend on, among other things, the strong and stable business relationship between us and digital marketing service providers as well as social media platforms.

Our paper packaging business. For each year of the Track Record Period, raw material costs associated with our paper packaging business amounted to RMB1,309.9 million, RMB1,326.4 million and RMB1,312.5 million, representing 77.9%, 77.9% and 76.1% of our total cost of sales of our paper packaging business, respectively. The manufacture of our packaging products requires the use of raw paper and other auxiliary raw materials, as a result, our cost of sales may be affected by fluctuations in the price of raw paper. Due to macroeconomic conditions, supply and demand, as well as changes in global pulp future market, the price of white cardboard underwent substantial fluctuations from 2020 to 2024. Particularly in 2021, the price of white cardboard surged to its highest level in nearly five years, driven by the upward movement in pulp prices upstream, which exerted a pronounced influence on both costs and pricing dynamics within the FMCG paper consumer packaging industry. For further details, see "Industry Overview – Overview of FMCG Paper Consumer Packaging Market in Mainland China – Historical Trends of Prices on Major Raw Materials of FMCG Paper Consumer Packaging Industry in Mainland China." During the Track Record Period, in general, we were able to pass on most of the changes in raw paper prices to our enterprise customers and our gross profit margins had not been materially adversely affected by the fluctuation of raw paper prices during the Track Record Period.

A sensitivity analysis on the fluctuation of the raw paper costs included in our cost of sales during the Track Record Period is set forth below, which illustrates the hypothetical effects on our gross profit with 5%, 10% and 15% increase or decrease in raw paper costs:

	For the year ended December 31,					
	2022		2023		2024	
	Change in gross profit	% change in gross profit	Change in gross profit	% change in gross profit	Change in gross profit	% change in gross profit
	In RMB in millions, except for percentages					
% change in raw paper costs						
+15%	-196.5	-9.0%	-199.0	-6.4%	-196.7	-8.1%
+10%	-131.0	-6.0%	-132.7	-4.3%	-131.1	-5.4%
+5%	-65.5	-3.0%	-66.3	-2.1%	-65.6	-2.7%
-5%	65.5	3.0%	66.3	2.1%	65.6	2.7%
-10%	131.0	6.0%	132.7	4.3%	131.1	5.4%
-15%	196.5	9.0%	199.0	6.4%	196.7	8.1%

Foreign Exchange Rate Fluctuation

Our sales to consumers in our cross-border social e-commerce business are denominated and settled in currencies of the countries to which we sell our products, primarily Japan, South Korea, Thailand and Saudi Arabia and, from time to time, such amounts are converted into U.S. dollars. We mainly pay our suppliers for our cross-border social e-commerce business in Renminbi. For our paper packaging business, our sales are denominated and settled in Renminbi, and we pay our suppliers in Renminbi. As a result, changes in the exchange rates between the foreign currencies, in particular the U.S. dollar and Renminbi, and between the U.S. dollar and Renminbi, could affect our results of operations and competitiveness against overseas sellers. We recorded foreign exchange gains of RMB10.7 million and RMB1.0 million in 2022 and 2023, respectively. We recorded foreign exchange losses of RMB3.5 million in 2024.

The value of the Renminbi against the U.S. dollar and other foreign currencies may fluctuate due to a number of factors, all of which are beyond our control. Any depreciation of the foreign currencies against Renminbi may have a negative impact on our gross profit while any appreciation of the foreign currencies may have a positive impact on our gross profit. We may choose to mitigate the impact of a depreciation of the foreign currencies by increasing our products' selling prices after taking the competitive landscape of our products into consideration. To mitigate our foreign exchange risk, we have adopted a prudent foreign exchange hedging policy. See "– Market Risks – Foreign Currency Risk". However, we may not be able to effectively mitigate the impact of foreign exchange rate fluctuation, and even if we are able to mitigate such impact, the price competitiveness of our products may be affected. See "Risk Factors – Risks Relating to Our Business and Industry in the Principal Place of Our Business – We are subject to risks associated with foreign exchange rate fluctuations."

HISTORICAL IMPACTS OF THE COVID-19 PANDEMIC

Since the end of December 2019, the outbreak of a novel strain of coronavirus, or COVID-19, has affected the global economy. In response to the COVID-19 pandemic, including the recurrence of the Omicron variant of COVID-19 since the end of 2021 across the world, governments had implemented numerous measures to contain the spread of the virus, including mandatory quarantine, closure of workplaces and facilities, travel bans and restrictions and stay-at-home orders.

We encountered various challenges due to the impact of COVID-19. For instance, certain of our employees were subject to quarantine requirements imposed on particular areas and were not allowed to work onsite. Furthermore, we have incurred additional costs as a result of implementing various actions to alleviate the impact of COVID-19, such as offering accommodation and food and disseminating personal protective equipment to our employees.

Despite the impact mentioned above, neither our operations nor our financial performance were materially and adversely affected by the COVID-19 pandemic during the Track Record Period. Our revenue generated from cross-border social e-commerce business increased by 37.0% from RMB3,106.6 million in 2022 to RMB4,256.6 million in 2023. In 2024, our revenue of cross-border social e-commerce business was RMB3,365.9 million. For each year of the Track Record Period, our cross-border social e-commerce business had a gross profit of RMB1,836.8 million, RMB2,684.9 million and RMB2,036.8 million, respectively, with a gross profit margin of 59.1%, 63.1% and 60.5% during the same periods.

In terms of our paper packaging business, our revenue increased by 5.8% from RMB1,982.6 million in 2022 to RMB2,096.6 million in 2023, and remained relatively stable at RMB2,099.5 million in 2024. For each year of the Track Record Period, our paper packaging business had a gross profit of RMB300.5 million, RMB393.2 million and RMB375.2 million, respectively, with a gross profit margin of 15.2%, 18.8% and 17.9% during the same periods.

Additionally, the outbreak of the pandemic impacted consumption patterns to gradually move from offline to online, especially in 2022, being the peak periods of the pandemic. Such trend boosted the growth of e-commerce players, including us. We have seen increasing user acceptance of online purchase, which positively affected the number of fulfilled orders under our cross-border social e-commerce business. In line with this trend, the number of our fulfilled orders increased from 11.7 million in 2022 to 16.4 million in 2023. Furthermore, in 2024, the number of our fulfilled orders amounted to 13.8 million. Our paper packaging business has also achieved steady business growth, as evidenced by the growth of production volume during the Track Record Period. The production volume of our paper packaging business increased from 846.7 million sq.m. in 2022 to 925.3 million sq.m. in 2023, and further to 1,026.1 million sq.m. in 2024.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We prepare our consolidated financial information in accordance with IFRS, which requires us to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the consolidated financial information and the reported amounts of revenue and expenses during the financial reporting period. We continuously evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. As the use of estimates is an integral component of the financial reporting process, actual results in subsequent financial reporting that differ from estimates could result in deviations from previous financial reporting. We consider the policies and estimates discussed below to be critical to an understanding of our consolidated financial information as their application places the most significant demands on our management's judgment. For details of our material accounting policy information and estimates, see Notes 2 and 3 to the Accountants' Report in Appendix IA to this Prospectus.

Material Accounting Policy Information

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

Based on historical experiences, we estimate the amount of variable consideration including sales return using the expected value method. The amounts relating to the unconditional sales return are insignificant to our total revenue for each of the periods in the Track Record Period. We primarily generate our revenue from the operation of cross border social e-commerce as well as production and sales of packaging products. Further details of our revenue recognition policy are as follows:

(a) Cross-border social e-commerce

Revenue from cross border social e-commerce is recognized at a point in time when control of the products is transferred to the customer, generally on delivery and acceptance of the products by the customers.

(b) Sale of packaging products

Revenue from the sale of packaging products is recognized at a point in time when control of the asset is transferred to the customer, generally on delivery and acceptance of the packaging products by the customers.

(c) Services

Revenue from services is recognized at the point in time, when the services are provided and accepted by customers.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to us and the amount of the dividend can be measured reliably.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciate them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	**Principal annual rates (%)**
Buildings	3.17-9.50
Leasehold improvements	8.33-50.00
Machinery	9.50-19.00
Motor vehicles	19.00
Other equipment	19.00

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible Assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and licenses

Purchased patents and licenses are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives of 5 to 20 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortized using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Software

Software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of 5 to 10 years based on our past experiences and different purposes on usages of the software and the authorized period for such uses.

The estimated useful life of other intangible assets is determined by considering the period of the economic benefits to us or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Leases

We assess at contract inception whether a contract is, or contains, 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.

Our Group as a lessee

We apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. We recognize lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Properties	2 to 10 years
Land use rights	44 to 50 years

If ownership of the leased asset transfers to us by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by us and payments of penalties for termination of the lease, if the lease term reflects us exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, we use our incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

We apply the short-term lease recognition exemption to its short-term leases of properties and machinery (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognized as an expense on a straight-line basis over the lease term.

Investments in Associates

An associate is an entity in which we have a long term interest of generally not necessary not less than 20% of the equity voting rights and over which we have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

Our investments in associates are stated in the consolidated statement of financial position at our share of net assets under the equity method of accounting, less any impairment losses.

Our share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate, we recognize our share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between us and our associates are eliminated to the extent of our investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of our investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, we measure and recognize any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by us, liabilities assumed by us to the former owners of the acquiree and the equity interests issued by us in exchange for control of the acquiree. For each business combination, we elect whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

We determine that we have acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When we acquire a business, we assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of our previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We perform its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of our Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units ("**CGUs**") for impairment testing:

- SENADA BIKES CGU; and
- Jinan Jilian packaging products CGU.

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
SENADA BIKES CGU	7,920	7,920	7,920
Jinan Jilian packaging products CGU	1,665	1,665	1,665
	9,585	9,585	9,585

SENADA BIKES CGU

Our management engaged an independent external valuer to assess the recoverable amounts of the goodwill as of December 31, 2022, 2023 and 2024. The recoverable amount of SENADA BIKES CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by our management. The discount rate applied to the cash flow projections is 13.17%, 13.92% and 15.17% as of December 31, 2022, 2023 and 2024, respectively. The cash flows beyond the five-year period are extrapolated using zero growth rate and the business is assumed that it would operate perpetually.

The following table sets out the key assumptions adopted by management in the impairment assessment:

	As of December 31,		
	2022	**2023**	**2024**
Revenue annual growth rate – average of the forecast period	14.25%	13.25%	11.37%
Average gross margins	22.97%	24.32%	26.40%
Pre-tax discount rate	13.17%	13.92%	15.17%

As of December 31, 2022, 2023 and 2024, based on the value-in-use calculations, the recoverable amount exceeded the carrying amount of SENADA BIKES CGU by RMB1,390,000, RMB12,010,000 and RMB8,747,000, respectively.

Key assumptions for value-in-use calculations

Assumptions were used in the value-in-use calculation of the CGUs for the Track Record Period. The key assumptions used in the value-in-use calculations reflect a combination of internal and external factors impacting budgeted sales and gross margins and discount rates. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted sales and gross margins – The basis used to determine the value assigned to the budgeted sales and gross margins is the average results achieved in the year immediately before the budget year, increasing for expected efficiency improvements and expected market development.

Discount rate – The cash flow projections are discounted using a discount rate of 13.17%, 13.92% and 15.17% as of December 31, 2022, 2023 and 2024, respectively. The discount rate reflects the current market assessments of the time value of money and is based on the estimated cost of capital.

The value assigned to the key assumptions on the market development of SENADA BIKES and discount rate are consistent with external information sources.

Sensitivity analysis for SENADA BIKES CGU valuation

We have performed sensitivity test by decreasing 0.3% of budgeted sales, decreasing 0.3% of gross margins or increasing 0.3% of discount rate, with all other key assumptions held constant. The impacts on the amount by which SENADA BIKES CGU recoverable amount exceed its carrying amount ("**headroom**") are as below:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Budgeted sales decreased by 0.3%	(1,114)	(1,374)	(1,129)
Gross margins decreased by 0.3%	(1,351)	(1,650)	(1,215)
Discount rate increased by 0.3%	(1,121)	(1,381)	(913)

The headroom corresponding to the impact of the above key assumptions are as follows:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Headroom – decreasing budgeted sales by 0.3%	276	10,636	7,618
Headroom – decreasing gross margins by 0.3%	39	10,360	7,532
Headroom – increasing discount rate by 0.3%	269	10,629	7,834

After a reasonably possible change for the budgeted sales, gross margins and discount rate, the carrying amount of the CGU would not exceed its recoverable amount for the year ended December 31, 2023 and 2024. Due to the proximity of the acquisition date of SENADA BIKES CGU to December 31, 2022, the appraised value of SENADA BIKES CGU as of December 31, 2022 is close to the consideration for acquisition of SENADA BIKES CGU, with a small headroom.

Based on the results of the aforementioned assessments as conducted by us and the independent external valuer, our Directors conclude that no impairment loss on the aforementioned goodwill is required to be recognized as of the end of each year during the Track Record Period.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our business model for managing them. With the exception of trade and bills receivables that do not contain a significant financing component or for which we have applied the practical expedient of not adjusting the effect of a significant financing component, we initially measure a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and bills receivables that do not contain a significant financing component or for which we have applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for revenue recognition.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Our business model for managing financial assets refers to how we manage our financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that we commit to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, we can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when we benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and equity investments which we had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

Impairment of Financial Assets

We recognize an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, we assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, we compare 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. We consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

We consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, we may also consider a financial asset to be in default when internal or external information indicates that we are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by us.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when we apply the practical expedient of not adjusting the effect of a significant financing component, we apply the simplified approach in calculating ECLs. Under the simplified approach, we do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date. We have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Foreign Currencies

The historical financial information is presented in RMB, which is our Company's functional currency. Each entity in our Group determines its own functional currency and items included in the historical financial information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in our Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Track Record Period. Differences arising on settlement or translation of monetary items are recognized in the statements of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in the statement of profit or loss.

Material Accounting Judgments and Estimates

Recognition of Share-Based Payment Expenses

We grant restricted shares to certain management and employees under share award plans for incentives. The vest of restricted shares is conditional upon the satisfaction of specified vesting conditions, including service periods and/or performance conditions. Judgment is required to take into account the vesting conditions to determine the number of the restricted shares to be included in the measurement of equity-settled share-based payment expenses. The cumulative expense recognized for share-based payments at the end of each period of the Track Record Period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of restricted shares that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Provision for Expected Credit Losses on Trade and Other Receivables

Except for certain trade and bills receivables, other receivables that the ECLs are individually assessed based on estimated cash flows, considering historical and forward-looking information, we use a provision matrix to calculate ECLs for trade and bills receivables and other receivables. The provision rates are based on days past due for groupings of various counterparties that have similar loss patterns.

The provision rates are initially based on our historical observed default rates. We will adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of an actual default in the future. The information about the ECLs on our trade and bills receivables and other receivables are disclosed in Notes 24 and 25 to the Accountants' Report set out in Appendix IA to this Prospectus.

Deferred Tax Assets

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying values of deferred tax assets relating to recognized tax losses at December 31, 2022, 2023 and 2024 were nil. The amounts of unrecognized tax losses at December 31, 2022, 2023 and 2024 were RMB308.8 million, RMB394.8 million and RMB466.3 million, respectively. Further details are contained in Note 32 to the Accountants' Report set out in Appendix IA to this Prospectus.

Leases – Estimating the Incremental Borrowing Rate

We cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that we would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what we "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). We estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of Non-Financial Assets (Other than Goodwill)

We assess whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Track Record Period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Write-Down of Inventories

Our inventories are stated at the lower of cost and net realizable value. We write down our inventories based on estimates of the realizable value with reference to the aging and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed quarterly for write-down, if appropriate.

Useful Lives and Residual Values of Items of Property, Plant and Equipment

In determining the useful lives and residual values of items of property, plant and equipment, we have to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on our experience with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each of the years based on changes in circumstances. Further details of the property, plant and equipment are set out in Note 14 to the Accountants' Report set out in Appendix IA to this Prospectus.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statement of profit or loss with line items in actual terms and as a percentage of our total revenue for the periods indicated derived from our consolidated statements of profit or loss and comprehensive income set out in the Accountants' Report included in Appendix IA to this Prospectus:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
REVENUE	**5,375,884**	**100.0**	**6,694,681**	**100.0**	**5,529,259**	**100.0**
Cost of sales	(3,197,031)	(59.5)	(3,590,378)	(53.6)	(3,109,944)	(56.2)
GROSS PROFIT	**2,178,853**	**40.5**	**3,104,303**	**46.4**	**2,419,315**	**43.8**
Other income and gains	36,214	0.7	53,381	0.8	61,114	1.1
Selling and marketing expenses	(1,575,180)	(29.3)	(2,342,146)	(35.0)	(1,849,611)	(33.5)
Administrative expenses	(170,652)	(3.2)	(240,642)	(3.6)	(264,591)	(4.8)
Research and development expenses	(148,512)	(2.8)	(141,980)	(2.1)	(124,429)	(2.3)
Impairment losses on financial assets	(76,680)	(1.4)	(25,367)	(0.4)	(9,037)	(0.2)
Share of (losses)/profits of associates	(4,865)	(0.1)	1,854	0.0	3,584	0.1
Foreign exchange gains/(losses), net	10,736	0.2	975	0.0	(3,512)	(0.1)
Finance costs	(21,627)	(0.4)	(13,412)	(0.2)	(12,250)	(0.2)
Other expenses and losses	(14,397)	(0.2)	(10,500)	(0.2)	(2,443)	(0.0)
PROFIT BEFORE TAX	**213,890**	**4.0**	**386,466**	**5.8**	**218,140**	**3.9**
Income tax expenses	(42,311)	(0.8)	(54,344)	(0.8)	(33,690)	(0.6)
PROFIT FOR THE YEAR	**171,579**	**3.2**	**332,122**	**5.0**	**184,450**	**3.3**
Attributable to:						
Owners of the parent	183,980		345,099		181,931	
Non-controlling interest	(12,401)		(12,977)		2,519	
	171,579		332,122		184,450	
Earnings per share						
Basic and diluted *(RMB)*	0.48		0.92		0.49	

NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit (non-IFRS measure) as an additional financial measure, which are not required by, or presented in accordance with, IFRS. We believe that such non-IFRS measure facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items.

We believe that adjusted profit (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our consolidated statements of comprehensive income in the same manner as they help our management. However, our presentation of adjusted profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted profit (non-IFRS measure) has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute of, our consolidated statements of comprehensive income or financial condition as reported under IFRS.

We define adjusted profit (non-IFRS measure) as profit for the year, adjusted by adding back equity-settled share-based payment expenses.

The following table reconciles our adjusted profit for the year (non-IFRS measure) to profit for the year presented in accordance with IFRS:

	For the year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of profit to adjusted profit (non-IFRS measure):			
Profit for the year	**171,579**	**332,122**	**184,450**
Add back:			
Equity-settled share-based payment expenses[(Note)]	3,126	26,379	17,332
Adjusted profit for the year (non-IFRS measure)	**174,705**	**358,501**	**201,782**

Note: Equity-settled share-based payment expenses mainly represent the arrangement that we receive services from employees as consideration for our equity instruments and were non-cash in nature.

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Revenue

We derive revenue from (i) our cross-border social e-commerce business, (ii) our paper packaging business and (iii) others.

Revenue breakdown by business segment

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

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue						
Cross-border social e-commerce business	3,106,601	57.8	4,256,637	63.6	3,365,903	60.9
Paper packaging business	1,982,591	36.9	2,096,606	31.3	2,099,461	38.0
Others[1]	286,692	5.3	341,438	5.1	63,895	1.1
Total	**5,375,884**	**100.0**	**6,694,681**	**100.0**	**5,529,259**	**100.0**

Note:

(1) Others mainly comprise our marketing and advertising business and incidental trading business. For further details, see "Business – Our Other Businesses".

Revenue breakdown by geographical market

The following table sets forth the breakdown of our total revenue by geographical market for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue						
Northeast Asia[1]	1,794,364	33.4	2,541,774	38.0	1,738,742	31.4
Mainland China[2]	2,190,291	40.7	2,309,038	34.5	2,037,028	36.8
Southeast Asia[3]	677,902	12.6	846,808	12.6	661,433	12.0
Middle East[4]	409,467	7.6	385,919	5.8	341,777	6.2
Europe[5] and North America[6]:						
– U.S.	171,880	3.2	121,008	1.8	126,935	2.3
– Europe and other countries in North America	83,819	1.6	388,533	5.8	520,899	9.4
Others[7]	48,161	0.9	101,601	1.5	102,445	1.9
Total	**5,375,884**	**100.0**	**6,694,681**	**100.0**	**5,529,259**	**100.0**

Notes:

(1) Northeast Asia primarily includes Japan, South Korea, Hong Kong SAR and Taiwan.

(2) Includes our paper packaging business and other businesses in Mainland China only. For details, see "Business – Our Paper Packaging Business" and "Business – Our Other Businesses".

(3) Southeast Asia primarily includes Thailand, Malaysia, Singapore and the Philippines.

(4) Middle East primarily includes Saudi Arabia and United Arab Emirates.

(5) Europe primarily includes Italy, Germany and Poland.

(6) North America primarily includes Canada and the United States.

(7) Includes revenues primarily generated from our paper packaging business in other countries or regions, such as Australia and New Zealand.

Cost of Sales

Our cost of sales primarily consists of (i) costs of raw materials and goods, (ii) labor costs and (iii) logistics costs and (iv) others which primarily included cost of sales related to our other businesses.

The following table sets forth the breakdown of our cost of sales by business segment for the periods indicated, both in actual terms and as a percentage of our total cost of sales:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cost of sales						
Cross-border social e-commerce business	1,269,838	39.7	1,571,742	43.8	1,329,134	42.8
Paper packaging business	1,682,064	52.6	1,703,450	47.4	1,724,280	55.4
Others	245,129	7.7	315,186	8.8	56,530	1.8
Total	**3,197,031**	**100.0**	**3,590,378**	**100.0**	**3,109,944**	**100.0**

The following table sets forth the breakdown of our cost of sales by nature for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cost of sales						
Costs of raw materials and goods	1,796,722	56.2	1,953,046	54.4	1,769,816	56.9
Labor costs	307,045	9.6	347,104	9.6	381,572	12.3
Logistics costs	733,995	23.0	852,973	23.8	741,598	23.8
Others	359,269	11.2	437,255	12.2	216,958	7.0
Total	**3,197,031**	**100.0**	**3,590,378**	**100.0**	**3,109,944**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit as a percentage of our revenue. For each year of the Track Record Period, our gross profit was RMB2,178.9 million, RMB3,104.3 million and RMB2,419.3 million, respectively, and our gross profit margin was 40.5%, 46.4% and 43.8%, respectively.

The following table sets forth the breakdown of our gross profit and gross profit margin by business segment for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cross-border social e-commerce business	1,836,763	59.1	2,684,895	63.1	2,036,769	60.5
Paper packaging business	300,527	15.2	393,156	18.8	375,181	17.9
Other	41,563	14.5	26,252	7.7	7,365	11.5
Total	**2,178,853**	**40.5**	**3,104,303**	**46.4**	**2,419,315**	**43.8**

Other Income and Gains

Our other income and gains primarily consist of government grants and bank interest income. For each year of the Track Record Period, our other income and gains were RMB36.2 million, RMB53.4 million, and RMB61.1 million, respectively.

The following table sets forth the breakdown of other income and gains for the periods indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Other income						
Government grants[(1)]	26,879	74.2	35,243	66.0	39,034	63.9
Bank interest income	7,303	20.2	14,057	26.3	13,087	21.3
Gains						
Gains on disposal of items of property, plant and equipment, net	1,508	4.2	–	–	–	–
Gains on financial assets at fair value through profit or loss	–	–	2,453	4.6	4,338	7.1
Gains from deregistration of a subsidiary	–	–	–	–	1,261	2.1
Gains from foreign exchange forward arrangements	–	–	–	–	221	0.4
Fair value gains on financial assets at fair value through profit or loss	–	–	231	0.4	88	0.1
Gains on disposal of subsidiaries	56	0.2	515	1.0	–	–
Gains on disposal of an associate	–	–	–	–	646	1.1
Others[(2)]	468	1.2	882	1.7	2,439	4.0
Total	**36,214**	**100.0**	**53,381**	**100.0**	**61,114**	**100.0**

Notes:

(1) Government grants represent subsidies and benefits received from local governments in Mainland China.

(2) Others primarily represent write-offs of certain trade payables as the relevant payees did not require payment from us and our payment obligations under the relevant agreements had passed the statute of limitations under applicable laws and regulations.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) advertising expenses in connection with placing advertisement on social media platforms for our cross-border social e-commerce business, (ii) staff costs for sales and marketing staff and (iii) service expenses mainly relating to platform technology service fees in connection with our cross-border social e-commerce business. For each year of the Track Record Period, our selling and marketing expenses were RMB1,575.2 million, RMB2,342.1 million and RMB1,849.6 million, amounting to 29.3%, 35.0%, and 33.5% of our total revenue, respectively.

The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated, both in actual terms and as a percentage of our total selling and marketing expenses:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Selling and marketing expenses						
Advertising expenses	1,491,367	94.7	2,242,166	95.7	1,761,136	95.2
Staff costs	25,519	1.6	33,280	1.4	26,167	1.4
Service expenses	20,665	1.3	19,302	0.8	17,700	1.0
Others[(1)]	37,629	2.4	47,398	2.1	44,608	2.4
Total	**1,575,180**	**100.0**	**2,342,146**	**100.0**	**1,849,611**	**100.0**

Note:

(1) Others primarily represent our rental expenses and office expenses.

Administrative Expenses

Our administrative expenses primarily consist of (i) staff costs, (ii) office expenses, (iii) rental expenses, (iv) tax and surcharges and (v) professional fees. For each year of the Track Record Period, our administrative expenses were RMB170.7 million, RMB240.6 million and RMB264.6 million, amounting to 3.2%, 3.6%, and 4.8% of our total revenue, respectively.

The following table sets forth a breakdown of our administrative expenses for the periods indicated, both in actual terms and as a percentage of our total administrative expenses:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Administrative expenses						
Staff costs	96,739	56.7	145,303	60.4	161,829	61.1
Office expenses	16,066	9.4	20,217	8.4	23,765	9.0
Rental expenses	8,444	4.9	13,120	5.5	13,765	5.2
Professional fees[(1)]	12,180	7.1	13,213	5.5	11,935	4.5
Tax and surcharges	13,608	8.0	14,325	6.0	16,063	6.1
Depreciation and amortization	9,453	5.5	11,770	4.9	13,148	5.0
Share-based compensation	3,126	1.8	7,323	3.0	7,193	2.7
Others[(2)]	11,036	6.6	15,371	6.3	16,893	6.4
Total	**170,652**	**100.0**	**240,642**	**100.0**	**264,591**	**100.0**

Notes:

(1) Professional fees primarily represent the fees paid to legal advisers, auditors, consultants, valuers and other professional advisers for their services rendered in relation to our ordinary course of business.

(2) Others primarily represent technical service fees.

Research and Development Expenses

Our research and development expenses primarily consist of (i) staff costs for research and development staff and (ii) materials costs (primarily for raw materials) for product research and technology development for our paper packaging business. For each year of the Track Record Period, our research and development expenses were RMB148.5 million, RMB142.0 million and RMB124.4 million, amounting to 2.8%, 2.1%, and 2.3% of our total revenue, respectively.

The following table sets forth a breakdown of our research and development expenses for the periods indicated, both in actual terms and as a percentage of our total research and development expenses:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Research and development expenses						
Staff costs	74,529	50.2	61,503	43.3	57,084	45.9
Materials	61,465	41.3	58,247	41.0	48,985	39.4
Depreciation	5,285	3.6	6,210	4.4	5,455	4.4
Utilities expenses	3,587	2.4	5,245	3.7	4,920	4.0
Others(1)	3,646	2.5	10,775	7.6	7,985	6.3
Total	**148,512**	**100.0**	**141,980**	**100.0**	**124,429**	**100.0**

Note:

(1) Others primarily represent the expenses incurred for our R&D projects with a leading cloud-based technology company and the dividends paid to our research and development staff according to the 2022 Employee Share Ownership Plan and the 2023 Restricted Share Incentive Plan.

Impairment Losses on Financial Assets

Impairment losses on financial assets related to (i) impairment of trade and bills receivables and (ii) impairment of deposits and other receivable mainly due from an acquiror of equity interests from us (the "**Relevant Receivable**"). For each year of the Track Record Period, our impairment losses on financial assets were RMB76.7 million, RMB25.4 million, and RMB9.0 million, respectively.

For each year of the Track Record Period, we recorded impairment losses on the Relevant Receivable of RMB62.4 million, RMB17.8 million and nil, respectively. The Relevant Receivable relates to the last installment payment of RMB89.1 million under an equity purchase agreement that we entered into with the acquiror, which was due before December 31, 2021. In February 2023, we initiated proceedings against the acquiror in Haicang District People's Court in Xiamen for such last installment payment, and received a judgment in our favor in May 2023. As of the Latest Practicable Date, we do not have any business relationships with the acquiror and Relevant Receivable had been fully impaired. For further details, see "History and Corporate Structure – Major Disposal and Deregistration of Subsidiaries During the Track Record Period."

We recognize an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each year during the Track Record Period, we assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, we compare the risk of a default occurring on the financial instrument at the end of each year during the Track Record Period with the risk of a default occurring on the financial instrument as of the date of initial recognition and consider reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. We consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

We consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, we may also consider a financial asset to be in default when internal or external information indicates that we are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by us.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the end of each year during the Track Record Period (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when we apply the practical expedient of not adjusting the effect of a significant financing component, we apply the simplified approach in calculating ECLs. Under the simplified approach, we do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at the end of each year during the Track Record Period. We have established a provision matrix that is based on the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Share of Losses/Profits of Associates

Our share of losses/profits of associates mainly represents our share in the losses or profits of Xiamen Haisheng Rong Chuang Information Technology Co., Ltd. (廈門海晟融創信息技術有限公司) (“**Xiamen Haisheng**”). For the year ended December 31, 2022, our share of losses of associates was RMB4.9 million. For the year ended December 31, 2023, our share of profits of associates was RMB1.9 million. We had share of profits of associates of RMB3.6 million for the year ended December 31, 2024.

Finance Costs

Our finance costs consist of (i) interest on bank borrowings, (ii) interest on lease liabilities and (iii) factoring charges. For each year of the Track Record Period, our finance costs were RMB21.6 million, RMB13.4 million and RMB12.3 million, respectively.

The following table sets forth a breakdown of our finance costs for the periods indicate:

	For the year ended December 31,		
	2022	**2023**	**2024**
	RMB’000	*RMB’000*	*RMB’000*
Interest on bank borrowings	13,534	5,756	6,083
Interest on lease liabilities	4,562	4,514	4,850
Factoring charges	3,531	3,142	1,317
	21,627	13,412	12,250

Factoring arrangement

We entered into a factoring arrangement in March 2020 with a factoring company, which is an affiliate of Customer Group A, in respect of the trade receivables of Customer Group A. Incorporated in Shenzhen, China in 2015, the factoring company is an independent third party and is controlled by the listed entity of Customer Group A on the Shanghai Stock Exchange. As advised by our PRC Legal Advisor, there are no explicit national or local regulations in Shenzhen mandating specific licenses or permits for factoring business. To the best knowledge of our Company, the registered business scope of the factoring company includes factoring business, and as of the Latest Practicable Date, the factoring company was under its ordinary operation. As of December 31, 2024, all of the trade receivables which have been factored and are outstanding are non-recourse. Our sales to Customer Group A are not conditional on this arrangement. We entered into the arrangement to improve our liquidity by shortening the receivables collection duration and accelerating the availability of working capital. For each year of the Track Record Period, the amount of factoring charges incurred under the arrangement were RMB3.5 million, RMB3.1 million, and RMB1.3 million respectively.

As of December 31, 2022, 2023 and 2024, the amount of trade receivables from Customer Group A that were factored to the factoring company was RMB21.0 million, RMB9.5 million and RMB2.4 million, respectively. As of December 31, 2024 and the Latest Practicable Date, the outstanding amount of trade receivables from Customer Group A factored to the factoring company was RMB2.4 million and RMB0.4 million, respectively.

Foreign Exchange Gains/(Losses), Net

Our net foreign exchange gains amounted to RMB10.7 million and RMB1.0 million for the two years ended December 31, 2022 and 2023, respectively. We had net foreign exchange losses of RMB3.5 million for the year ended December 31, 2024.

Other Expenses and Losses

Our other expenses and losses primarily consist of (i) impairment of property, plant and equipment, (ii) gain/loss for foreign exchange forward arrangements, (iii) losses on disposal of an associate and (iv) investment loss from deregistration of subsidiaries. For each year of the Track Record Period, our other expenses and losses were RMB14.4 million, RMB10.5 million, and RMB2.4 million, respectively.

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Other expenses and losses						
Losses on early termination of leases	–	–	–	–	405	16.6
Losses on disposal of items of other intangible assets	–	–	–	–	1	0.0
Losses on disposal of items of property, plant and equipment, net	–	–	3,551	33.8	301	12.3
Impairment of property, plant and equipment	2,291	15.9	–	–	–	–
(Gain)/Loss for foreign exchange forward arrangements	3,743	26.0	1,984	18.9	–	–
Remeasurement loss of an associate in step acquisition	–	–	–	–	–	–
Losses on disposal of an associate	–	–	1,968	18.7	27	1.1
Investment loss from deregistration of subsidiaries[(1)]	7,364	51.1	1,823	17.4	12	0.5
Losses on disposal of subsidiaries	–	–	–	–	553	22.7
Others	999	7.0	1,174	11.2	1,144	46.8
Total	**14,397**	**100.0**	**10,500**	**100.0**	**2,443**	**100.0**

Note:

(1) Investment loss from deregistration of subsidiaries for 2023 represents the investment loss associated with the deregistration of Xinlongyue on July 29, 2022. For further details of this deregistration, see "History and Corporate Structure–Major Disposal and Deregistration of Subsidiaries During the Track Record Period–Deregistration of Xiamen Xinlongyue Recycled Paper Bag Co., Ltd.* (廈門鑫瀧悦環保紙袋有限公司) ("**Xinlongyue**")."

Income Tax Expenses

For each year of the Track Record Period, we recorded income tax expenses of RMB42.3 million, RMB54.3 million and RMB33.7 million, respectively. The following summarizes certain tax laws and regulations applicable to us in the PRC and Hong Kong SAR.

Mainland China

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of the Group's PRC subsidiaries is 25% unless subject to preferential tax as set out below.

The Company was qualified as High and New Technology Enterprises ("**HNTE**") on October 21, 2020 and was entitled to a preferential tax rate of 15% in 2022. This qualification is subject to review by the relevant tax authority in Mainland China for every three years. The tax rate applicable to the Company was 25% since 2023 as the Company was not qualified for the HNTE.

Certain of the Group's PRC subsidiaries are accredited as High and New Technology Enterprises and were therefore entitled to a preferential income tax rate of 15% during the Track Record Period. Such qualifications are subject to review by the relevant tax authority in Mainland China for every three years.

Certain subsidiaries that are engaged in the "Encouraged Industries in the Western Region" and eligible for the preferential EIT rate of 15%.

One of the Group's PRC subsidiaries is qualified as a "Double Soft Enterprise" ("**DSE**") under the Corporate Income Tax Law during the Track Record Period. According to the relevant tax regulations, the qualified subsidiary was exempted from CIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years if the criteria of DSE are met each year, commencing from 2019, the first year of profitable operation.

Certain subsidiaries were in line with the policies in the Notice on Preferential Corporate Income Tax Policies for Kashgar and Khorgos Special Economic Development Zones in Xinjiang. The corporate income tax shall be exempted within five years from the tax year to which the first production and operation income belongs.

For each year of the Track Record Period, certain subsidiaries were qualified as small and micro enterprises and were entitled to preferential corporate income tax rates of 5%, respectively.

Hong Kong SAR

Hong Kong SAR profits tax is calculated at 16.5% on the estimated assessable profits for the Track Record Period. However, one subsidiary of the Group which is qualifying corporation can elect for the two-tiered profits tax rates regime. Under the two-tiered profits tax rate regime, the first HK$2,000,000 of assessable profits of the qualifying Group entity established in Hong Kong SAR are taxed at 8.25% and the remaining profits are taxed at 16.5%.

During the Track Record Period and up to the Latest Practicable Date, our Directors were not aware of any outstanding enquiry, audit, investigation, challenge or penalty from tax authorities in relation to our tax filings.

Profit for the Year

For each year of the Track Record Period, we recorded profit for the year of RMB171.6 million, RMB332.1 million and RMB184.5 million, respectively.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our total revenue decreased by RMB1,165.4 million, or 17.4%, from RMB6,694.7 million in 2023 to RMB5,529.3 million in 2024, primarily due to a decrease in the revenue derived from our cross-border social e-commerce business.

Our revenue derived from our cross-border social e-commerce business decreased by RMB890.7 million, or 20.9%, from RMB4,256.6 million in 2023 to RMB3,365.9 million in 2024, primarily due to (i) the decrease in our average selling price per order in certain areas within Northeast Asia, particularly in Japan and South Korea, due to intensified market competition in the cross-border social e-commerce business, (ii) the decreases in the number of total fulfilled orders and revenue in certain key markets, particularly in Japan and South Korea, as we reduced advertising expenses in such markets in response to the unpredictability of exchange rate fluctuations, and (iii) our adjustments in strategic resource allocation to implement our sales expansion within Europe and to develop and promote our brands.

Specifically, foreign exchange rate fluctuations in certain key markets, particularly in Japan and South Korea, adversely affected our revenue. In 2024, the depreciation of Japanese yen and South Korean won against Renminbi, and our reduced selling prices for certain products in such areas, led to our lower average selling price per order recognized in Renminbi in such markets. Furthermore, as a result of the unpredictability of exchange rate fluctuations, we strategically reduced the advertising expenses in these markets with significant exchange rate fluctuations in 2024, which also led to the decreases in our number of fulfilled orders and revenue in such markets.

Overall, our adjustments in resource allocation, including the strategic reduction in advertising expenses in certain markets with significant exchange rate fluctuations had a more significant impact on the revenue decline in such markets compared to the exchange rate fluctuations. We believe that the recent decline in the revenue derived from our cross-border social e-commerce business reflects a short-term adjustment in our strategic resource allocation, and anticipate that this will not have any adverse or material impact on our future growth prospect.

Our revenue derived from our paper packaging business remained relatively stable at RMB2,099.5 million in 2024 compared with RMB2,096.6 million in 2023.

The decline of our total revenue from 2023 to 2024 was also partially attributable to the decrease of our revenue from our other businesses. Our revenue from other businesses decreased by RMB277.5 million, or 81.3%, from RMB341.4 million in 2023 to RMB63.9 million in 2024, which was primarily because we ceased the operation of our precision marketing and advertising business in March 2024, to focus on our cross-border social e-commerce business and paper packaging business.

Cost of Sales

Our cost of sales decreased from RMB3,590.4 million in 2023 to RMB3,109.9 million in 2024, primarily due to a corresponding reduction in cost of sales such as procurement costs and costs of logistics services resulting from the decline in revenue from our cross-border social e-commerce business and the cessation of our precision marketing and advertising business in March 2024, partially offset by an increase in labor costs due to the bonuses to incentivise and reward our business operation team considering the positive operating results in expanding our cross-border social e-commerce business in under-penetrated areas within Europe.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit decreased by 22.1% from RMB3,104.3 million in 2023 to RMB2,419.3 million in 2024. Our overall gross profit margin decreased from 46.4% in 2023 to 43.8% in 2024, primarily as a result of the decrease in the revenue contribution of our cross-border social e-commerce business, which has a higher gross profit margin compared to that of our paper packaging business.

Our gross profit for our cross-border social e-commerce business decreased by RMB648.1 million, or 24.1%, from RMB2,684.9 million in 2023 to RMB2,036.8 million in 2024. The gross profit margin for our cross-border social e-commerce business decreased from 63.1% in 2023 to 60.5% in 2024, primarily because the revenue for our cross-border social e-commerce business decreased by 20.9% from 2023 to 2024, and our labor costs for such business increased due to the bonuses to incentivise and reward our business operation team considering the positive operating results in expanding our cross-border social e-commerce business in under-penetrated areas within Europe.

Our gross profit for our paper packaging business decreased from RMB393.2 million in 2023 to RMB375.2 million in 2024. The gross profit margin for our paper packaging business remained relatively stable at 17.9% in 2024, compared with 18.8% in 2023.

Other Income and Gains

Our other income and gains increased by RMB7.7 million, or 14.5%, from RMB53.4 million in 2023 to RMB61.1 million in 2024, primarily because we received more government grants, generated more gains on financial assets at fair value through profits or loss, and generated gains from the deregistration of a subsidiary in the PRC engaging in the paper packaging business.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by RMB492.5 million, or 21.0%, from RMB2,342.1 million in 2023 to RMB1,849.6 million in 2024, primarily due to the decrease in advertising expenses, which is primarily attributable to our reduced advertising efforts in certain markets, such as Japan and South Korea, in response to the unpredictability of exchange rate fluctuations.

Administrative Expenses

Our administrative expenses increased by RMB23.9 million, or 10.0%, from RMB240.6 million in 2023 to RMB264.6 million in 2024, primarily due to an increase in staff costs due to the bonuses to incentivise and reward our management members considering the positive operating results in expanding our cross-border social e-commerce business in under-penetrated areas within Europe, and an increase in office expenses in the ordinary course of business.

Research and Development Expenses

Our research and development expenses decreased by RMB17.6 million, or 12.4%, from RMB142.0 million in 2023 to RMB124.4 million in 2024, primarily because several of our research and development projects were completed in 2024.

Impairment Losses on Financial Assets

Our impairment losses on financial assets decreased by RMB16.3 million, or 64.4%, from RMB25.4 million in 2023 to RMB9.0 million in 2024, primarily due to the decrease in impairment of deposits and other receivables.

Share of Profits of Associates

We recorded share of profits of associates of RMB1.9 million and RMB3.6 million in 2023 and 2024, respectively, which was primarily related to the operations and financial performance of our associates in each year.

Foreign Exchange Gains/(Losses), net

We had net foreign exchange gains of RMB1.0 million in 2023 and net foreign exchange losses of RMB3.5 million in 2024, which was primarily due to fluctuations of foreign exchange rates of certain currencies such as Japanese yen during such year.

Finance Costs

Our finance costs decreased by RMB1.1 million, or 8.7%, from RMB13.4 million in 2023 to RMB12.3 million in 2024, primarily due to the decrease in factoring charges in respect of the trade receivables of Customer Group A. See "– Key Components of our Consolidated Statement of Profit or Loss – Finance Costs – Factoring arrangement."

Other Expenses and Losses

Our other expenses and losses decreased by RMB8.1 million from RMB10.5 million in 2023 to RMB2.4 million in 2024, primarily due to decreases in (i) net losses on disposal of items of property, plant and equipment, (ii) loss from foreign exchange forward arrangements, (iii) losses on disposal of associates, and (iv) investment loss from deregistration of subsidiaries.

Income Tax Expense

Our income tax expense decreased by RMB20.7 million, or 38.0%, from RMB54.3 million in 2023 to RMB33.7 million in 2024, primarily due to a relatively lower profit before tax in 2024.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year decreased by 44.5% from RMB332.1 million in 2023 to RMB184.5 million in 2024, with a decrease in our net profit margin from 5.0% in 2023 to 3.3% in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our total revenue increased by RMB1,318.8 million, or 24.5%, from RMB5,375.9 million in 2022 to RMB6,694.7 million in 2023, primarily as a result of an increase in revenue derived from our cross-border social e-commerce business.

Our revenue derived from our cross-border social e-commerce business increased by RMB1,150.0 million, or 37.0%, from RMB3,106.6 million in 2022 to RMB4,256.6 million in 2023, primarily as a result of the increase in the number of fulfilled orders placed from approximately 11.7 million to approximately 16.4 million, driven by our continuous expansion in Northeast Asia, and Europe and North America.

Our revenue derived from our paper packaging business increased by RMB114.0 million, or 5.8%, from RMB1,982.6 million in 2022 to RMB2,096.6 million in 2023, primarily as a result of the increase in total volume from 846.7 million sq.m. in 2022 to 925.3 million sq.m. in 2023, partially offset by the decrease in average selling price which was mainly due to the decrease in the price of raw paper.

Cost of Sales

Our total cost of sales increased by RMB393.4 million, or 12.3%, from RMB3,197.0 million in 2022 to RMB3,590.4 million in 2023, primarily as a result of an increase in cost of sales for our cross-border social e-commerce business, in line with its revenue growth.

Our cost of sales for our cross-border social e-commerce business increased by RMB301.9 million, or 23.8%, from RMB1,269.8 million in 2022 to RMB1,571.7 million in 2023, due to the continuous expansion of our cross-border social e-commerce business.

Our cost of sales for our paper packaging business remained relatively stable at RMB1,682.1 million in 2022 and RMB1,703.5 million in 2023.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by RMB925.4 million, or 42.5%, from RMB2,178.9 million in 2022 to RMB3,104.3 million for the same period in 2023. Our overall gross profit margin increased from 40.5% in 2022 to 46.4% in 2023, primarily as a result of the increase in the revenue contribution of our cross-border social e-commerce business, which has a higher gross profit margin compared to that of our paper packaging business.

As a result of the foregoing, our gross profit for our cross-border social e-commerce business increased by RMB848.1 million, or 46.2%, from RMB1,836.8 million in 2022 to RMB2,684.9 million in 2023. The gross profit margin for our cross-border social e-commerce business increased from 59.1% in 2022 to 63.1% in 2023, primarily as a result of our expansion into Northeast Asia where we enjoy a higher profit margin driven by (i) a comparatively higher average selling price per order, in line with the stronger purchasing power exhibited by the population in the regional market, and (ii) a relatively higher order fulfillment rate in the region, according to CIC.

As a result of the foregoing, our gross profit for our paper packaging business increased by RMB92.7 million, or 30.8%, from RMB300.5 million in 2022 to RMB393.2 million in 2023. The gross profit margin for our paper packaging business increased from 15.2% in 2022 to 18.8% in 2023, primarily as a result of the larger decrease in the price of raw paper compared to the average selling price of our packaging products.

Other Income and Gains

Our other income and gains increased by RMB17.2 million, or 47.4%, from RMB36.2 million in 2022 to RMB53.4 million in 2023, primarily as a result of an increase in government grants of RMB8.4 million that we received and an increase in bank interest income by RMB6.8 million due to the increase in time deposits.

Selling and Marketing Expenses

Our selling and marketing expenses increased by RMB767.0 million, or 48.7%, from RMB1,575.2 million in 2022 to RMB2,342.1 million in 2023, primarily as a result of an increase of advertising expenses by RMB750.8 million. In 2023, we experienced a reduction in the advertisement rebates provided by social media platforms as a percentage of advertising spend, leading to the increase in our advertising expenses.

Administrative Expenses

Our administrative expenses increased by RMB70.0 million, or 41.0%, from RMB170.7 million in 2022 to RMB240.6 million in 2023, primarily due to the increased employee benefits expenses as a result of the expansion of our administrative personnel headcount in 2023.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB148.5 million in 2022 and RMB142.0 million in 2023.

Impairment Losses on Financial Assets

Our impairment losses on financial assets decreased by RMB51.3 million, or 66.9%, from RMB76.7 million in 2022 to RMB25.4 million in 2023, primarily because we recorded impairment losses on the Relevant Receivable of RMB17.8 million in 2023, substantially lower than the RMB62.4 million recorded in 2022. For further details, see "– Key Components of Our Consolidated Statement of Profit or Loss – Impairment Losses on Financial Assets" in this Prospectus.

Share of (Losses)/Profits of Associates

We recorded share of profits of associates of RMB1.9 million in 2023, as compared to our share of losses of associates of RMB4.9 million in 2022, primarily as a result of the improvement in operations of our associates in 2023.

Foreign Exchange Gains/(Losses), net

Our net foreign exchange gain decreased from RMB10.7 million in 2022, to RMB1.0 million in 2023, primarily because the percentage of depreciation of RMB against U.S. dollars in 2022 was higher than that of 2023.

Finance Costs

Our finance costs decreased by RMB8.2 million, or 38.0%, from RMB21.6 million in 2022 to RMB13.4 million in 2023, primarily as a result of the decrease in interest on bank borrowings of RMB7.8 million, which was in line with the decrease in our average level of bank borrowings and the overall lower interest rate applicable to our bank borrowings.

Other Expenses and Losses

Our other expenses and losses decreased by RMB3.9 million, or 27.1%, from RMB14.4 million in 2022 to RMB10.5 million in 2023, primarily as we recorded an investment loss from deregistration of subsidiaries of RMB7.4 million in 2022.

Income Tax Expense

Our income tax expense increased by RMB12.0 million, from RMB42.3 million in 2022 to RMB54.3 million in 2023, primarily due to a relatively higher profit before tax in 2023 compared to 2022. However, our effective income tax rate decreased from 19.8% in 2022 to 14.1% in 2023, primarily due to a reduction in tax losses and deductible temporary differences that were not recognized as deferred tax expense, despite a relatively higher profit before tax in 2023 compared to 2022.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year increased by RMB160.5 million, or 93.6%, from RMB171.6 million in 2022 to RMB332.1 million in 2023. Our net profit margin was 3.2% and 5.0% in 2022 and 2023, respectively.

SELECTED ITEMS FROM THE CONSOLIDATED BALANCE SHEETS

The following table sets forth our financial position as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	803,669	916,633	930,436
Right-of-use assets	172,457	187,461	176,350
Goodwill	9,585	9,585	9,585
Other intangible assets	14,451	23,377	19,910
Investments in associates	67,815	82.439	107,477
Equity investments designated at fair value through other comprehensive income	18,500	19,500	8,254
Financial assets at fair value through profit or loss	–	–	130,863
Deferred tax assets	13,526	12,231	11,147
Pledged deposits	35,000	15,000	–
Time deposits	–	52,055	133,791
Other non-current assets	994	12,593	1,188
Total non-current assets	**1,135,997**	**1,330,874**	**1,529,001**
Current assets			
Inventories	483,669	456,076	447,889
Trade and bills receivables	474,731	488,624	553,885
Prepayments, other receivables and other assets	199,929	162,818	141,874
Amounts due from related parties	–	1,453	1,243
Pledged deposits	94,971	41,390	67,971
Time deposits	1,018	43,231	50,169
Cash and cash equivalents	852,071	1,062,110	711,062
Total current assets	**2,106,389**	**2,255,702**	**1,974,093**
TOTAL ASSETS	**3,242,386**	**3,586,576**	**3,503,094**

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
LIABILITIES			
Current liabilities			
Trade and bills payables	512,500	640,520	716,560
Other payables and accruals	115,442	188,349	181,321
Contract liabilities	12,949	14,829	17,858
Interest-bearing bank borrowings	295,644	103,042	121,126
Lease liabilities	23,948	25,012	34,678
Tax payables	30,817	40,225	8,645
Amounts due to related parties	3,117	1,364	972
Other current liabilities	944	3,663	3,227
Total current liabilities	**995,361**	**1,017,004**	**1,084,387**
Non-current liabilities			
Interest-bearing bank borrowings	16,549	155,575	127,067
Lease liabilities	53,490	63,373	49,465
Deferred income	32,387	34,023	30,945
Deferred tax liabilities	7,434	3,747	2,715
Total non-current liabilities	**109,860**	**256,718**	**210,192**
Total liabilities	**1,105,221**	**1,273,722**	**1,294,579**
EQUITY			
Equity attributable to owners of the Company			
Share capital	378,409	385,009	384,769
Reserves	1,716,807	1,895,389	1,817,255
Equity attributable to owners of the parent	2,095,216	2,280,398	2,202,024
Non-controlling interests	41,949	32,456	6,491
TOTAL EQUITY	**2,137,165**	**2,312,854**	**2,208,515**
TOTAL EQUITY AND LIABILITIES	**3,242,386**	**3,586,576**	**3,503,094**

Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) machinery, (ii) buildings, (iii) construction in progress and (iv) other equipment. Our property, plant and equipment increased from RMB803.7 million as of December 31, 2022 to RMB916.6 million as of December 31, 2023, primarily due to the aforementioned construction in progress and the additions of machinery in Hohhot, as well as the renovations and additions of machinery in certain other factories for our paper packaging business. Our property, plant and equipment increased to RMB930.4 million as of December 31, 2024, primarily due to that we purchased new machinery for promoting production capacities of our paper packaging business.

Right-of-use Assets

Our right-of-use assets are in relation to (i) warehouses and office premises and (ii) land use rights. Our right-of-use assets slightly increased from RMB172.5 million as of December 31, 2022 to RMB187.5 million as of December 31, 2023, primarily due to the additions of our warehouses and office premises. Our right-of-use assets decreased to RMB176.4 million as of December 31, 2024, primarily due to the depreciation of right-of-use assets in the ordinary course of business.

Goodwill

Our goodwill remained stable at RMB9.6 million as of December 31, 2022, 2023 and 2024.

Other Intangible Assets

Our other intangible assets primarily consist of (i) patent and (ii) software. Our other intangible assets increased from RMB14.5 million as of December 31, 2022 to RMB23.4 million as of December 31, 2023, primarily due to other intangible assets we acquired as part of our acquisition of the Konciwa automatic UV umbrella business in September 2023. Our other intangible assets decreased from RMB23.4 million as of December 31, 2023 to RMB19.9 million as of December 31, 2024, primarily due to the amortisation recorded of other intangible assets in the usual and ordinary course of business.

Investments in Associates

Our investments in associates primarily represent our share of net assets in Xiamen Haisheng, Shenzhen Jiashe Network Technology Co., Ltd.* (深圳加社網絡科技有限公司, "**Shenzhen Jiashe**"), Fujian Strait Copyright Operation Co., Ltd.* (福建省海峽版權運營有限公司) and Tianjin Masterwork Health Technology Co., Ltd.* (天津長榮健康科技有限公司). Our investments in associates increased from RMB67.8 million as of December 31, 2022 to RMB82.4 million as of December 31, 2023, primarily due to share of profits of associates of RMB1.9 million we recorded in 2023. Our investments in associates increased to RMB107.5 million as of December 31, 2024, primarily due to our investment in Shenzhen Jiashe in 2024.

Equity Investment Designated at Fair Value through Other Comprehensive Income

Our equity investment designated at fair value through other comprehensive income primarily represents our strategic equity investments. Our equity investment designated at fair value through other comprehensive income increased from RMB18.5 million as of December 31, 2022 to RMB19.5 million as of December 31, 2023, primarily due to our investments in Zhejiang Leadinsight Digital Intelligence Technology Co., Ltd* (浙江領見數智科技有限公司), partially offset by the withdrawal of investment in Fujian Xingsheng Tongxian Brand Operation Co., Ltd.* (福建興晟通仙品牌運營有限公司) as the investment did not realize our expected synergies and returns. Our equity investment designated at fair value through other comprehensive income decreased from RMB19.5 million as of December 31, 2023 to RMB8.3 million as of December 31, 2024, primarily because we sold our equity interests in Chongqing Fanjiao Network Technology Co., Ltd.* (重慶凡驕網絡科技有限公司) as the investment did not realize our expected synergies and returns.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss ("**FVTPL**") represent unlisted investments issued by equity fund in Hong Kong. We manage our investments on a fair value basis pursuant to our investment management policy. The investment in financial assets at FVTPL after the Listing will be subject to the compliance with Chapter 14 of the Listing Rules.

As part of our investment strategy, we will make investments in equity interests, debts, funds and wealth management products in accordance with applicable laws and regulations and our development strategies, and at the same time carefully control investment risks. According to our internal control policies for investment activities, our general manager and investment department are responsible for proposing, analyzing, advising and formulating investment proposals. The investment proposals should be subject to approvals of the general meeting or the Board of Directors, as applicable, if the investment amounts exceed the prescribed threshold. If (i) the transaction amount or total net assets of the relevant investment subject accounted for over 50% of our latest audited total net assets, or the revenue of the investment subject accounted for over 50% of our latest audited total revenue, or the amount of which exceeds RMB50 million, or (ii) the profit generated from the investment or the net profit of the investment subject accounted for over 50% of our latest audited net profit, or the amount of which exceeds RMB5 million, the investment proposals should be subject to approvals by Shareholders at relevant general meeting. If (i) the transaction amount or total net assets of the relevant investment subject accounted for over 10% of our latest audited total net assets, or the revenue of the investment subject accounted for over 10% of our latest audited total revenue, or the amount of which exceeds RMB10 million, or (ii) the profit generated from the investment or the net profit of the investment subject accounted for over 10% of our latest audited net profit, or the amount of which exceeds RMB1 million, the investment proposals should be subject to approvals by the Board of Directors. We also place designated personnel for regularly monitoring the performance of our investment targets, and we will withdraw or transfer our investments if such the operational results of our investment targets do not meet our expectations. The following table sets forth a breakdown of our financial assets at FVTPL as of the dates indicated.

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Other unlisted investments, at fair value	–	–	130,863

Our financial assets at FVTPL were nil as of December 31, 2022 and 2023. As of December 31, 2024, our financial assets at FVTPL were RMB130.9 million, representing the unlisted investments issued by a private equity fund in Hong Kong SAR. The private equity fund will principally focus on investment in consumer products industry globally and the management fee is 2% per annum. The term of the private equity fund is five years since the initial closing and the investment manager may extend the term for one additional year for twice at its absolute discretion. All proceeds in relation to the investments made by the private equity fund which have not been previously distributed, shall be distributed after payment of the relevant fees and expenses. The private equity fund may at its discretion, make distributions or settle compulsory redemptions in kind if it deems appropriate. We are entitled to redemptions in ordinary course, and compulsory redemptions per relevant terms and conditions as agreed and subject to mutual consent from the private equity fund and us. However, as the principal or return of investment in such private equity fund is not guaranteed, we may incur losses from such investment.

Deferred Tax Assets

Our deferred tax assets primarily arise from the temporary differences attributable to impairment of assets, deferred income and accruals, and unrealized profits from intercompany transactions. Our deferred tax assets decreased from RMB13.5 million as of December 31, 2022 to RMB12.2 million as of December 31, 2023, primarily due to the decrease in the temporary differences attributable to impairment of assets and lease liabilities. Our deferred tax assets further decreased to RMB11.1 million as of December 31, 2024, primarily due to the decrease in the temporary differences attributable to impairment of assets and deferred income and accruals.

Inventories

Our inventories primarily consist of raw materials, work-in-progress and finished goods. Our inventories decreased from RMB483.7 million as of December 31, 2022 to RMB456.1 million as of December 31, 2023, primarily due to the decreases in raw materials in the ordinary course of our paper packaging business as well as in finished goods, primarily resulting from the increase in sales under our cross-border social e-commerce business and the increase in the impairment of inventories in 2023. Our inventories decreased to RMB447.9 million as of December 31, 2024, primarily due to the decreases in raw materials in the ordinary course of our paper packaging business and the sales of goods under our cross-border social e-commerce business.

	As of December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Inventories						
Cross-border social e-commerce business	136,718	28.3	132,014	29.0	136,423	30.5
Paper packaging business	275,734	57.0	260,107	57.0	254,674	56.9
Others	80,296	16.6	82,073	18.0	69,694	15.5
Impairment of inventories	(9,079)	(1.9)	(18,118)	(4.0)	(12,902)	(2.9)
Total	**483,669**	**100.0**	**456,076**	**100.0**	**447,889**	**100.0**

The table below sets forth our inventories by nature as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Inventories			
Raw materials	181,032	171,160	159,125
Work in progress	20,750	29,666	28,320
Finished goods	289,999	273,179	271,470
Others	967	189	1,876
	492,748	474,194	460,791
Impairment of inventories	(9,079)	(18,118)	(12,902)
Total	**483,669**	**456,076**	**447,889**

Our inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. We write down our inventories based on estimates of the realizable value with reference to the aging and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed quarterly for write-down, if appropriate. For each year of the Track Record Period, the impairment of inventories recognized in cost of sales amounted to RMB8.5 million, RMB19.5 million and RMB9.5 million, respectively.

The following table sets forth a summary on the aging analysis of inventories as at the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within six months	368,412	344,780	338,920
Seven to 12 months	66,303	30,538	23,754
Over 12 months	48,954	80,758	85,215
	483,669	**456,076**	**447,889**

The following table sets forth our inventory turnover days for the periods indicated:

	For the year ended December 31,		
	2022	2023	2024
Inventory turnover days[(1)]	52.5	49.1	54.9
– Inventory turnover days of cross-border social e-commerce business[(2)]	33.4	31.2	36.9
– Inventory turnover days of paper packaging business[(3)]	58.7	57.4	54.5

Notes:

(1) We calculate inventory turnover days using the average of the beginning and ending balances of total inventories for the relevant year, divided by the corresponding total cost of sales for the same year, multiplied by 365 days.

(2) We calculate inventory turnover days of our cross-border social e-commerce business using the average of the beginning and ending balances of inventories of our cross-border social e-commerce business for the relevant year, divided by the corresponding cost of sales of our cross-border social e-commerce business for the same year, multiplied by 365 days.

(3) We calculate inventory turnover days of our paper packaging business using the average of the beginning and ending balances of inventories of our paper packaging business for the relevant year, divided by the corresponding cost of sales of our paper packaging business for the same year, multiplied by 365 days.

For each year of the Track Record Period, our inventory turnover days were 52.5 days, 49.1 days and 54.9 days, respectively.

For each year of the Track Record Period, our inventory turnover days of our cross-border social e-commerce business were 33.4 days, 31.2 days and 36.9 days, respectively. Our inventory turnover days of our cross-border social e-commerce business remained relatively stable from 2022 to 2023. The increase in our inventory turnover days of our cross-border social e-commerce business from 2023 to 2024 was primarily attributable to the decreases in cost of sales under our cross-border social e-commerce business.

For each year of the Track Record Period, our inventory turnover days of our paper packaging business were 58.7 days, 57.4 days and 54.5 days, respectively. Our inventory turnover days of our paper packaging business remained relatively stable from 2022 to 2023. The decrease in our inventory turnover days of paper packaging business from 2023 to 2024 was primarily attributable to the decreases in raw materials in the ordinary course of our paper packaging business.

As of March 31, 2025, RMB316.0 million, or 68.6%, of our inventories as of December 31, 2024 had been subsequently sold or utilized, the remaining inventories of which primarily relate to finished goods for our incidental trading business, and to a lesser extent, products for our cross-border social e-commerce business, all of which are being sold in the ordinary course of business.

There is no recoverability issue for the inventories aged over 12 months as we recorded the inventory at the lower of cost and net realizable value from the accounting perspective.

As of December 31, 2024, 81.6% of the net value of the inventories aged over 12 months were liquor inventories, which had a net value of RMB69.5 million. Since the liquor inventories are characterized by a long shelf life and suitability for long-term storage, their extended aging will not lead to a decrease in the selling prices. Furthermore, given that sales of liquor inventories typically yield higher premium which exceeds their costs, there is no recoverability issue for liquor inventories.

In addition, as of December 31, 2024, raw paper, spare parts and paper packaging production under our paper packaging business took up 8.0% of the net value of our inventories aged over 12 months, which had a net value of RMB6.8 million. After taking the net realizable value test, we accrued a provision of RMB1.2 million for these paper packaging inventories whose original costs were RMB8.0 million. As of December 31, 2024, finished goods under our cross-border social e-commerce business took up the remaining 10.4% of the net value of our inventories aged over 12 months, which had a net value of RMB8.9 million. After taking the net realizable value test, we accrued a provision of RMB3.1 million for these cross-border social e-commerce business whose original costs were RMB12.0 million.

According to the net realizable value test, we accrued the provision of RMB8.7 million for inventories aged less than 12 months as of December 31, 2024.

Trade and Bills Receivables

Our trade and bills receivables primarily arise from (i) sales to enterprise customers of our packaging business to whom we provide credit terms and (ii) sales of our cross-border social e-commerce business where our payment service provider or logistics service provider has collected payment from the consumer but have not settled with us. The bills receivables held by us were bank acceptance bills received from our enterprise customers of our paper packaging business that were mostly issued by reputable banks and with short-term maturity. We seek to maintain strict control over our outstanding receivables and have a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to enterprise customers are reviewed annually.

The following table sets forth our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	502,125	516,854	591,571
Impairment	(30,149)	(37,691)	(42,681)
Trade receivables, net	471,976	479,163	548,890
Bills receivables	2,755	9,461	4,995
Trade and bills receivables	**474,731**	**488,624**	**553,885**

Our trade receivables, net as of December 31, 2022, 2023 and 2024 were RMB472.0 million, RMB479.2 million and RMB548.9 million, respectively. Our trade receivables, net increased from RMB472.0 million as of December 31, 2022 to RMB479.2 million as of December 31, 2023, in line with the increase in sales of our cross-border social e-commerce business. Our trade receivables, net increased from RMB479.2 million as of December 31, 2023 to RMB548.9 million as of December 31, 2024, primarily because we had higher transaction volume for our paper packaging business approaching the end of 2024.

Our bills receivables increased from RMB2.8 million as of December 31, 2022 to RMB9.5 million as of December 31, 2023, as a result of the increased receipt of banker's acceptance bills from our enterprise customers of our paper packaging business. Our bills receivables decreased from RMB9.5 million as of December 31, 2023 to RMB5.0 million as of December 31, 2024, primarily attributable to our collection of bills receivables for one of our subsidiaries.

Our typical credit term is of 30 to 90 days. The following table sets forth the aging analysis of our trade receivables based on the invoice date as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within one year	485,201	496,322	569,614
One year to two years	12,821	7,875	5,595
Two to three years	828	11,028	4,038
Three to four years	2,134	283	10,926
Four to five years	160	1,190	206
Over five years	981	156	1,192
	502,125	516,854	591,571
Impairment allowance	(30,149)	(37,691)	(42,681)
Total	**471,976**	**479,163**	**548,890**

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various enterprise customer segments that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The provision matrix is initially based on our historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. As of December 31, 2022, 2023 and 2024, we recorded provision for impairment of trade receivables of RMB30.1 million, RMB37.7 million and RMB42.7 million, respectively.

The following table sets forth our trade and bills receivables turnover days for the periods indicated:

	For the year ended December 31,		
	2022	2023	2024
Trade and bills receivables turnover days(1)	32.5	28.1	37.1
Trade and bills receivables turnover days of our cross-border social e-commerce business(2)	10.7	10.7	15.9
Trade and bills receivables turnover days of our paper packaging business(3)	65.7	63.1	69.2

Notes:

(1) We calculate trade and bills receivables turnover days using the average of the beginning and ending balances of trade and bills receivables for the relevant year, divided by the corresponding revenue for the same year, multiplied by 365 days.

(2) We calculate trade and bills receivables turnover days of our cross-border social e-commerce business using the average of the beginning and ending balances of trade and bills receivables of our cross-border social e-commerce business for the relevant year, divided by the corresponding revenue of our cross-border social e-commerce business for the same year, multiplied by 365 days.

(3) We calculate trade and bills receivables turnover days of our paper packaging business using the average of the beginning and ending balances of trade and bills receivables of our paper packaging business for the relevant year, divided by the corresponding revenue of our paper packaging business for the same year, multiplied by 365 days.

For the year ended December 31, 2022, our trade and bills receivables turnover days was 32.5 days. For the year ended December 31, 2023, our trade and bills receivables turnover days decreased to 28.1 days, primarily due to the increased revenue contribution from our cross-border social e-commerce business, which typically has a shorter turnover period compared to our paper packaging business. Our trade and bills receivables turnover days increased to 37.1 days for the year ended December 31, 2024, primarily due to the increase in the trade and bills receivables of and the decline in revenue from our cross-border social e-commerce business.

For each year of the Track Record Period, our trade and bills receivables turnover days of our cross-border social e-commerce business were 10.7 days, 10.7 days and 15.9 days, respectively. For each year of the Track Record Period, our trade and bills receivables turnover days of our paper packaging business were 65.7 days, 63.1 days and 69.2 days, respectively.

As of March 31, 2025, RMB556.7 million, or 95.3%, of our trade and bills receivables as of December 31, 2024 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute or disagreement with our enterprise customers in relation to the timing, amounts of billing or the collection of our trade receivables.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of (i) prepayments to suppliers; (ii) deposits and other receivables primarily relating to the Relevant Receivable. We recorded impairment primarily with respect to the amount due to us for the disposal of certain equity interests. For further details, see "– Key Components of Our Consolidated Statement of Profit or Loss – Impairment Losses on Financial Assets" in this Prospectus. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments, Other Receivables and Other Assets			
Prepayments	127,225	81,305	21,080
Deposits and other receivables	133,740	135,499	150,088
Value-added tax recoverable	15,094	30,277	17,527
Prepaid income tax	3,063	2,501	2,059
Listing expense	–	8,693	45,870
Others	818	607	296
	279,940	258,882	236,920
Impairment allowance	(80,011)	(96,064)	(95,046)
Total	**199,929**	**162,818**	**141,874**

Our prepayments, other receivables and other assets as of December 31, 2022, 2023 and 2024 were RMB199.9 million, RMB162.8 million and RMB141.9 million, respectively. Our prepayments, other receivables and other assets were RMB162.8 million as of December 31, 2023, compared to RMB199.9 million as of December 31, 2022, primarily attributable to a lower level of prepayments to our suppliers. Impairment allowance of our prepayments, other receivables and other assets is associated with the impairment losses on the Relevant Receivables. Our prepayments, other receivables and other assets were RMB141.9 million as of December 31, 2024, compared to RMB162.8 million as of December 31, 2023, primarily attributable to a decrease in prepayments to suppliers of liquor products, and the decrease in value-added tax recoverable, partially offset by the increase in listing expense. For details, see "– Key Components of Our Consolidated Statement of Profit or Loss – Impairment Losses on Financial Assets".

As of March 31, 2025, RMB46.1 million, or 32.2%, of our prepayments, other receivables and other assets as of December 31, 2024 had been subsequently utilized.

Pledged Deposits

Our pledged deposits primarily represent guarantee deposits for bills payables we utilize to pay our suppliers of our paper packaging businesses. Our pledged deposits as of December 31, 2022, 2023 and 2024 were RMB130.0 million, RMB56.4 million and RMB68.0 million, respectively. Our pledged deposits decreased from RMB130.0 million as of December 31, 2022 to RMB56.4 million as of December 31, 2023, primarily due to the settlement of our bills payables. Our pledged deposits increased to RMB68.0 million as of December 31, 2024, primarily due to the decreases in guarantee deposits for bills payables for our paper packaging business we utilize in the ordinary course of business.

Time Deposits

Our time deposits increased from RMB1.0 million as of December 31, 2022 to RMB95.3 million as of December 31, 2023, primarily because certain deposits placed during this period had not yet matured by the year-end of 2023. Our time deposits increased to RMB184.0 million as of December 31, 2024, primarily due to the increased placement of time deposits with original maturities over one year according to our cash management strategies.

Trade and Bills Payables

Our trade and bills payables mainly represent the balances due to our suppliers for purchase of inventories, advertising costs payable to third-party digital marketing service providers. Our trade and bills payables are non-interest-bearing and normally settled on terms of within 30 to 60 days. Our trade and bills payables increased from RMB512.5 million as of December 31, 2022 to RMB640.5 million as of December 31, 2023, primarily due to the increase in advertising costs payable to third-party digital marketing service providers for our cross-border social e-commerce business. Our trade and bills payables increased to RMB716.6 million as of December 31, 2024, primarily due to the increased use of bills payable for our paper packaging business.

The table below sets forth the aging analysis of our trade and bills payables based on the invoice date at the end of each reporting period:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	498,008	627,080	695,430
One year to two years	10,162	8,205	12,916
Two to three years	1,397	1,296	3,950
Over three years	2,933	3,939	4,264
Total	**512,500**	**640,520**	**716,560**

The following table sets forth our trade and bills payables turnover days for the periods indicated:

	For the year ended December 31,		
	2022	2023	2024
Trade and bills payables turnover days (1)	55.5	58.6	79.6
Trade and bills payables turnover days of our cross-border social e-commerce business(2)	47.0	54.0	72.0
Trade and bills payables turnover days of our paper packaging business(3)	65.9	70.4	86.1

Notes:

(1) We calculate trade and bills payables turnover days using the average of the beginning and ending balances of trade and bills payables for the relevant year, divided by the corresponding cost of sales for the same year, multiplied by 365 days.

(2) We calculate trade and bills payables turnover days of our cross-border social e-commerce business using the average of the beginning and ending balances of trade and bills payables of our cross-border social e-commerce business for the relevant year, divided by the corresponding cost of sales of our cross-border social e-commerce business for the same year, multiplied by 365 days.

(3) We calculate trade and bills payables turnover days of our paper packaging business using the average of the beginning and ending balances of trade and bills payables of our paper packaging business for the relevant year, divided by the corresponding cost of sales of our paper packaging business for the same year, multiplied by 365 days.

Our trade and bills payables turnover days increased from 55.5 days in 2022 to 58.6 days in 2023, which was primarily attributable to an increase in trade and bills payables resulting from the increase in advertising costs payable to third-party digital marketing service providers for our cross-border social e-commerce business. Our trade and bills payables turnover days increased to 79.6 days in 2024, which was primarily due to the increase in trade and bills payables from the increased use of bills payable for our paper packaging business and the decrease in costs in raw materials and goods and logistics services following the decrease in orders under our cross-border social e-commerce business in 2024.

Our trade and bills payables turnover days of our cross-border social e-commerce business increased from 47.0 days in 2022 to 54.0 days in 2023, primarily due to the increase in advertising costs payable to third-party digital marketing service providers, in line with the growth of our cross-border social e-commerce business. Our trade and bills payables turnover days of our cross-border social e-commerce business increased from 54.0 days in 2023 to 72.0 days in 2024, primarily due to the decrease in costs in raw materials and goods and logistics services following the decrease in orders under our cross-border social e-commerce business in 2024.

Our trade and bills payables turnover days of our paper packaging business increased from 65.9 days in 2022 to 70.4 days in 2023, primarily due to increases in payables associated with the procurement of additional equipment and construction in progress to support our business growth. Our trade and bills payables turnover days of our paper packaging business increased to 86.1 days in 2024, primarily due to the increased use of bills payable and the relatively stable level of cost of sales for our paper packaging business.

As of March 31, 2025, RMB575.9 million, or 80.4%, of our trade and bills payables as of December 31, 2024 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we had no material defaults in our trade and bills payables.

Other Payables and Accruals

Our other payables and accruals primarily represent (i) payroll and welfare payables and (ii) deposits and other payable. Our payables are non-interest-bearing. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Other Payables and Accruals			
Payroll and welfare payables	61,230	74,738	94,319
Repurchase obligation for restricted shares	–	62,766	47,101
Deposits and other payable	35,909	43,592	31,336
Others	18,303	7,253	8,565
Total	**115,442**	**188,349**	**181,321**

Note: Others primarily represents other tax payables.

Our other payables and accruals as of December 31, 2022, 2023 and 2024 were RMB115.4 million, RMB188.3 million and RMB181.3 million, respectively. Our other payables and accruals increased from RMB115.4 million as of December 31, 2022 to RMB188.3 million as of December 31, 2023, primarily due to our repurchase obligation under the 2023 Restricted Share Incentive Plan which was adopted on August 30, 2023. Our other payables and accruals remained relatively stable at RMB181.3 million as of December 31, 2024.

As of March 31, 2025, RMB101.4 million, or 55.9%, of our other payables and accruals as of December 31, 2024 had been subsequently utilized.

Contract Liabilities

We recognize a contract liability when a payment is received or a payment is due (whichever is earlier) from a customer before we transfer the related services. Contract liabilities are recognized as revenue when we perform the contract (i.e., transfers control of the related services to the customer). Our contract liabilities primarily consist of: (i) advances received from our FMCG enterprise customers in our paper packaging business and (ii) cash collected in advance by our payment service providers in our cross-border social e-commerce business. Our contract liabilities increased from RMB12.9 million as of December 31, 2022 to RMB14.8 million as of December 31, 2023 which was primarily due to an increase in the advances we received associated with our other businesses. Our contract liabilities increased to RMB17.9 million as of December 31, 2024, primarily attributable to the increase in advances received from our FMCG enterprise customers in our paper packaging business.

As of March 31, 2025, RMB17.3 million, or 96.8%, of our contract liabilities as of December 31, 2024 had been subsequently utilized and recognized in revenue.

Tax Payable

Our tax payable primarily consists of income tax payables. Our tax payable as of December 31, 2022, 2023 and 2024 were RMB30.8 million, RMB40.2 million and RMB8.6 million, respectively. Our tax payable increased from RMB30.8 million as of December 31, 2022 to RMB40.2 million as of December 31, 2023, which was primarily due to an increase in taxable profit. Our tax payable decreased to RMB8.6 million as of December 31, 2024, primarily due to the payment of income tax provision for 2023.

Deferred Income

Our deferred income represents government grants relating to capital expenditure incurred for property, plant and equipment which are deferred and amortized over the estimated useful lives of the respective assets. Our deferred income remained relatively stable at RMB32.4 million as of December 31, 2022, RMB34.0 million as of December 31, 2023, and RMB30.9 million as of December 31, 2024.

Deferred Tax Liabilities

Our deferred tax liabilities primarily arise from fair value adjustment arising from acquisition of subsidiaries, right-of-use assets and reduction in fixed assets. Our deferred tax liabilities decreased from RMB7.4 million as of December 31, 2022 to RMB3.7 million as of December 31, 2023, primarily due to the decrease in the temporary differences attributable to right-of-use assets. Our deferred tax liabilities remained relatively stable at RMB2.7 million as of December 31, 2024.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

The following table sets forth a summary of our liquidity and working capital as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
CURRENT ASSETS				
Inventories	483,669	456,076	447,889	426,047
Trade and bills receivables	474,731	488,624	553,885	525,783
Prepayments, other receivables and other assets	199,929	162,818	141,874	150,134
Amounts due from related parties	–	1,453	1,243	1,009
Pledged deposits	94,971	41,390	67,971	84,814
Time deposits	1,018	43,231	50,169	64,228
Cash and cash equivalents	852,071	1,062,110	711,062	716,320
Total current assets	**2,106,389**	**2,255,702**	**1,974,093**	**1,968,335**
CURRENT LIABILITIES				
Trade and bills payables	512,500	640,520	716,560	682,878
Other payables and accruals	115,442	188,349	181,321	146,272
Contract liabilities	12,949	14,829	17,858	9,698
Interest-bearing bank borrowings	295,644	103,042	121,126	170,204
Lease liabilities	23,948	25,012	34,678	33,962
Tax payable	30,817	40,225	8,645	12,093
Amounts due to related parties	3,117	1,364	972	723
Other current liabilities	944	3,663	3,227	3,325
Total current liabilities	**995,361**	**1,017,004**	**1,084,387**	**1,059,155**
NET CURRENT ASSETS	**1,111,028**	**1,238,698**	**889,706**	**909,180**

As of December 31, 2024, we had net current assets of RMB889.7 million, as compared to net current assets of RMB1,238.7 million as of December 31, 2023, primarily due to (i) an increase in trade and bills payables, (ii) a decrease in cash and cash equivalents, and (iii) a decrease in prepayments, other receivables and other assets, partially offset by an increase in trade and bills receivables.

As of December 31, 2023, we had net current assets of RMB1,238.7 million, as compared to RMB1,111.0 million as of December 31, 2022, primarily due to (i) the increases in cash and cash equivalents and (ii) the decrease in interest-bearing bank borrowings, partially offset by (iii) increases in trade and bills payables and the decrease in pledged deposits.

Cash Flows

During the Track Record Period and up to the Latest Practicable Date, we had funded our cash requirements principally from cash generated from our operating activities and bank borrowings. As of December 31, 2022, 2023 and 2024, we had cash and cash equivalents of RMB852.1 million, RMB1,062.1 million and RMB711.1 million, respectively. The following table is a summary of our cash flow data from our consolidated statement of cash flows for the periods indicated:

	For the year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows generated from operating activities	390,955	725,599	386,678
Net cash flows (used in) investing activities	(183,604)	(282,387)	(337,097)
Net cash flows (used in) financing activities	(31,968)	(237,329)	(394,574)
Net increase/(decrease) in cash and cash equivalents	175,383	205,883	(344,993)
Cash and cash equivalents at beginning of the year	666,852	852,071	1,062,110
Effect of exchange rate differences, net	9,836	4,156	(6,055)
Cash and cash equivalents at end of the year	**852,071**	**1,062,110**	**711,062**

Net Cash Flows Generated From Operating Activities

Our net cash flows generated from operating activities consist of profit before income tax adjusted for certain non-cash or non-operating activities related items and changes in working capital.

For the year ended December 31, 2024, we recorded net cash generated from operating activities of RMB386.7 million, which was primarily attributable to profit before tax of RMB218.1 million, (i) as adjusted by adding back non-cash items or non-operating items, which principally included (a) changes in working capital of RMB438.4 million, (b) depreciation of property, plant and equipment of RMB105.7 million, (c) depreciation of right-of-use assets of RMB36.5 million and (d) equity-settled share-based payment expenses of RMB17.3 million. Changes in working capital mainly represented an increase in trade and bills payables of RMB80.9 million, a decrease in prepayments, other receivables and other assets of RMB55.9 million, and an increase in other payables and accruals of RMB22.4 million, partially offset by an increase in trade and bills receivables of RMB81.5 million and an increase in pledged deposits of RMB31.1 million.

For the year ended December 31, 2023, our net cash generated from operating activities was RMB725.6 million, primarily attributable to profit before tax of RMB386.5 million, as (i) adjusted by adding back non-cash items or non-operating items, which principally included (a) depreciation of property, plant and equipment of RMB94.6 million, (b) depreciation of right-of-use assets of RMB35.1 million, (c) equity-settled share-based payment expenses of RMB26.4 million, (d) impairment of inventories of RMB19.5 million and (e) impairment of deposits and other receivables of RMB16.4 million, and (ii) adjusted by changes in working capital of RMB163.8 million. Changes in working capital mainly represented an increase in trade and bills payables of RMB82.2 million, an increase in other payables and accruals of RMB50.6 million and a decrease in pledged deposits of RMB38.8 million, partially offset by an increase in trade and bills receivables of RMB34.1 million.

For the year ended December 31, 2022, our net cash generated from operating activities was RMB391.0 million, primarily attributable to profit before tax of RMB213.9 million, as (i) adjusted by adding back non-cash items or non-operating items, which principally included (a) depreciation of property, plant and equipment of RMB91.5 million, (b) impairment of deposits and other receivables of RMB64.0 million, (c) finance costs of RMB21.6 million and (d) depreciation of right-of-use assets of RMB21.3 million, and (ii) negatively adjusted by changes in working capital of RMB17.1 million. Changes in working capital mainly represented an increase in trade and bills receivables of RMB70.2 million and an increase in inventories of RMB63.0 million, partially offset by a decrease in prepayments, other receivables and other assets of RMB51.4 million and an increase in trade and bills payables of RMB49.4 million.

Net Cash Flows Used in Investing Activities

Our net cash flows used in investing activities primarily consist of (i) purchase of deposits with original maturity of more than three months when acquired and (ii) purchase of items of property, plant and equipment.

For the year ended December 31, 2024, our net cash used in investing activities was RMB337.1 million, primarily attributable to (i) purchase of deposits with original maturity of more than three months when acquired of RMB701.1 million, (ii) purchase of items of property, plant and equipment of RMB132.7 million, and (iii) purchase of financial assets at fair value through profit or loss of RMB130.9 million, partially offset by proceeds from maturity of deposits with original maturity of more than three months when acquired of RMB646.1 million.

For the year ended December 31, 2023, our net cash used in investing activities was RMB282.4 million, primarily attributable to (i) purchase of deposits with original maturity of more than three months when acquired of RMB560.3 million and (ii) purchase of items of property, plant and equipment of RMB198.2 million, mainly associated with the addition of equipment and construction in progress for our paper packaging business, partially offset by proceeds from maturity of deposits with original maturity of more than three months when acquired of RMB504.5 million.

For the year ended December 31, 2022, our net cash used in investing activities was RMB183.6 million, primarily attributable to (i) purchase of deposits with original maturity of more than three months when acquired of RMB125.1 million and (ii) purchase of items of property, plant and equipment of RMB137.1 million, mainly associated with the addition of equipment and construction in progress for our paper packaging business, partially offset by proceeds from disposal of deposits with original maturity of more than three months of RMB108.2 million.

Net Cash Flows Used in Financing Activities

Our net cash flows used in financing activities primarily consist of (i) repayment of interest-bearing bank loans and (ii) dividends paid.

For the year ended December 31, 2024, our net cash used in financing activities was RMB394.6 million, primarily attributable to (i) dividends payment of RMB201.9 million, (ii) repayment of interest-bearing bank borrowings of RMB196.2 million, and (iii) repurchase of shares of RMB75.9 million, partially offset by proceeds from interest-bearing bank borrowings of RMB185.8 million.

For the year ended December 31, 2023, our net cash used in financing activities was RMB237.3 million, primarily attributable to (i) repayment of interest-bearing bank borrowings of RMB494.1 million, (ii) dividends paid of RMB175.2 million and (iii) principal portion of lease payments of RMB39.2 million, partially offset by proceeds received from interest-bearing bank borrowings of RMB440.6 million and proceeds received from restricted shares granted under share incentive plans of RMB62.8 million.

For the year ended December 31, 2022, our net cash used in financing activities was RMB32.0 million, primarily attributable to (i) repayment of bank loans of RMB443.9 million and (ii) repurchase of unvested restricted shares of RMB117.6 million mainly in connection with cancelation of the 2021 Restricted Share Incentive Plan in 2022 (see "History and Corporate Structure – Our Corporate History – Adoption and Cancelation of the 2021 Restricted Share Incentive Plan" for details), partially offset by proceeds from interest-bearing bank loans of RMB523.2 million.

Working Capital Sufficiency

Taking into account the financial resources available to us, including the estimated net proceeds from the Global Offering, cash flow generated from our operations, facilities available to us and cash and cash equivalents on hand, our Directors are of the opinion that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this Prospectus.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period were primarily in connection with additions of property, plant and equipment, land use rights and other intangible assets. For each year of the Track Record Period, our capital expenditures were RMB175.3 million, RMB228.9 million and RMB124.6 million, respectively.

We funded our cash needs principally from cash generated from our operating activities and bank borrowings. See "Business – Our Strategies" and "Future Plans and Use of Proceeds" in this Prospectus for additional details of our current expansion plans. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, results of operations and financial condition, our business plans, the market conditions and various other factors we believe to be appropriate.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Borrowings	312,193	258,617	248,193	276,021
Lease liabilities	77,438	88,385	84,143	77,348
	389,631	347,002	332,336	353,369

Borrowings

As of December 31, 2022, 2023 and 2024, and March 31, 2025, we had borrowings of RMB312.2 million, RMB258.6 million, RMB248.2 million and RMB276.0 million, respectively.

The following table sets out our borrowings as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Non-current				
Bank loans – secured	8,349	147,575	127,067	80,167
Bank loans – unsecured	8,200	8,000	–	25,650
Current				
Bank loans – secured	234,348	55,919	29,522	72,506
Bank loans – unsecured	61,087	40,035	79,054	84,017
Current portion of long-term bank loans – secured	–	6,879	4,543	4,420
Current portion of long-term bank loans – unsecured	209	209	8,007	9,261
Total	**312,193**	**258,617**	**248,193**	**276,021**

Our total borrowings decreased from RMB312.2 million as of December 31, 2022 to RMB258.6 million as of December 31, 2023, primarily due to repayment of loans partially offset by new borrowings with a term of more than one year for working capital. Our total borrowings remained relatively stable at RMB248.2 million as of December 31, 2024.

The following table sets forth the maturity profile of our borrowings as of the dates indicated based on contractual undiscounted payments:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	296,827	108,713	124,018	174,527
One year to five years	18,582	162,322	130,351	106,986
Total	**315,409**	**271,035**	**254,369**	**281,513**

As of December 31, 2022, 2023 and 2024, and March 31, 2025, the contractual interest rate of our current bank loans ranged from 1.58% to 4.00%, 2.55% to 4.00%, 2.40% to 4.00% and 2.55% to 4.00%, respectively. The effective interest rate of our non-current bank loans ranged from 3.50% to 4.00%, 2.55% to 4.00%, 2.55% to 3.50% and 2.00% to 4.00% as of December 31, 2022, 2023 and 2024, and March 31, 2025, respectively. For details of the securities and guarantees for our borrowings, see Note 30 to the Accountant's Report in Appendix IA to this Prospectus. As of March 31, 2025, we had committed and unrestricted available credit facilities of RMB485.1 million. We plan to draw down such credit facilities should any capital expenditure need arise in the future.

Under the terms of one of our loan agreements, we are required to comply with a financial covenant that requires our liabilities-to-assets ratio not higher than 70%. Such ratio shall be calculated based on our latest financial statements which we are required to provide on a quarterly basis. As of the Latest Practicable Date, we were in compliance with covenants under such credit agreement.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no material defaults in bank and other borrowings, nor did we breach any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in obtaining credit facilities, or withdrawal of facilities or request for early repayment.

Lease Liabilities

As of December 31, 2022, 2023 and 2024, and March 31, 2025, we had lease liabilities of RMB77.4 million, RMB88.4 million, RMB84.1 million, and RMB77.3 million respectively.

The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Current portion	23,948	25,012	34,678	33,962
Non-current portion	53,490	63,373	49,465	43,386
Total	**77,438**	**88,385**	**84,143**	**77,348**

Our lease liabilities increased from RMB77.4 million as of December 31, 2022 to RMB88.4 million as of December 31, 2023, primarily due to the additions of our warehouses and office premises. Our lease liabilities remained relatively stable at RMB84.1 million as of December 31, 2024 and RMB77.3 million as of March 31, 2025.

The following table categorizes our lease liabilities into relevant maturity groups based on the undiscounted payments:

	As of December 31,			As of March 31,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Within one year	22,106	26,833	37,397	37,020
One year to five years	47,754	61,513	53,627	46,062
Over five years	9,638	6,957	–	–
Total	**79,498**	**95,303**	**91,024**	**83,082**

As of March 31, 2025, our lease liabilities amounted to RMB77.3 million, certain of which were secured by the rental deposits and all of which were unguaranteed.

Contingent Liabilities

During the Track Record Period and up to the Latest Practicable Date, we had no contingent liabilities.

Indebtedness Statement

Save as disclosed above, as of December 31, 2022, 2023 and 2024, and March 31, 2025, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings and other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since March 31, 2025 and up to the Latest Practicable Date.

CAPITAL COMMITMENTS

The following table sets forth our capital commitments, representing our capital commitments that were contracted, but not provided for, in relation to the purchase of property, plant and equipment for the expansion of our business, as of the dates indicated:

	As of December 31,			As of March 31,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Contracted, but not provided for purchase of property, plant and equipment	86,474	73,125	11,455	26,184

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet commitments or arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

Transactions with Related Parties

During the Track Record Period, we entered into a number of related party transactions mainly with companies in which we invested, including primarily purchase of personal protection equipment and masks manufactured by such a company for sale to our consumers. See Note 43 to the Accountants' Report set out in Appendix IA to this Prospectus for further details about our related party transactions during the Track Record Period. None of such related party transactions constitute a connected transaction or continuing connected transaction for the purpose of Chapter 14A of the Listing Rules.

Our Directors are of the view that each of the related party transactions set out in Note 43 to the Accountants' Report in Appendix IA to this Prospectus was conducted on an arm's length basis and would not distort our track record results or cause our historical results to be not reflective of our future performance.

KEY FINANCIAL RATIOS

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

	For the year ended December 31,		
	2022	2023	2024
Profitability ratios:			
Gross profit margin(1)	40.5%	46.4%	43.8%
Net profit margin(2)	3.2%	5.0%	3.3%
Adjusted net profit margin (non-IFRS measure)(3)	3.2%	5.4%	3.6%
Return on equity(4)	8.5%	14.9%	8.2%
Return on total assets(5)	5.5%	9.7%	5.2%

	As of December 31,		
	2022	2023	2024
Liquidity ratios:			
Current ratio(6)	2.1	2.2	1.8
Quick ratio(7)	1.6	1.8	1.4
Inventory turnover days(8)	52.5	49.1	54.9
– Inventory turnover days of cross-border social e-commerce business(9)	33.4	31.2	36.9
– Inventory turnover days of paper packaging business(10)	58.7	57.4	54.5
Capital adequacy ratio:			
Debt-to-equity ratio(11)	14.6%	11.2%	11.2%

Notes:

(1) Gross profit margin is calculated using gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin is calculated using profit for the year divided by revenue and multiplied by 100%.

(3) Adjusted net profit margin (non-IFRS measure) is calculated using adjusted profit for the year (non-IFRS measure) divided by revenue and multiplied by 100%. For details of the adjusted profit of the year (non-IFRS measure), see "– Non-IFRS Measures".

(4) Return on equity ratio is calculated using profit for the year as a percentage of the average balance of total equity at the beginning and the end of the year and multiplied by 100%.

(5) Return on total assets ratio is profit for the year as a percentage of the average balance of total assets at the beginning and the end of the year and multiplied by 100%.

(6) Current ratio is calculated using total current assets divided by total current liabilities.

(7) Quick ratio is calculated using total current assets less inventories divided by total current liabilities.

(8) Inventory turnover days is calculated using the average of the beginning and ending balances of total inventories for the relevant year, divided by the corresponding total cost of sales for the same year, multiplied by 365 days.

(9) Inventory turnover days of our cross-border social e-commerce business is calculated using the average of the beginning and ending balances of inventories of our cross-border social e-commerce business for the relevant year, divided by the corresponding cost of sales of our cross-border social e-commerce business for the same year, multiplied by 365 days.

(10) Inventory turnover days of our paper packaging business is calculated using the average of the beginning and ending balances of inventories of our paper packaging business for the relevant year, divided by the corresponding cost of sales of our paper packaging business for the same year, multiplied by 365 days.

(11) Debt-to-equity ratio is calculated using total debt (being the carrying balance of the interest-bearing bank borrowings) divided by total equity and multiplied by 100%.

Gross Profit Margin

For each year of the Track Record Period, our gross profit margin was 40.5%, 46.4% and 43.8%, respectively. See "– Review of Historical Results of Operations" for factors affecting our gross profit margin during the respective periods.

Net Profit Margin

For each year of the Track Record Period, our net profit margin was 3.2%, 5.0% and 3.3%, respectively. See "– Review of Historical Results of Operations" for factors affecting our net profit margin during the respective periods.

Adjusted Net Profit Margin (Non-IFRS Measure)

For each year of the Track Record Period, our adjusted net profit margin (non-IFRS measure) was 3.2%, 5.4% and 3.6%, respectively.

Return on Equity

Our return on equity increased from 8.5% in 2022 to 14.9% in 2023, primarily attributable to the significant increase in our profit for the year. Our return on equity decreased to 8.2% in 2024, primarily attributable to the decrease in our profit for the year ended December 31, 2024.

Return on Total Assets

Our return on total assets increased from 5.5% in 2022 to 9.7% in 2023, primarily attributable to the significant increase in our profit for the year. Our return on total assets decreased to 5.2% in 2024, primarily attributable to the decrease in our profit for the year ended December 31, 2024.

Current Ratio

Our current ratio remained relatively stable at 2.1, 2.2 and 1.8 as of December 31, 2022, 2023 and 2024, respectively.

Quick Ratio

Our quick ratio remained relatively stable at 1.6, 1.8 and 1.4 as of December 31, 2022, 2023 and 2024, respectively.

Inventory Turnover Days

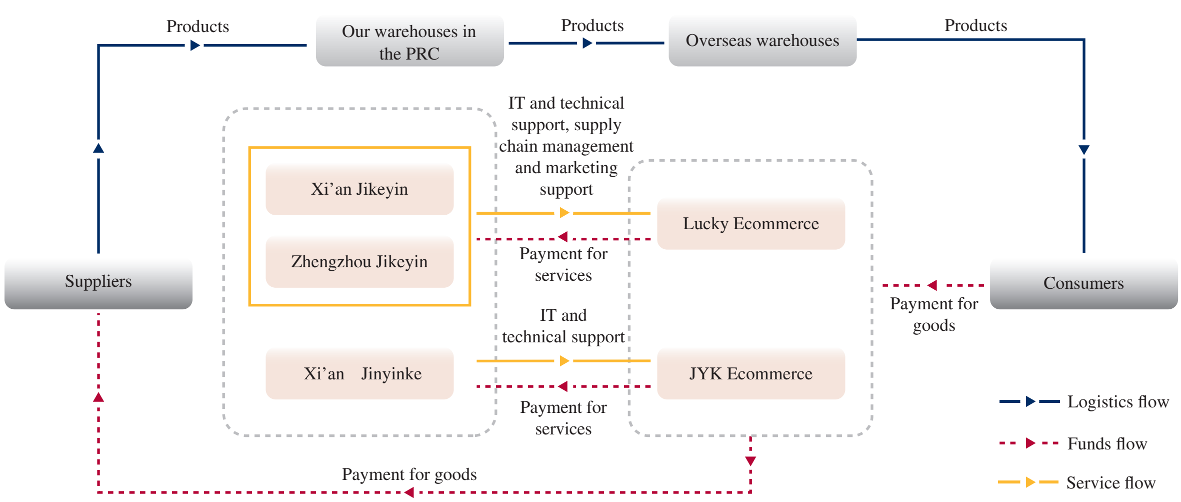
For each year of the Track Record Period, our inventory turnover days were 52.5 days, 49.1 days and 54.9 days, respectively. See "– Selected Items from the Consolidated Balance Sheets – Inventories" for details.

Debt-to-equity Ratio

Our debt-to-equity ratio decreased from 14.6% as of December 31, 2022 to 11.2% as of December 31, 2023, primarily due to the decrease in interest-bearing bank borrowings. Our debt-to-equity ratio remained relatively stable at 11.2% as of December 31, 2024.

TRANSFER PRICING ARRANGEMENT

During the Track Record Period, we conducted our operations primarily through our subsidiaries in Mainland China and Hong Kong SAR. We primarily conducted our cross-border e-commerce sales activities through Lucky Ecommerce and JYK Ecommerce, our subsidiaries in Hong Kong SAR. In this process, our subsidiaries in Mainland China, including Zhengzhou Jikeyin, Xi'an Jikeyin and Xi'an Jinyinke, were responsible for the provision of the services related to IT and technical support, supply chain management, and marketing support, to Lucky Ecommerce and JYK Ecommerce (the "**Covered Transactions**"). With the help of our subsidiaries in Mainland China, Lucky Ecommerce and JYK Ecommerce then sold the products to our overseas customers through landing pages on third-party e-commerce platforms. Set out below are the logistics, fund and service flow between Mainland China and Hong Kong SAR:



We have engaged an international professional accounting firm as an independent transfer pricing consultant (the "**Transfer Pricing Advisor**") to conduct a transfer pricing review and benchmarking studies on the Covered Transactions during the Track Record Period to assess whether our transfer pricing arrangements were consistent with the arm's length principle from the perspective of Mainland China and Hong Kong SAR's transfer pricing regulations.

The Transfer Pricing Advisor selected transactional net margin method ("**TNMM**") as the most appropriate transfer pricing method to assess whether the transfer pricing arrangements related to the Covered Transactions were consistent with the arm's length principle. TNMM compares the operating profit margin of the tested parties involved in the Covered Transactions with the same of comparable independent parties. After a series of independent screening and comparison, the Transfer Pricing Advisor concluded that the weighted average operating margin of Lucky Ecommerce and JYK Ecommerce during the Track Record Period, was 0.56% and 2.86%, respectively, which fell within the inter-quartile range of the operating margin of the comparable companies, being 0.26% to 6.28%, and the transfer pricing arrangements for the Covered Transactions were consistent with the arm's length principle during the Track Record Period based on the prevailing transfer pricing regulations in the PRC and Hong Kong SAR.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we were not aware of any outstanding enquiries, audit, investigation or challenge by any tax authorities in Hong Kong SAR and Mainland China in relation to our intra-group transactions and transfer pricing arrangements.

We have been and will continue to closely monitor our transfer pricing arrangement including reviewing the reasonableness of the pricing policy of intra-group transactions from time to time. However, similar to other matters relating to tax, we cannot assure that our transfer pricing arrangement will not be subject to review and possible challenge by any tax authorities in future, though the Directors believe that we have reasonable grounds to defend ourselves against such possible challenge. Please see the section headed "Risk Factors – Risks Relating to Our Business and Industry – We may be subject to risks associated with our transfer pricing arrangement" in this Prospectus for further details.

MARKET RISKS

We are exposed to various types of financial and market risks, including foreign currency risk, credit risk and liquidity risk. Our Directors review and agree on financial management policies and practices for managing each of these risks. See Note 46 to the Accountants' Report set out in Appendix IA to this Prospectus for further details.

Foreign Currency Risk

We have transactional currency exposures, which arise from overseas sales of products in our cross-border social e-commerce business and paper packaging products in our paper packaging business, and purchases of logistics and advertisement services with payments to overseas suppliers. We sell products to customers in various countries and regions with most of our monetary assets, liabilities and transactions principally denominated in RMB, U.S. dollars and Japanese yen. We are exposed to foreign currency risk arising from fluctuations in exchange rates between RMB, U.S. dollars and other currencies where we sell our products. To mitigate our foreign exchange risk, we have adopted a prudent foreign exchange hedging policy. Under such policy, we enter into arrangements for hedging purposes only and not for speculative purposes. We have implemented internal procedures to monitor our hedging transactions which include limitations on transaction types and transaction value, formulation and review of hedging strategies in light of different risks involved and other risk management measures. We also mitigate our foreign exchange risk through conversion of foreign currencies.

During the Track Record Period, we entered into foreign currency forward contracts for hedging purposes. As of December 31, 2024, we did not have any outstanding foreign currency forward contracts. Major terms of the foreign currency forward contracts we entered into during the Track Record Period and the realized gain/loss from each contract were as follows:

For the year ended December 31, 2022:

Notional amount	Forward contract rates	Contract date	Expiry date	Realized gains/(losses)
US$2,000,000	US$1 to RMB6.3536	January 28, 2022	February 11, 2022	RMB15,200
US$4,000,000	US$1 to RMB6.3663	March 14, 2022	June 14, 2022	RMB(1,530,800)
US$3,000,000	US$1 to RMB6.3986	March 15, 2022	June 15, 2022	RMB(1,037,400)
US$2,000,000	US$1 to RMB6.444	April 21, 2022	July 21, 2022	RMB(607,000)
US$2,000,000	US$1 to RMB6.5636	April 27, 2022	July 27, 2022	RMB(345,400)
US$2,000,000	US$1 to RMB6.5958	April 29, 2022	July 29, 2022	RMB(237,800)

For the year ended December 31, 2023:

Notional amount	Forward contract rates	Contract date	Expiry date	Realized gains/(losses)
US$4,000,000	US$1 to RMB 6.9101	May 11, 2023	June 11, 2023	RMB(822,000)
US$3,000,000	US$1 to RMB 6.8771	March 29, 2023	June 29, 2023	RMB(1,161,900)

For the year ended December 31, 2024:

Notional amount	Forward contract rates	Contract date	Expiry date	Realized gains/(losses)
US$1,500,000	US$1 to RMB 7.2422	May 24, 2024	June 11, 2024	RMB193,000
US$2,000,000	US$1 to RMB 7.2832	June 26, 2024	July 12, 2024	RMB303,000
US$2,000,000	US$1 to RMB 7.0975	October 15, 2024	November 18, 2024	RMB(186,000)
US$2,000,000	US$1 to RMB 7.1410	November 6, 2024	December 9, 2024	RMB(89,000)

Credit Risk

Credit risk arises mainly from the risk that counterparties may default on the terms of their agreements. Credit risk also arises from customer concentration. As of December 31, 2022, 2023 and 2024, we had certain concentration of credit risk as 51.4%, 55.9% and 50.5% of the book balance of our trade receivable was due from our five largest customers for each year during the Track Record Period, respectively.

We have established policies to evaluate credit risk when accepting new business and to limit our credit exposure to individual clients. We trade only with recognized and creditworthy clients and third parties. It is our policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, we monitor receivable balances on an on-going basis and our exposure to bad debts is insignificant except for items individually assessed. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without the specific approval of the deputy general manager.

Liquidity Risk

We aim to maintain sufficient cash and credit lines to meet our liquidity requirements. We monitor our exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. Our policy is that all the borrowings should be approved by the chief financial officer.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following table of our unaudited pro forma adjusted consolidated net tangible assets was prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on our net tangible assets as of December 31, 2024 as if it had taken place on that date. The table of unaudited pro forma adjusted consolidated net tangible assets of our Group have been prepared for illustrative purpose only and, because of their hypothetical nature, they may not give a true picture of our net tangible assets had the Global Offering been completed as of December 31, 2024 or at any future date.

The unaudited pro forma adjusted consolidated net tangible assets set out below are calculated based on our audited consolidated net assets attributable to owners of our Company as of December 31, 2024, as shown in the Accountants' Report, the text of which is included in Appendix IA to this Prospectus, and is adjusted as described below:

	Consolidated net tangible assets of our Group attributable to owners of our Company as of December 31, 2024	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of December 31, 2024	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*(HK$ equivalent)*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$7.48 per Offer Share	2,172,529	373,179	2,545,708	5.62	6.06
Based on an Offer Price of HK$10.68 per Offer Share	2,172,529	564,461	2,736,990	6.05	6.52

Notes:

(1) The consolidated net tangible assets attributable to owners of our Company as of December 31, 2024 is arrived at after deducting other intangible assets of RMB19,910,000 and goodwill of RMB9,585,000 as at December 31, 2024 from the consolidated equity attributable to owners of the Company of RMB2,202,024,000 as at December 31, 2024 set out in the Accountants' Report in Appendix IA in this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on the estimated low end and high end offer prices of HK$7.48 and HK$10.68 per H Share after deduction of the underwriting fees and commissions and other related expenses payable by our Group (excluding the listing expenses that have been charged to profit or loss during the Track Record Period).

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 452,679,288 Shares, being the number of Shares in issue assuming that the Global Offering had been completed on December 31, 2024 and excluding the impact of the subsequent events: (i) the Company repurchased 744,200 A shares with the consideration of RMB9.6 million from January 1, 2025 to April 30, 2025 and (ii) on 15 May 2025, the Company announced a cash dividend of RMB59,724,000 to be distributed. Including the impact of subsequent events, the unaudited pro forma adjusted consolidated net tangible assets per Share as of December 31, 2024 would be HK$5.90 and HK$6.35, based on an Offer Price of HK$7.48 and HK$10.68 per Share, respectively.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB1.00 to HK$1.0781.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible asset of the Group to reflect any trading result or other transactions entered into subsequent to December 31, 2024.

DIVIDENDS

During the Track Record Period, we declared (i) an interim dividend for the first three quarters in 2022 of RMB99.5 million in January 2023, representing a dividend of RMB2.63 (inclusive of tax) for every 10 A Shares of our Company, (ii) an interim dividend for the half year in 2023 of RMB75.7 million in September 2023, representing a dividend of RMB2.00 (inclusive of tax) for every 10 A Shares of our Company, (iii) an annual dividend for 2023 of RMB136.8 million in March 2024, representing a dividend of RMB3.60 (inclusive of tax) for every 10 A Shares of our Company (based on the number of A Shares as of the date of approval of the dividend declaration by our Board of Directors, excluding the A Shares repurchased and held as treasury shares), and (iv) an interim dividend for the first three quarters of 2024 of RMB68.2 million in November 2024, representing a dividend of RMB1.80 (inclusive of tax) for every 10 A Shares of our Company (based on the number of A Shares as of the date of approval of the dividend declaration by our Board of Directors, excluding the A Shares repurchased and held as treasury shares). All such dividends have been fully settled. Furthermore, in May 2025, we also declared the distribution of annual dividend for 2024, according to which an aggregate amount of RMB59.7 million, representing a dividend of RMB1.58 (inclusive of tax) for every 10 A Shares of our Company (based on the number of A Shares as of the date of the announcement, excluding the A Shares repurchased and held as treasury shares) is announced to be settled in cash.

As of the Latest Practicable Date, we did not maintain any fixed dividend payout policy. Our Board of Directors may declare dividends by way of cash or shares, or a combination of both cash and shares, after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment of dividends will be subject to our constitutional documents and applicable laws. Under our Articles of Association, our Company shall give priority to the distribution of cash dividends and declare cash dividends once per year in principle (subject to declaration of interim dividends), in the amount of at least 20% of our profit available for distribution generated in that year, provided that (i) our Company's profit available for distribution generated in the year or half-year period and accumulated profits available for distribution are positive, (ii) our Company has sufficient cash and the payment of dividends would not affect the sustainability of our operations, (iii) our Company's auditor has issued an unqualified opinion on our financial statements of that year, and (iv) our Company does not have any significant investment plan or significant cash expenditure. Our shareholders at a general meeting must approve any declaration of dividends, which must not exceed the amount recommended by our Board of Directors. In addition, our Directors may from time to time pay such interim dividends as our Board of Directors considers to be justified by our profits and overall financial requirements. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declaration of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board of Directors.

We may purchase Shares from time to time in the secondary market through auction trading. Share repurchases shall be reviewed and approved by our Board of Directors. In 2022, our Company repurchased 9,070,800 restricted shares for RMB117.6 million due to the cancelation of the 2021 Restricted Share Incentive Plan. For the year ended December 31, 2023, an aggregate of 470,900 Shares have been repurchased by the Company with a total consideration of RMB10.1 million recognized as treasury shares. See "History and Corporate Structure – Our Corporate History – Adoption and Cancelation of the 2021 Restricted Share Incentive Plan" for details.

DISTRIBUTABLE RESERVES

As of December 31, 2024, our Company had distributable reserves of RMB221.8 million which are available for distribution to our Shareholders.

LISTING EXPENSES

Our listing expenses mainly include (i) underwriting-related expenses, such as underwriting fees and commissions, and (ii) non-underwriting-related expenses, comprising professional fees paid to our legal advisors and reporting accountants for their services rendered in relation to the Listing and the Global Offering, and other fees and expenses. Assuming an Offer Price of HK$9.08 per H Share (being the mid-point of the indicative Offer Price range stated in this Prospectus), the estimated total listing expenses for the Global Offering are approximately RMB104.7 million (equivalent to HK$112.8 million), accounting for approximately 18.3% of our gross proceeds. Among such estimated total listing expenses, we expect to pay underwriting-related expenses of RMB29.2 million, professional fees for our legal advisors and reporting accountants of RMB37.2 million and other fees and expenses of RMB38.3 million. An estimated amount of RMB13.4 million for our listing expenses is expected to be expensed through the statement of profit or loss and an estimated amount of RMB91.2 million is expected to be recognized directly as a deduction from equity upon the Listing.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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

RECENT DEVELOPMENT

See "Summary – Recent Development and No Material Adverse Change" in this Prospectus for further details of the recent developments of our business, operations, financial performance and financial positions.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this Prospectus, there had been no material adverse change in our financial or operating position or prospects since December 31, 2024, which is the end date of the periods reported on in the Accountants' Report set out in Appendix IA to this Prospectus, and there had been no event since December 31, 2024 and up to the date of this Prospectus that would materially affect the information as set out in the Accountants' Report included in Appendix IA to this Prospectus.

FUTURE PLANS

Our operations span across our cross-border social e-commerce business and FMCG paper packaging business. We are committed to continuously adapting and innovating, discovering and developing popular products and services, and empowering Chinese brands to reach the world through digitalization. We intend to achieve this through our growth strategies. For details, please refer to the paragraph headed "Business – Our Strategies."

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$505.4 million, after deducting underwriting commissions, fees and estimated expenses borne by us in connection with the Global Offering, and at the Offer Price of HK$9.08 per Share (being the mid-point of the indicative Offer Price range of HK$7.48 and HK$10.68).

We currently intend to apply these net proceeds for the following purposes:

- Approximately 40%, or HK$202.2 million, will be allocated to overseas market expansion, including:

  (i) Approximately 30%, or HK$151.6 million, for expanding our cross-border social e-commerce business in regions in Asia that we have not established our footprint as well as Europe and Latin America. We intend to invest approximately (i) HK$50.6 million to partially fund our expansion in Asia; and (ii) HK$101.0 million to partially fund our expansion in Europe and Latin America. We intend to promote products on social media platforms in these regions and on recruiting approximately 35 to 45 sales and marketing personnel who generally possess bachelor's degrees with more than three years of work experience in cross-border social e-commerce in Mainland China to support our expansion overseas.

  - ***Asia.*** We plan to expand our cross-border social e-commerce business in regions in Southeast Asia that we have not established our footprint, such as Vietnam and Indonesia. According to CIC, in 2024, in terms of revenue, the market size of China's B2C outbound social media e-commerce in the Asian market amounted to US$29.1 billion. It is anticipated that the market size will increase to US$69.5 billion in 2029, with a CAGR of 19.0% from 2024. With the ongoing proliferation of the mobile Internet in the Asian region, China's B2C outbound social media e-commerce in the Asian market is poised to exhibit significant growth potential in the future. It is anticipated that the social media penetration rate in Asia, excluding Mainland China, will increase to 55.0% by 2029, opening up even more opportunities for social media e-commerce. Hence, we believe there are sufficient opportunities for growth in the Asian market.

Social media e-commerce market in Southeast Asia has experienced meaningful growth and is expected to bloom with the increase in proliferation of mobile Internet. According to CIC, the market size of China's B2C outbound social media e-commerce business in Southeast Asia amounted to US$10.2 billion in 2024, representing a year-on-year growth rate of 28.8% from the previous year. Driven by the unique demographics structure in Southeast Asia, social media e-commerce market in such region is expected to grow significantly in the near future. Comparing with other regions around the world, Southeast Asia has a more youthful and vibrant population. According to CIC, the median age of the population in Southeast Asia is approximately 31.9 in 2024 and is expected to increase to approximately 33.4 in 2029. Young people generally have higher acceptance of Internet and social media. In addition, the utilization of social media platforms is undergoing proliferation in Southeast Asia. The social media penetration rate in Southeast Asia increased from 52.1% in 2020 to 59.3% in 2024. With the ongoing proliferation of the social media in Southeast Asia, the market size of China's B2C outbound social media e-commerce business in Southeast Asia is expected to increase to US$24.7 billion in 2029, with a CAGR of 19.4% from 2024, presenting sufficient market opportunities for us to expand our operations.

Specifically, the e-commerce markets in Vietnam and Indonesia present significant opportunities for our business. According to CIC, the market size of China's B2C outbound social media e-commerce market in Vietnam and Indonesia amounted to US$3.0 billion and US$1.1 billion in 2024, respectively, in terms of revenue.

With our experience in the Asian market, we believe we are able to capture the market opportunities in aforementioned regions. Through years of investment in the Asian market, we have established an extensive supply chain network and well-structured operation process. We have deep collaboration with cross-border logistic providers and payment service providers in the Asian market, which can help us establish our footprint in the aforementioned regions.

- ***Europe and Latin America.*** According to CIC, as measured by revenue, the size of China's B2C outbound social media e-commerce business in (i) the European market is expected to reach US$26.6 billion for 2029 from US$11.9 billion for 2024, with a CAGR of 17.5%; and (ii) the Latin American market is expected to reach US$11.8 billion for 2029 from US$4.7 billion for 2024, with a CAGR of 20.0%. Social media e-commerce markets in Europe and Latin America are at their early stage, which present sufficient opportunities for growth and expansion. According to CIC, the social media e-commerce penetration rate in European and Latin America increased from 11.4% and 11.5% in 2020 to 12.6% and 13.3% in 2024, respectively. Leveraging our experience in the Asian market, we are well positioned to capture the growth in these regions.

Leveraging our data-driven management system and our dynamic data analytical capabilities and our years of experiences in cross-border social e-commerce market, we have established capabilities in discovering high quality Chinese consumer goods to match the needs of targeted consumers.

(ii) Approximately 10%, or HK$50.5 million, for upgrading our logistics and warehousing system at our warehouse in Mainland China. As we strive to enhance the diversity of our products and efficiency of our services, our existing warehouse in Guangdong has become inadequate, with traditional equipment and limited spaces. The condition of our warehouse has strained the growth of our cross-border social e-commerce business. To effectively address these challenges and bolster efficiency of our supply chain management capabilities, we plan to invest approximately (i) HK$15.2 million to partially fund the renovation of our existing warehouse and (ii) HK$35.3 million to partially fund the acquisition of intelligent equipment, such as intelligent sorter, forklift, belt line transfer equipment and weighing and loading equipment, to create an automated, intelligent and efficient e-commerce warehouse. Through investments in smart logistics and warehousing system, we can achieve a more efficient and cost-effective delivery and distribution process, which can lead to increase in customer satisfaction and loyalty as well as enhancements in our operational efficiency and reduction in costs.

- Approximately 35%, or HK$176.9 million, will be allocated to our technology development in (1) our research and development capabilities, (2) data analytical capabilities to enhance our business efficiency, and (3) GiiMall to expand our revenue streams, including:

(i) Approximately 20%, or HK$101.1 million, for enhancing our R&D capabilities in AI technologies, among which approximately (i) HK$50.5 million will be allocated to partially fund the investments in hardware infrastructure and (ii) HK$50.6 million will be allocated to partially fund recruitment of more research and development professionals to support our software development.

To enhance the functionality and security of our Giikin platform, we plan to acquire approximately 40 to 60 hardware equipment, such as high-performance computing servers to meet the challenges of complex AI model training and GPU acceleration cards to provide powerful acceleration support for AI model training.

To further enhance our R&D capabilities, we plan to recruit more professionals in connection with our research and development activities to be carried out under our new and existing research and development centers, such as development of AI applications used to design and perform quality inspection of our paper packaging business as well as automation of supply chain management and customer services. In particular, we plan to recruit approximately 20 to 40 research and development professionals with master's degree or above, who have more than three years of experience in AI and big data analytics, to facilitate the construction, maintenance and upgrading of our Giikin platform and lead in-depth research and development of AI technologies. In addition, we will also recruit one or two experienced operation and maintenance personnel with bachelor's degree or above to ensure the stable operation, safety and reliability of our hardware infrastructures.

(ii) Approximately 10%, or HK$50.5 million, for enhancing our data analytics capabilities in the areas of sales prediction, precision marketing, goods discovery and, purchase and after sales services. Specifically, we intend to allocate R&D expenses in the development of data analytics tools, such as time series analysis, machine learning model, recommendation model, correlation rule learning and sentiment analysis, to further enhance our data analytics capabilities, which would enhance our operational capabilities in sales prediction, precision marketing, goods discovery and after sales services. We believe advanced data analytics tools will allow us to draw deeper and more accurate insights, and enhance the accuracy of our algorithms and improve the efficacy of our product discovery and advertisement placement efforts, ultimately translating into higher profitability.

(iii) Approximately 5%, or HK$25.3 million, for enhancing our GiiMall SaaS business. China's B2C outbound e-commerce market has demonstrated remarkable market vitality and is expected to further grow as more overseas consumers embrace the concept of online shopping. In terms of revenue, the size of China's B2C outbound e-commerce market was US$457.4 billion in 2024. Furthermore, the market size is expected to reach US$927.6 billion in 2029, representing 11.4% of the global B2C e-commerce market, with a CAGR of 15.2% from 2024. According to CIC, witnessing the growth in China's B2C outbound e-commerce, more and more consumer goods SMEs are seeking opportunities to sell their products overseas. However, according to CIC, a large number of upstream consumer goods SMEs in Mainland China do not have the capability to front the complexity and uncertainties arising from cross-border logistics processes such as transportation, customs clearance and tax payment, as well as from using different currencies and payment systems, and language barriers. Such complexity and uncertainties fostered significant business opportunities for our GiiMall system, a one-stop service SaaS platform, helping suppliers build landing pages and sell their products to consumers outside of Mainland China through a unified streamlined dashboard. See "Business – Our Cross-border Social E-commerce Business – Our Technology Capabilities – Our GiiMall SaaS Platform."

For the past three years, we have been providing GiiMall to Mainland China-based cross-border e-commerce suppliers on a complimentary basis for testing purposes. Through feedbacks collected from these suppliers over the past three years, we intend to further improve and iterate our GiiMall platform to better serve these suppliers and pave the way for our future subscription fee-based pricing model. In particular, we plan to build more applications, such as smart advertisements, and enhance our existing applications, such as AI translation, automated customer service and automated image and video processing, on GiiMall, effectively addressing the pain points of upstream consumer goods SMEs, including language barriers, lack of marketing experience and knowhow in overseas market and deficiencies in technology capabilities. We will continue to strengthen the localization of GiiMall through adopting different languages. In addition, we will continue to invest in our ERP system. We intend to build GiiMall as an open platform that can facilitate the sharing of data and resources to facilitate synergies among different participants. Through continuous innovation and iterative development of GiiMall, we can equip GiiMall with advanced technologies and more modules in order to address the changing needs of consumers while ensuring the stability and security of the platform.

We intend to charge service fees for some of our more frequently used applications on GiiMall in the future, such as order recall and automatic discount management. This pricing strategy will help us gradually realize commercialization of GiiMall without placing significant burden on our customers. We will adopt a fully charged subscription fee-based pricing model after the refinement of GillMall platform. After adopting the subscription fee-based pricing model, we intend to further promote our GiiMall SaaS business using net proceeds received from the Global Offering through various sales and marketing channels to reach more customers, including on-the-ground promotion team to reach customers in specific areas, online marketing methods, such as marketing through search engine optimization, social and emails, participation in industry exhibitions and establishing strategic cooperation with other established players in the industry.

- Approximately 15%, or HK$75.8 million, will be allocated to the expansion of our brands portfolio and development of our existing self-developed brands, including:

  (i) Approximately 13%, or HK$65.7 million, for expansion of our brands, among which approximately (i) HK$26.3 million will be allocated to partially fund the external acquisition of existing brands, and (ii) HK$39.4 million will be allocated to partially fund the internal incubation of new brands . We intend to expand our brand portfolio to include approximately five to eight new brands through either acquisition or internal incubation.

  We intend to, by way of purchasing all or the majority of equity interests, acquire the whole business of the existing brands in the Asian market developed by third parties that in the daily consumption categories (including but not limited to cosmetics, jewelry and accessories and sportswear) that are among the top 30 suppliers in the relevant categories as ranked by leading e-commerce platforms with distinctive brand recognition, an existing well-established supply chain and no less than 15% customer repurchasing rate. We plan to collaborate with third-party manufacturers, with an intention to maximize financial returns of the acquired brands. According to CIC, such acquisition targets are generally available in the market. We currently do not have any specific targets or targets under negotiation. Through acquisition of existing brands, we can also realize synergies and complementary benefits through cooperation on resources, operations and research and development. Leveraging our experience operating our own brands, we plan to continue to promote and market the acquired brands through our AI technologies and research and development capabilities.

  In addition, we intend recruit professionals and acquire relevant equipment to facilitate our internal incubation process. We intend to establish a marketing center and recruit a team of 20 to 30 marketing professionals with bachelor's degree or above, who have experience in brand operation, for each brands developed internally to support the promotion and marketing of brands developed by our internal entrepreneurship teams. We also intend to acquire relevant equipment, such as professional filming equipment and photo and video material editing tools to support our marketing team. Our internal incubation process provides opportunities for our employees to innovate and for our company to increase our market share in the global cross-border social e-commerce market and our revenue generating capabilities.

(ii) Approximately 2%, or HK$10.1 million, for further enhance the brand awareness of our existing brands through continued marketing efforts on various social media platforms, and cooperation with celebrities and KOLs to promote our own brands. Through these marketing strategies, we can continue to strengthen the customer stickiness of our existing brands and enhance the ranking of our brands in their respective product categories.

- Approximately 10%, or HK$50.5 million, will be allocated to our working capital and general corporate purposes.

The remaining balance of above-mentioned use of proceeds will be funded out of our internal resources.

The table below sets forth the expected implementation timetable of our planned use our proceeds:

	Years ending December 31,			
	2025	**2026**	**2027**	**Total**
	(HK$ in millions)			
Overseas market expansion	60.7	101.1	40.4	202.2
Enhancing research and development capability and improving technology infrastructure	70.7	70.7	35.4	176.9
Development of our self-developed brands	30.3	30.3	15.1	75.8
Working capital and general corporate purposes	17.7	17.7	15.1	50.5

If the Offer Price is set at the high-end or the low-end of the indicative Offer Price range, being HK$7.48 or HK$10.68 per Offer Share, respectively, the net proceeds to us from the Global Offering will respectively increase or decrease by approximately HK$103.1 million.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we will only hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance, or applicable laws and regulations in other jurisdictions so long as it is deemed to be in the best interests of our Company.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
CMB International Capital Limited

(in alphabetical order)

BOCI Asia Limited
China Galaxy International Securities (Hong Kong) Co., Limited
ICBC International Securities Limited
CCB International Capital Limited
Quam Securities Limited
SDHG International Securities Limited
Fosun International Securities Limited
Long Bridge HK Limited
Livermore Holdings Limited
Sinolink Securities (Hong Kong) Company Limited
Huafu International Securities 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.

The Global Offering comprises the Hong Kong Public Offering of initially 6,791,000 Hong Kong Offer Shares and the International Offering of initially 61,119,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this Prospectus.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 6,791,000 Hong Kong Offer Shares (subject to reallocation) for subscription by way of the Hong Kong Public Offering on and subject to the terms and conditions of this Prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not having been withdrawn; and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to apply or procure applications, on the terms and conditions of this Prospectus, for their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been signed 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, in its sole and absolute discretion and by giving notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

(i) there develops, occurs, exists or comes into effect:

(a) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent governmental authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore, Malaysia, Taiwan, Korea, Thailand, Saudi Arabia, Philippines, or other jurisdictions relevant to our Group or the Global Offering (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**");

(b) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies) or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares;

(c) any event or series of events, whether in continuation, or circumstances 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, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, (including without limitation COVID-19, SARS, MERS, H5N1, H1N1, H1N7, H7N9, Ebola, swine or avian influenza or such related/mutated forms), accident or interruption or delay in transportation, destruction of power plant) in or affecting any of the Relevant Jurisdictions, or without limiting the foregoing, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed), or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions;

(d) any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (i) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (ii) the trading in any securities of our Company listed or quoted on a stock exchange or an over-the-counter market;

(e) any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions;

(f) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by our Company of a supplement or amendment to this Prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange, the SFC, the Shenzhen Stock Exchange and/or the CSRC;

(g) the commencement by any governmental authority or other regulatory or political body or organization of any public action or investigation against any member of our Group or a director, supervisors (as applicable) or a senior management member of our Company in his/her capacity as such or announcing an intention to take any such action;

(h) the imposition of sanctions or export controls on any member of our Group or any of the Single Largest Group of Shareholders, or the withdrawal of trading privileges which existed on the date of Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction;

(i) any valid demand by creditors for repayment of indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity;

(j) any non-compliance of this Prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC filings, or any aspect of the Global Offering with the Listing Rules, the CSRC Rules, or any other applicable laws;

(k) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of our Group or any the Single Largest Group of Shareholders or any Director, Supervisors or senior management members as named in this Prospectus;

(l) any contravention by the warrantors, any member of our Group, or any Director or Supervisor of the Listing Rules or applicable laws;

(m) any change or prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this Prospectus;

(n) any adverse change or prospective adverse change in the earnings, results of operations, business, business prospects, financial or trading position, conditions (financial or otherwise) or prospects (including any litigation or claim of any third party being threatened or instigated against any member of our Group) of our Group as a whole, which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

  (A) has or will or may have a material adverse effect, whether directly or indirectly, 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 Company or our Group as a whole, or to any present or prospective shareholder of our Company in its/his/her capacity as such;

  (B) has or will 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 indications of interest under the International Offering;

  (C) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged 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 below);

  (D) has or will or may have the effect of making any part of Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(ii) there has come to the notice of the Joint Sponsor and the Overall Coordinators that:

(a) any statement contained in any of this Prospectus and the formal notice, the preliminary offering circular, the offering circular and any other announcement, document, materials, communications or information made, issued, given, released, arising out of or used in connection with or in relation to the contemplated offering and sale of the Offer Shares or otherwise in connection with the Global Offering, including, without limitation, any information, materials and documents issued, given or presented in any of the investor presentations and/or roadshow presentations conducted by or on behalf of the Company in connection with the Global Offering relating to the Offer Shares (the "**Offering Documents**"), the filing materials with the CSRC 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) (the "**Global Offering Documents**") was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith;

(b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material omission or misstatement in any Global Offering Document;

(c) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, undertakings, provisions or warranties given by our Company or the Single Largest Group of Shareholders in Hong Kong Underwriting Agreement or the International Underwriting Agreement;

(d) any event, act or omission which gives rise or is likely to give rise to any liability of any member of the Single Largest Group of Shareholders pursuant to the indemnities in the Hong Kong Underwriting Agreement;

(e) any breach of any of the obligations or undertakings imposed upon our Company or any member of the Single Largest Group of Shareholders to the Hong Kong Underwriting Agreement or the International Underwriting Agreement;

(f) any litigation or dispute or potential litigation or dispute, which would adversely affect the operation, financial condition, reputation or composition of the board of our Group in a material respect;

(g) there is any change or development involving a prospective change, having a material adverse effect;

(h) that the Chairman of the Board, any Director, Supervisor or any member of senior management of our Company named in this Prospectus seeks to retire, or is removed from office or vacating his/her office;

(i) any Director, Supervisor or any member of senior management of our Company named in this Prospectus is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company;

(j) our Company withdraws this Prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering;

(k) that the approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;

(l) any person (other than any of the Joint Sponsors) has withdrawn its consent to the issue of this Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(m) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering;

(n) any person (other than the Joint Sponsors and the Overall Coordinators) has withdrawn or sought to withdraw its consent to being named in any of the Offering Documents or to the issue of any of the Offering Documents;

(o) an order or petition is presented for the winding-up or liquidation of any member of our Group, or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group;

(p) (A) 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 (B) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by our Company of a supplement or amendment to the CSRC filings pursuant to the CSRC Rules or upon any requirement or request of the CSRC; or (C) any non-compliance of the filing materials with the CSRC under the CSRC Rules or any other applicable laws;

(q) that a material portion of the orders placed or confirmed in the bookbuilding process, or investment commitments made by any cornerstone investors under the cornerstone investment agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled; or

(r) any cornerstone investor is unlikely to fulfil its obligation under the respective agreement; or

(s) our Company has withdrawn the Offering Documents (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

In accordance with Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be allotted or issued by us or form the subject of any agreement to such an allotment or issue within six months from the Listing Date (whether or not such issue of Shares or securities of the Company will be completed within six months from the Listing Date), except for the issuance of Shares or securities pursuant to the Global Offering or for circumstances permitted under Rule 10.08 of the Listing Rules.

Undertakings by our Single Largest Group of Shareholders

Pursuant to Rule 10.07 of the Listing Rules, our Single Largest Group of Shareholders has undertaken to us and to the Stock Exchange that, except pursuant to the Global Offering, each of the members of our Single Largest Group of Shareholders will not, and shall procure that any other registered holder(s) (if any) will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules, in the period commencing on the date by reference to which disclosure of his/its shareholding is made in this Prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those shares or securities of the Company in respect of which he/it is shown by this Prospectus to be the beneficial owner (as defined in the Listing Rules).

As at the Latest Practicable Date, Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Mr. Lu Tashan and Tibet Yongyue will hold, directly and indirectly, more than 30% of the total issued share capital of our Company and therefore are regarded as controlling shareholders as defined under the Listing Rules. However, immediately after the Global Offering, Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Mr. Lu Tashan and Tibet Yongyue will hold, directly and indirectly, less than 30% of the total issued share capital of our Company, and each of Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Mr. Lu Tashan and Tibet Yongyue will cease to be a controlling shareholder of our Company. Accordingly, pursuant to the Guide issued by the Stock Exchange, each of Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Mr. Lu Tashan and Tibet Yongyue is subject to the lock-up requirements pursuant to Rule 10.07 of the Listing Rules for the First Six-month Period, but not the period of six months commencing on the date on which the First Six-month Period expires.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company hereby undertakes to each of the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters that except pursuant to the Global Offering, at any time after the date of this Agreement up to and including the date falling six months after the Listing Date (the "**First Six-Month Period**"), we 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:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, 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 create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of our Company 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 share capital or other securities of our Company, as applicable), or deposit any share capital or other securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts (an **"Encumbrance**"); 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 the H Shares or any other securities of our Company, 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 H Shares); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer to or contract to or agree to do any of the foregoing specified in paragraphs (i), (ii) or (iii) or announce or publicly disclose any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six-Month Period). Our Company further agrees that, in the event our Company is allowed to enter into any of the transactions described in paragraphs (i), (ii) or (iii) above or offers to or agrees to or announces or publicly discloses any intention to effect any such transaction during the period of six months commencing on the date on which the First Six-Month Period expires (the "Second Six-Month Period"), we will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any Shares or other securities of our Company.

Undertakings by our Single Largest Group of Shareholders

Each of the Single Largest Group of Shareholders has undertaken to each of our Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, 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, it/he/she will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/him/her will not, at any time during the First Six-Month Period, (i) sell, offer to sell, accept subscription for, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (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 any such other securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts, 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 or any interest therein (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 any such other securities, as applicable or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transaction specified in paragraphs (i) or (ii) above, or (iv) offer to or agree to or announce or publicly disclose any intention to effect any transaction specified in paragraphs (i), (ii) or (iii) above, in each case, whether any of the transactions specified in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise, and whether or not the transactions will be completed within the First Six-Month Period.

THE INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the Joint Sponsors, the Overall Coordinators and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to procure subscribers or purchasers for, or to purchase, their respective proportions of the International Offer Shares being offered under the International Offering (subject to, among other, 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 those in the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

Our Company has agreed to indemnify the International Underwriters against certain liabilities, including liabilities under the U.S. Securities Act.

UNDERWRITING COMMISSIONS AND LISTING EXPENSES

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission equal to 2.8% of the aggregate Offer Price payable for the Offer Shares (the "**Fixed Fees**"). Our Company may, at our sole and absolute discretion, pay to one or more Underwriters or Capital Market Intermediaries an additional incentive equal to 2.3% of the Offer Price payable for the Offer Shares (the "**Discretionary Fees**"). The ratio of the Fixed Fees and the Discretionary Fees (if fully paid) payable to all Underwriters and Capital Market Intermediaries is therefore approximately 55:45. For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission 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. Each of the Joint Sponsors is entitled to sponsor fee in the amount of US$1,000,000.

Assuming an Offer Price of HK$9.08 per Share (being the mid-point of the indicative Offer Price range stated in this Prospectus), the underwriting fees, commissions, together with the Stock Exchange listing fee, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, which are payable by us are estimated to be approximately RMB104.7 million (equivalent to HK$112.8 million).

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that each of the Underwriters and the Capital Market Intermediaries of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates, may individually undertake, and which do not form part of the underwriting process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

(a) under the agreement among the Syndicate Members, all of them must not make bids or purchases or effect any other transactions (including but not limited to issuing any option or derivative or structured product which has, as its underlying asset, any Offer Shares), whether in the open market or otherwise, for the purpose of or with a view to creating actual, or apparent, active trading in the Offer Shares or raising, or maintaining the price of the Offer Shares to or at levels other than those which might otherwise prevail in the open market; and

(b) all of them 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.

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 accounts of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the H Shares. All such activity could occur in Hong Kong SAR and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the 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 H Shares in most cases.

These activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares, and the volatility of the H Shares' share price, and the extent to which this occurs from day to day cannot be estimated.

UNDERWRITERS' AND CAPITAL MARKET INTERMEDIARIES' INTEREST IN OUR GROUP

Except as disclosed in this Prospectus and the obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the Underwriters and the Capital Market Intermediaries has any shareholding interest in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in 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.

JOINT SPONSOR'S INDEPENDENCE

The Joint Sponsors satisfy the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

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:

(i) the Hong Kong Public Offering of initially 6,791,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong SAR as described in "– The Hong Kong Public Offering" below in this section; and

(ii) the International Offering of initially 61,119,000 Offer Shares (subject to reallocation) outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur, as described in "– The International Offering" below in this section.

Investors may either apply for the Hong Kong Offer Shares under the Hong Kong Public Offering, or apply for or indicate an interest for the International Offer Shares under the International Offering, but may not do both.

The 67,910,000 Offer Shares in the Global Offering will represent approximately 15% of our enlarged share capital immediately after the completion of the Global Offering. The underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "Underwriting" in this Prospectus.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in "– The Hong Kong Public Offering – Reallocation" below in this section.

References in this Prospectus to applications, application or subscription monies or procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 6,791,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering. The Hong Kong Offer Shares will represent approximately 1.50% of our Company's enlarged share capital immediately after completion of the Global Offering.

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, 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 out in "– Conditions of the Global Offering" below in this section.

Allocation

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based 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. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of 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 Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided equally into two pools (subject to reallocation at odd lot size): pool A and pool B, both of which are available on an equitable basis to successful applicants with any odd board lots being allocated to pool A:

Pool A: the Offer Shares will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less; and

Pool B: the Offer Shares will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the 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 under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly.

For the purpose of this subsection only, the "subscription price" for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 50% of the Hong Kong Offer Shares initially comprised in the Hong Kong Public Offering (being 3,395,500 Hong Kong Offer Shares) will be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. In accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guide issued by the Stock Exchange, if the Offer Shares under the International Offering are fully subscribed or over-subscribed and the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Hong Kong Offer Shares will be increased to 20,373,000 Offer Shares (in the case of (i)), 27,164,000 Offer Shares (in the case of (ii)) and 33,955,000 Offer Shares (in the case of (iii)), representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively. In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate.

If (i) the Offer Shares under the International Offering are fully subscribed or over-subscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100%, but less than 15 times, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering; or (ii) the Offer Shares under the International Offering are not fully subscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100% of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the Overall Coordinators (for themselves and on behalf of the Underwriters) may, at its discretion, reallocate the Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, provided that the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering following such reallocation shall not be more than 13,582,000 Offer Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, and the final Offer Price shall be fixed at the bottom end of the indicative price range (i.e. HK$7.48 per Offer Share), in accordance with the Guide issued by the Stock Exchange. If both the International Offer Shares and Hong Kong Offer Shares are under-subscribed, the Global Offering will not proceed unless the shortfall is taken up by he Underwriters.

Subject to the above, the Overall Coordinators (for themselves and on behalf of the Underwriters) shall have the discretion to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Overall Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Overall Coordinators deem appropriate.

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 or her that he or she and any person(s) for whose benefit he or she is making the application have 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.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$10.68 per H Share in addition to any brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$5,393.85 for one board lot of 500 H Shares. Further details are set out below in the section headed "How to Apply for the Hong Kong Offer Shares" in this Prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

Subject to the reallocation as described above, our Company will be initially offering for subscription under the International Offering 61,119,000 Offer Shares, representing approximately 90% of the Offer Shares under the Global Offering and approximately 13.50% of our enlarged issued share capital immediately after completion of the Global Offering.

Allocation

The International Offering will include selective marketing of the International Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such International Offer Shares in other jurisdictions outside the United States in reliance on Regulation S. 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. Prospective professional, institutional and other investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Allocation of International Offer Shares pursuant to the International Offering will be determined by the Overall Coordinators (for themselves and on behalf of the Underwriters) and will be 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 Stock Exchange. Such allocation is intended to result in a distribution of the 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 our Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered the International 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 Coordinator so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that they are excluded from any application of the Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection headed "– The Hong Kong Public Offering – Reallocation" above, and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

PRICING AND ALLOCATION

The Offer Price will not be more than HK$10.68 per Offer Share and is expected to be not less than HK$7.48 per Offer Share, unless otherwise announced as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum Offer Price of HK$10.68 per Offer Share, plus 1.0% brokerage, 0.0027% SFC transaction levy, 0.00015% AFRC transaction levy and 0.00565% Stock Exchange trading fee, amounting to a total of HK$5,393.85 for one board lot of 500 H Shares.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring 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 around, the last day for lodging applications under the Hong Kong Public Offering.

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 investors during the book-building process, and with the prior consent of our Company, reduce the number of Offer Shares and/or the Offer Price below that stated in this Prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a situation, 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, post a notice on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of our Company (**www.jihong.cn**) (the contents of the website do not form a part of this Prospectus). Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental Prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price together with an update of all financial and other information in connection with such change, and such number of Offer Shares and/or the Offer Price will be final and conclusive. The Global Offering must first be cancelled and subsequently relaunched on FINI pursuant to a supplemental prospectus or a new prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any notice of a reduction in the number of Offer Shares and/or the Offer Price may not be made until the last day for lodging applications under the Hong Kong Public Offering, which is Thursday, May 22, 2025. In the absence of any such supplemental or new Prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with our Company and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) will under no circumstances be set outside the Offer Price stated in this Prospectus.

If there is any change to the offer size due to change in the number of Offer Shares offered in the Global Offering (other than pursuant to the reallocation mechanism as disclosed in this Prospectus), or change to the Offer Price which leads to the resulting price falling outside the indicative Offer Price range as stated in this Prospectus, or if the Company becomes aware that there has been a significant change affecting any matter contained in this Prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this Prospectus if it had arisen before this Prospectus was issued, after the issue of this Prospectus and before the commencement of dealings in our Offer Shares as prescribed under Rule 11.13 of the Listing Rules, our Company is required to cancel the Global Offering and issue a supplemental or new Prospectus and subsequently relaunched on FINI pursuant to the supplemental or new Prospectus.

In the event of a reduction in the number of Offer Shares, the Overall Coordinators (for themselves and on behalf of the Underwriters) may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, 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 (for themselves and on behalf of the Underwriters).

The level of indications of interest in the International Offering, the basis of allotment of the Offer Shares available under the Hong Kong Public Offering and the results of allocations in the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section headed "How to Apply for the Hong Kong Offer Shares – D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this Prospectus.

UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

We expect to 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" in this Prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Hong Kong Offer Shares is conditional on, among others:

(i) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

(ii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iii) the obligations of the Hong Kong Underwriters and the Capital Market Intermediaries under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters and the Capital Market Intermediaries under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this Prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering 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 Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.jihong.cn**) on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set forth in the section headed "How to Apply for the Hong Kong Offer Shares – D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this Prospectus. In the meantime, all application monies will be held in 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).

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the H Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H 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 H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the 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.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong SAR on Tuesday, May 27, 2025, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, May 27, 2025.

Our H Shares will be traded in board lots of 500 H Shares each and the stock code of the H Shares is 2603.

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 Offer and below are the procedures for application.

This Prospectus is available at the website of the Stock Exchange at "http://www.hkexnews.hk/" under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.jihong.cn.

The contents of this Prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong SAR 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* **White Form eIPO** *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, a Supervisor or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Monday, May 19, 2025 and end at 12:00 noon on Thursday, May 22, 2025 (Hong Kong SAR time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	**www.eipo.com.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 Monday, May 19, 2025 to 11:30 a.m. on Thursday, May 22, 2025, Hong Kong SAR time. The latest time for completing full payment of application monies will be 12:00 noon on Thursday, May 22, 2025, Hong Kong SAR 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 **White Form eIPO** 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 **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** 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 **White Form eIPO** 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 **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** service provider to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** 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 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 Offer.

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/Joint 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 **White Form eIPO** 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.

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. 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 (including both Hong Kong Residents and Hong Kong Permanent Residents), 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 applicants on FINI is capped at 4[1] 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 **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.

[1] Subject to change, if the Company's Articles of Incorporation and applicable company law prescribe a lower cap.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	500 H Shares
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$10.68 per Share. If you are applying through the HKSCC EIPO channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong SAR.

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 AFRC transaction levy and the Stock Exchange trading fee by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **White Form eIPO** 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	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application
	HK$		*HK$*		*HK$*		*HK$*
500	5,393.85	7,000	75,513.95	50,000	539,385.39	700,000	7,551,395.45
1,000	10,787.71	8,000	86,301.67	60,000	647,262.47	800,000	8,630,166.25
1,500	16,181.56	9,000	97,089.37	70,000	755,139.55	900,000	9,708,937.02
2,000	21,575.42	10,000	107,877.07	80,000	863,016.62	1,000,000	10,787,707.80
2,500	26,969.27	15,000	161,815.62	90,000	970,893.70	1,500,000	16,181,561.70
3,000	32,363.13	20,000	215,754.16	100,000	1,078,770.78	2,000,000	21,575,415.60
3,500	37,756.98	25,000	269,692.70	200,000	2,157,541.55	2,500,000	26,969,269.50
4,000	43,150.82	30,000	323,631.23	300,000	3,236,312.35	3,000,000	32,363,123.40
4,500	48,544.69	35,000	377,569.77	400,000	4,315,083.12	3,395,500(1)	36,629,661.84
5,000	53,938.54	40,000	431,508.31	500,000	5,393,853.90		
6,000	64,726.25	45,000	485,446.85	600,000	6,472,624.68		

Notes:

(1) Maximum number of Hong Kong Offer Share you may apply for.

(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) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

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 **White Form eIPO** service, (ii) HKSCC EIPO channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** 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 authorize 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 **White Form eIPO** 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 Relevant Persons[2], the H 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 H 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 4. Transfer of Personal Data" in this section;

[2] Relevant Persons would include the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediates and any of their or the Company's respective directors, supervisors, officers, employees, partners, agents or representatives and any other parties involved in the Global Offering.

(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 H 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 SAR;

(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 SAR that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong SAR 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 H Share Registrar 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 (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 **White Form eIPO** service or HKSCC EIPO channel:		
Website	The designated results of allocation at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function.	24 hours, from 11:00 p.m. and Monday, May 26, 2025 to 12:00 midnight and Sunday, June 1, 2025 (Hong Kong SAR time)
	The full list of (i) wholly or partially successful applicants using the **White Form eIPO** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the "Allotment Results" page of the **White Form eIPO** service at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**).	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.jihong.cn** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Monday, May 26, 2025 (Hong Kong SAR time)
Telephone	+852 2862 8555 – the allocation results telephone enquiry line provided by the H Share Registrar	Between 9:00 a.m. and 6:00 p.m., from Tuesday, May 27, 2025 to Friday, May 30, 2025 (Hong Kong SAR time)

For those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, May 23, 2025 (Hong Kong SAR time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, May 23, 2025 (Hong Kong SAR 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.jihong.cn** by no later than 11:00 p.m. on May 26, 2025 (Hong Kong SAR 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 H 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. Applications 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 believes 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 Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Public 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 International 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 H 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. DESPATCH/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 evidence of title at 8:00 a.m. on Tuesday, May 27, 2025 (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:

	White Form eIPO service	HKSCC EIPO channel
Despatch/collection of Share certificate[3]		
For physical share certificates of 1,000,000 or more Offer Shares issued under your own name	Collection in person at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong SAR **Time:** from 9:00 a.m. to 1:00 p.m. on Tuesday, May 27, 2025 (Hong Kong SAR time) If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, 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, at the time of collection, evidence of identity acceptable to the H 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	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 No action by you is required

[3] Except in the event of any Severe Weather Signals (as defined below) in force in Hong Kong SAR on the business day before the Listing Date rendering it impossible for the relevant share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H 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. Severe Weather Arrangements" in this section.

	White Form eIPO service	**HKSCC EIPO channel**
For physical share certificates of less than 1,000,000 Offer Shares issued under your own name	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk **Time:** Monday, May 26, 2025	
Refund mechanism for surplus application monies paid by you		
Date	Tuesday, May 27, 2025	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	**White Form** e-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 despatched to the address as specified in your application instructions by ordinary post at your own risk	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, May 22, 2025 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- an "extreme conditions" announcement issued after a super typhoon ("**Extreme Conditions**"),
- (collectively, "**Severe Weather Signals**"),

in force in Hong Kong SAR at any time between 9:00 a.m. and 12:00 noon on Thursday, May 22, 2025.

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 **Severe** 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.jihong.cn** of the revised timetable.

If a **Severe** Weather Signal is hoisted on Monday, May 26, 2025, the H 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 Tuesday, May 27, 2025.

- If a **Severe** Weather Signal is hoisted on Tuesday, May 27, 2025: for physical share certificates of 1,000,000 or more offer shares issued under your own name, you may pick them up from the H Share Registrar's office after the **Severe** Weather Signal is lowered or canceled (e.g. in the afternoon of Tuesday, May 27, 2025 or on Wednesday, May 28, 2025).

- If a Severe Weather Signal is hoisted on Monday, May 26, 2025: for physical share certificates of less than 1,000,000 offer shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the **Severe** Weather Signal is lowered or canceled (e.g. in the afternoon of Monday, May 26, 2025 or on Tuesday, May 27, 2025).

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 H Share Registrar, the receiving bank 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 H 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 H 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 H 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 H 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 despatch 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 H 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 **White Form** e-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 SAR 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 H 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 H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong SAR) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar 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 H 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 H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill 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 H 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 H 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 H 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 H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

EY 安永

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF XIAMEN JIHONG CO., LTD, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Xiamen Jihong Co., Ltd (廈門吉宏科技股份有限公司, the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages IA-4 to IA-116, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages IA-4 to IA-116 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated 19 May 2025 (the "**Document**") in connection with the initial listing of the 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 set out in note 2.1 to the Historical Financial Information and for such internal control as the directors 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 ("**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' judgement, 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 set out in note 2.1 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, 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 financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 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 IA-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about dividends declared or paid by the Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
19 May 2025

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**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

		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	*5*	5,375,884	6,694,681	5,529,259
Cost of sales		(3,197,031)	(3,590,378)	(3,109,944)
GROSS PROFIT		2,178,853	3,104,303	2,419,315
Other income and gains	*6*	36,214	53,381	61,114
Selling and marketing expenses		(1,575,180)	(2,342,146)	(1,849,611)
Administrative expenses		(170,652)	(240,642)	(264,591)
Research and development expenses		(148,512)	(141,980)	(124,429)
Impairment losses on financial assets		(76,680)	(25,367)	(9,037)
Share of (losses)/profits of associates		(4,865)	1,854	3,584
Foreign exchange gains/(losses), net		10,736	975	(3,512)
Finance costs	*8*	(21,627)	(13,412)	(12,250)
Other expenses and losses	*6*	(14,397)	(10,500)	(2,443)
PROFIT BEFORE TAX	*7*	213,890	386,466	218,140
Income tax expense	*11*	(42,311)	(54,344)	(33,690)
PROFIT FOR THE YEAR		171,579	332,122	184,450
Attributable to:				
Owners of the parent		183,980	345,099	181,931
Non-controlling interests		(12,401)	(12,977)	2,519
		171,579	332,122	184,450
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*13*			
Basic *(RMB)*		0.48	0.92	0.49
Diluted *(RMB)*		0.48	0.92	0.49

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
PROFIT FOR THE YEAR	171,579	332,122	184,450
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	2,515	670	510
Share of other comprehensive income of associates	–	–	69
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	2,515	670	579
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	(10,520)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	–	–	(10,520)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	2,515	670	(9,941)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	174,094	332,792	174,509
Attributable to:			
Owners of the parent	186,469	345,772	171,928
Non-controlling interests	(12,375)	(12,980)	2,581
	174,094	332,792	174,509

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	803,669	916,633	930,436
Right-of-use assets	15	172,457	187,461	176,350
Goodwill	16	9,585	9,585	9,585
Other intangible assets	17	14,451	23,377	19,910
Investments in associates	18	67,815	82,439	107,477
Equity investments designated at fair value through other comprehensive income	20	18,500	19,500	8,254
Financial assets at fair value through profit or loss	21	–	–	130,863
Deferred tax assets	32	13,526	12,231	11,147
Pledged deposits	26	35,000	15,000	–
Time deposits	26	–	52,055	133,791
Other non-current assets	22	994	12,593	1,188
Total non-current assets		1,135,997	1,330,874	1,529,001
CURRENT ASSETS				
Inventories	23	483,669	456,076	447,889
Trade and bills receivables	24	474,731	488,624	553,885
Prepayments, other receivables and other assets	25	199,929	162,818	141,874
Amounts due from related parties	43	–	1,453	1,243
Pledged deposits	26	94,971	41,390	67,971
Time deposits	26	1,018	43,231	50,169
Cash and cash equivalents	26	852,071	1,062,110	711,062
Total current assets		2,106,389	2,255,702	1,974,093

	Notes	As at 31 December 2022	2023	2024
		RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES				
Trade and bills payables	27	512,500	640,520	716,560
Other payables and accruals	28	115,442	188,349	181,321
Contract liabilities	29	12,949	14,829	17,858
Interest-bearing bank borrowings	30	295,644	103,042	121,126
Lease liabilities	15	23,948	25,012	34,678
Tax payables		30,817	40,225	8,645
Amounts due to related parties	43	3,117	1,364	972
Other current liabilities		944	3,663	3,227
Total current liabilities		995,361	1,017,004	1,084,387
NET CURRENT ASSETS		1,111,028	1,238,698	889,706
TOTAL ASSETS LESS CURRENT LIABILITIES		2,247,025	2,569,572	2,418,707
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	30	16,549	155,575	127,067
Lease liabilities	15	53,490	63,373	49,465
Deferred income	31	32,387	34,023	30,945
Deferred tax liabilities	32	7,434	3,747	2,715
Total non-current liabilities		109,860	256,718	210,192
NET ASSETS		2,137,165	2,312,854	2,208,515
EQUITY				
Equity attributable to owners of the parent				
Share capital	33	378,409	385,009	384,769
Reserves	34	1,716,807	1,895,389	1,817,255
		2,095,216	2,280,398	2,202,024
Non-controlling interests		41,949	32,456	6,491
Total equity		2,137,165	2,312,854	2,208,515

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent									
	Share capital	Treasury shares*	Share premium*	Share award reserve*	Statutory reserve*	Other comprehensive income*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (*note 33*)	*RMB'000* (*note 34*)	*RMB'000* (*note 34*)	*RMB'000* (*note 34*)	*RMB'000* (*note 34*)	*RMB'000* (*note 34*)	*RMB'000* (*note 34*)	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	387,480	(279,076)	384,673	–	69,895	(17,282)	1,321,110	1,866,800	47,814	1,914,614
Profit for the year	–	–	–	–	–	–	183,980	183,980	(12,401)	171,579
Exchange differences on translation of foreign operations	–	–	–	–	–	2,489	–	2,489	26	2,515
Total comprehensive income for the year	–	–	–	–	–	2,489	183,980	186,469	(12,375)	174,094
Settlement of repurchase obligation for restricted shares	–	117,558	–	–	–	–	–	117,558	–	117,558
Cancellation of shares repurchased	(9,071)	–	(108,487)	–	–	–	–	(117,558)	–	(117,558)
Equity-settled share-based payment expenses	–	–	–	3,126	–	–	–	3,126	–	3,126
Restricted shares granted under Share Incentive Plans	–	161,518	(122,029)	–	–	–	–	39,489	–	39,489
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	3,300	3,300
Others	–	–	(593)	–	–	–	(75)	(668)	3,210	2,542
As at 31 December 2022	378,409	–	153,564	3,126	69,895	(14,793)	1,505,015	2,095,216	41,949	2,137,165

	Attributable to owners of the parent									
	Share capital	Treasury shares*	Share premium*	Share award reserve*	Statutory reserve*	Other comprehensive income*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 *(note 33)*	*RMB'000* *(note 34)*	*RMB'000* *(note 34)*	*RMB'000* *(note 34)*	*RMB'000* *(note 34)*	*RMB'000* *(note 34)*	*RMB'000* *(note 34)*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	378,409	–	153,564	3,126	69,895	(14,793)	1,505,015	2,095,216	41,949	2,137,165
Profit for the year	–	–	–	–	–	–	345,099	345,099	(12,977)	332,122
Exchange differences on translation of foreign operations	–	–	–	–	–	673	–	673	(3)	670
Total comprehensive income for the year	–	–	–	–	–	673	345,099	345,772	(12,980)	332,792
Equity-settled share-based payment expenses	–	–	–	26,379	–	–	–	26,379	–	26,379
Restricted shares granted under Share Incentive Plan	6,600	–	56,166	–	–	–	–	62,766	–	62,766
Repurchase obligation for restricted shares	–	(62,766)	–	–	–	–	–	(62,766)	–	(62,766)
Restricted shares vested	–	–	10,504	(10,504)	–	–	–	–	–	–
Shares repurchased for Share Incentive Plans	–	(10,088)	–	–	–	–	–	(10,088)	–	(10,088)
Dividends declared	–	–	–	–	–	–	(175,204)	(175,204)	(2,000)	(177,204)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	19	19
Disposal/deregistration of subsidiaries	–	–	–	–	–	–	–	–	3,315	3,315
Transfer from retained profits	–	–	–	–	8,849	–	(8,849)	–	–	–
Acquisition of non-controlling interests	–	–	(1,677)	–	–	–	–	(1,677)	1,677	–
Others	–	–	–	–	–	–	–	–	476	476
As at 31 December 2023	385,009	(72,854)	218,557	19,001	78,744	(14,120)	1,666,061	2,280,398	32,456	2,312,854

	Attributable to owners of the parent									
	Share capital	Treasury shares*	Share premium*	Share award reserve*	Statutory reserve*	Other comprehensive income*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000	RMB'000	RMB'000
As at 1 January 2024	385,009	(72,854)	218,557	19,001	78,744	(14,120)	1,666,061	2,280,398	32,456	2,312,854
Profit for the year	–	–	–	–	–	–	181,931	181,931	2,519	184,450
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	–	(10,520)	–	(10,520)	–	(10,520)
Exchange differences on translation of foreign operations	–	–	–	–	–	448	–	448	62	510
Share of other comprehensive income of associates	–	–	–	–	–	69	–	69	–	69
Total comprehensive income for the year	–	–	–	–	–	(10,003)	181,931	171,928	2,581	174,509
Cancellation of shares repurchased	(240)	2,282	(2,042)	–	–	–	–	–	–	–
Repurchase obligation for restricted shares	–	10,353	29,470	(29,470)	–	–	–	10,353	–	10,353
Equity-settled share-based payment expenses	–	–	–	17,332	–	–	–	17,332	–	17,332
Shares repurchased for Share Incentive Plans	–	(75,945)	–	–	–	–	–	(75,945)	–	(75,945)
Dividends declared	–	–	–	–	–	–	(201,882)	(201,882)	(1,316)	(203,198)
Acquisition of non-controlling interests	–	–	(484)	–	–	–	–	(484)	(8,516)	(9,000)
Capital reduction of non-controlling interests	–	–	–	–	–	–	–	–	(1,600)	(1,600)
Transfer from retained profits	–	–	–	–	17,375	–	(17,375)	–	–	–
Transfer of other comprehensive income	–	–	–	–	–	3,274	(3,274)	–	–	–
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	7,350	7,350
Disposal/deregistration of subsidiaries	–	–	–	–	–	–	–	–	(24,646)	(24,646)
Others	–	–	324	–	–	–	–	324	182	506
As at 31 December 2024	384,769	(136,164)	245,825	6,863	96,119	(20,849)	1,625,461	2,202,024	6,491	2,208,515

* These reserve accounts comprise the consolidated reserves of RMB1,716,807,000, RMB1,895,389,000 and RMB1,817,255,000 in the consolidated statements of financial position as at the end of Relevant Periods, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax:		213,890	386,466	218,140
Adjustments for:				
Finance costs	*8*	21,627	13,412	12,250
Share of losses/(profits) of associates		4,865	(1,854)	(3,584)
Dividend received from an equity investment designated at fair value through other comprehensive income		–	–	(144)
Bank interest income	*6*	(7,303)	(14,057)	(13,087)
Gains on financial assets at fair value through profit or loss	*6*	–	(2,453)	(4,338)
(Gains)/losses on disposal of items of property, plant and equipment	*6*	(1,508)	3,551	301
Losses on early termination of leases	*15*	427	–	405
(Gains)/losses on disposal of subsidiaries	*6*	(56)	(515)	553
Investment losses/(gains) from deregistration of subsidiaries, net	*6*	7,364	1,823	(1,249)
Fair value gains on financial assets at fair value through profit or loss	*6*	–	(231)	(88)
Losses/(gains) on disposal of associates, net	*6*	–	1,968	(619)
Losses on disposal of items of other intangible assets	*6*	–	–	1
Losses/(gains) from foreign exchange forward arrangements	*6*	3,743	1,984	(221)
Depreciation of property, plant and equipment	*14*	91,483	94,633	105,736
Depreciation of right-of-use assets	*15*	21,280	35,105	36,532
Amortisation of other intangible assets	*17*	1,521	1,866	3,893
Impairment of trade receivables	*24*	12,658	8,991	7,229
Impairment of deposits and other receivables		64,022	16,376	1,808
Impairment of property, plant and equipment	*6*	2,291	–	–
Impairment of inventories	*23*	8,501	19,464	9,539
Equity-settled share-based payment expenses		3,126	26,379	17,332
Foreign exchange differences, net		(10,736)	(975)	3,512
		437,195	591,933	393,901

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
(Increase)/decrease in inventories	(62,950)	8,129	(1,352)
Increase in trade and bills receivables	(70,243)	(31,687)	(81,539)
Decrease in prepayments, other receivables and other assets	51,443	15,225	55,870
(Increase)/decrease in pledged deposits	(23,354)	38,758	(31,079)
(Increase)/decrease in amounts due from related parties	–	(1,453)	210
Increase/(decrease) in amounts due to related parties	190	(1,753)	(392)
Increase in trade and bills payables	49,406	82,169	80,850
Increase in other payables and accruals	30,844	50,633	22,383
Increase in contract liabilities	6,041	1,880	3,029
(Decrease)/increase in other current liabilities	(4,324)	2,719	(436)
Increase/(decrease) in deferred income	5,878	1,636	(3,078)
Cash generated from operations	420,126	758,189	438,367
Income tax paid	(35,080)	(46,766)	(64,776)
Interest received	5,909	14,176	13,087
Net cash flows generated from operating activities	390,955	725,599	386,678

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	(137,145)	(198,186)	(132,689)
Proceeds from disposal of items of property, plant and equipment	3,205	5,276	5,055
Purchase of other intangible assets	(1,282)	(4,286)	(3,483)
Proceeds from disposals of equity investments designated at fair value through other comprehensive income	–	5,000	726
Purchase of financial assets at fair value through profit or loss	–	–	(130,863)
Purchase of equity investments designated at fair value through other comprehensive income	(7,000)	(6,000)	–
Acquisition of subsidiaries, net of cash acquired	(22,349)	–	–
Disposal of subsidiaries, net of cash disposed	930	(5,222)	(230)
Proceeds from disposal of associates	8,513	714	8,000
Dividend received from an associate	–	8,002	1,332
Dividend received from an equity investment designated at fair value through other comprehensive income	–	–	144
Purchase of deposits with original maturity of more than three months when acquired	(125,136)	(560,267)	(701,091)
Proceeds from maturity of deposits with original maturity of more than three months when acquired	108,210	504,486	646,099
Payment for capital injection to associates	(11,550)	(31,904)	(30,097)
Net cash flows used in investing activities	(183,604)	(282,387)	(337,097)

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds from capital contributions by non-controlling interests	3,300	19	7,350
Payments to non-controlling interests for capital reduction	–	–	(1,600)
Deregistration of a subsidiary, net of cash disposed	–	–	(21,447)
Proceeds received from restricted shares granted under Share Incentive Plans	39,489	62,766	–
Payments to grantees for net disposal proceeds from vested restricted shares under Share Incentive Plans	(3,222)	–	–
Repurchase of unvested restricted shares	(117,558)	–	(2,196)
Repurchase of shares	–	(10,088)	(75,945)
Proceeds from interest-bearing bank borrowings	523,165	440,569	185,757
Repayment of interest-bearing bank borrowings	(443,944)	(494,117)	(196,173)
Interest paid for interest-bearing bank borrowings	(13,256)	(6,905)	(6,091)
Principal portion of lease payments	(15,380)	(39,162)	(30,068)
Interest portion of lease payments	(4,562)	(4,514)	(4,850)
Acquisition of non-controlling interests	–	–	(9,000)
Listing expenses	–	(8,693)	(37,113)
Dividends paid	–	(175,204)	(201,882)
Dividends paid to non-controlling interests	–	(2,000)	(1,316)
Net cash flows used in financing activities	(31,968)	(237,329)	(394,574)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	175,383	205,883	(344,993)
Cash and cash equivalents at beginning of year	666,852	852,071	1,062,110
Effect of foreign exchange rate changes, net	9,836	4,156	(6,055)
CASH AND CASH EQUIVALENTS AT END OF YEAR	852,071	1,062,110	711,062

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of Relevant Periods is as follows:

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	101,400	89,642	79,132
Right-of-use assets		24,629	25,112	22,903
Other intangible assets		2,312	3,330	2,598
Investments in subsidiaries	*19*	698,538	814,842	799,994
Investments in associates	*18*	48,748	65,319	66,951
Deferred tax assets	*32*	23	–	–
Pledged deposits	*26*	20,000	–	–
Other non-current assets		416	1,336	608
Total non-current assets		896,066	999,581	972,186
CURRENT ASSETS				
Inventories	*23*	19,028	11,561	16,954
Trade and bills receivables	*24*	32,654	38,847	37,110
Prepayments, other receivables and other assets	*25*	20,905	10,393	50,437
Amounts due from related parties	*43*	–	–	114
Amounts due from subsidiaries		606,111	566,081	589,468
Pledged deposits	*26*	69,844	20,000	12,191
Cash and cash equivalents	*26*	157,177	147,425	100,495
Total current assets		905,719	794,307	806,769

	Notes	As at 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
CURRENT LIABILITIES				
Trade and bills payables	*27*	177,986	47,289	49,676
Other payables and accruals	*28*	20,666	69,851	57,678
Contract liabilities		4,531	695	520
Interest-bearing bank borrowings	*30*	126,357	40,619	87,311
Lease liabilities	*15*	–	51	6,069
Amounts due to related parties	*43*	2,915	1,162	972
Amounts due to subsidiaries		374,875	525,169	587,787
Other current liabilities		98	58	68
Total current liabilities		707,428	684,894	790,081
NET CURRENT ASSETS		198,291	109,413	16,688
TOTAL ASSETS LESS CURRENT LIABILITIES		1,094,357	1,108,994	988,874
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	*30*	8,209	97,600	59,550
Lease liabilities	*15*	17,066	12,080	8,162
Deferred income		5,010	4,224	3,489
Deferred tax liabilities	*32*	–	1,440	412
Total non-current liabilities		30,285	115,344	71,613
NET ASSETS		1,064,072	993,650	917,261
EQUITY				
Share capital	*33*	378,409	385,009	384,769
Reserves	*34*	685,663	608,641	532,492
Total equity		1,064,072	993,650	917,261

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Xiamen Jihong Co., Ltd (the "**Company**") was incorporated in the People's Republic of China (the "**PRC**") as a limited liability company on 24 December 2003. The registered address of the office of the Company is No. 9 Putou Road, Phase II, Dongfu Industrial Zone, Haicang District, Xiamen, China. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Shenzhen Stock Exchange (stock code: 002803.SZ) on 12 July 2016. The Company is ultimately controlled by Ms. Zhuang Hao.

During the Relevant Periods, the Company and its subsidiaries (together as the "**Group**") were principally involved in the business of paper packaging and cross-border social e-commerce.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. The particulars of principal subsidiaries are set out below:

Name*	*Notes*	Place and date of incorporation/registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Hohhot Jihong Printing & Packaging Co., Ltd. ("呼和浩特市吉宏印刷包裝有限公司") ("**Hohhot Jihong**")	*(i)*	PRC/Mainland China 1 September 2009	RMB50,000,000	100%	–	Paper packaging
Langfang Jihong Packaging Co., Ltd. ("廊坊市吉宏包裝有限公司") ("**Langfang Jihong**")	*(i)*	PRC/Mainland China 8 January 2013	RMB50,000,000	100%	–	Paper packaging
Giikin (Xi'an) Digital Technology Co., Ltd. ("吉客印(西安)數字科技有限公司") ("**Xi'an Giikin**")	*(i)*	PRC/Mainland China 3 August 2017	RMB10,000,000	–	100%	Cross-border social e-commerce
Lucky Ecommerce Limited ("香港吉客印電子商務有限公司") ("**Lucky Ecommerce**")	*(ii)*	Hong Kong/Hong Kong 1 September 2017	USD1,000,000	–	100%	Cross-border social e-commerce
Giikin (Zhengzhou) Digital Technology Co., Ltd. ("吉客印(鄭州)數字科技有限公司") ("**Zhengzhou Giikin** ")	*(i)*	PRC/Mainland China 23 August 2017	RMB5,000,000	–	100%	Cross-border social e-commerce
Ningxia Jihong Environmental Protection Packaging Technology Co., Ltd. ("寧夏吉宏環保包裝科技有限公司") ("**Ningxia Jihong**")	*(i)*	PRC/Mainland China 28 December 2018	RMB50,000,000	100%	–	Paper packaging
Anhui Jihong EP Paper Products Co., Ltd. ("安徽吉宏環保紙品有限公司") ("**Anhui Jihong**")	*(i)*	PRC/Mainland China 7 August 2009	RMB50,000,000	100%	–	Paper packaging
Xiamen Jihong Packaging Industry Co., Ltd. ("廈門吉宏包裝工業有限公司") ("**Xiamen Jihong**")	*(i)*	PRC/Mainland China 25 March 2020	RMB50,000,000	100%	–	Paper packaging

Name*	*Notes*	Place and date of incorporation/registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Hainan Giikin Printing Digital Technology Co., Ltd. ("海南吉客印數字科技有限公司") ("**Hainan Giikin**")	*(i)*	PRC/Mainland China 23 March 2022	RMB1,000,000	–	100%	Internet and related services
Shenzhen Giikin Supply Chain Management Co., Ltd. ("深圳吉客印供應鏈管理有限公司") ("**Shenzhen Giikin**")		PRC/Mainland China 21 September 2022	RMB1,000,000	–	100%	Cross-border social e-commerce
Giiktop (Shen Zhen) Digital Technology Co., Limited ("吉客拓(深圳)數字科技有限公司") ("**Shenzhen Giiktop**")	*(i)*	PRC/Mainland China 14 December 2022	RMB10,000,000	85%	–	Cross-border social e-commerce
Guangdong Hengqin Giikin Digital Technology Co., Ltd. ("廣東橫琴吉客印數字科技有限公司") ("**Guangdong Hengqin Giikin**")		PRC/Mainland China 15 October 2024	RMB1,000,000	–	70%	Cross-border social e-commerce
Luanzhou Jihong Packaging Co., Ltd. ("灤州吉宏包裝有限公司") ("**Luanzhou Jihong**")	*(i)*	PRC/Mainland China 22 January 2014	RMB20,000,000	60%	–	Paper packaging
Jiangxi Jihong Supply Chain Management Co., Ltd. ("江西吉宏供應鏈管理有限公司") ("**Jiangxi Jihong**")	*(i)*	PRC/Mainland China 9 September 2019	RMB50,000,000	–	100%	E-commerce; import and export
Shaanxi Yongxin Paper Industry Packing Co., Ltd. ("陝西永鑫紙業包裝有限公司") ("**Shaanxi Yongxin**")	*(i)*	PRC/Mainland China 21 September 2004	RMB28,571,000	51%	–	Paper packaging
Xiamen Giikin E-commerce Co., Ltd. ("廈門市吉客印電子商務有限公司") ("**Xiamen Giikin**")	*(i)*	PRC/Mainland China 1 August 2017	RMB50,000,000	100%	–	Investment holding
Hangzhou Jimiaoyun Network Technology Co., Ltd. ("杭州吉喵雲網絡科技有限公司") ("**Hangzhou Jimiaoyun**")	*(i)*	PRC/Mainland China 22 September 2020	RMB50,000,000	55%	–	Internet and related services

* The English names of the PRC companies above represent management's best efforts in translating the Chinese names of these companies as no English names have been registered.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results during the Relevant Periods or formed a substantial portion of the net assets of the Group.

Notes:

(i) The statutory financial statements of these companies (except for Hainan Giikin and Shenzhen Giiktop) for the year ended 31 December 2022 prepared in accordance with the China Accounting Standards for Business Enterprises ("**PRC GAAP**") were audited by ShineWing Certified Public Accountants LLP Xian Branch (信永中和會計師事務所(特殊普通合夥)西安分所), the statutory financial statements of these companies (except for Shaanxi Yongxin) for the year ended 31 December 2023 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by Xiamen Zhongyou Certified Public Accountants Co., Ltd. (廈門中友會計師事務所有限公司).

(ii) The statutory financial statements of this company for the years ended 31 December 2022 and 2023 prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("**HKFS for PE**") were audited by W.L.HO CPA LIMITED (何慧玲會計師事務所有限公司).

2.1 BASIS OF PRESENTATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards ("**IFRSs**") which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**").

All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for certain trade and bills receivables at fair value through other comprehensive income, certain time deposits at fair value through profit or loss, financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income which have been measured at fair value.

The Group has prepared the Historical Financial Information on the basis that it will continue to operate as a going concern.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income ("**OCI**") are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not adopted the following new and revised IFRSs that have been issued but are not yet effective in the Historical Financial Information. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new IFRS Accounting Standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made. IFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial performance and financial position the Group but is expected to affect the disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the Group's consolidated financial statements.

Except for the IFRS 18, the Directors of the Company anticipate that the application of this amendment to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statement.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not necessary not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its certain of financial assets at fair value at the end of each of the Relevant Periods. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	**Principal annual rates**
	(%)
Buildings	3.17-9.50
Leasehold improvements	8.33-50.00
Machinery	9.50-19.00
Motor vehicles	19.00
Other equipment	19.00

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 20 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years based on the Group's past experiences and different purposes on usages of the software and the authorised period for such uses.

The estimated useful life of other intangible assets is determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Leases

The Group assesses at contract inception whether a contract is, or contains, 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Properties	2 to 10 years
Land use rights	44 to 50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of the lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of properties and machinery (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, interest-bearing bank borrowings and amounts due to related parties.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows. Otherwise, the financial liabilities are classified in interest-bearing bank borrowings in the statement of financial position and the related cash flows are included in financing activities in the statement of cash flows.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be minimal, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial liability arising from repurchase obligation on own equity instruments

The obligation for the Group to purchase its own equity instruments for cash is recognised initially at the present value of the redemption amount, and is reclassified from equity. Subsequently, the financial liability is measured in accordance with IFRS 9 and the remeasurement gain or loss is recorded into profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integrate part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

The periods and terms of product quality warranty are provided in accordance with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Based on historical experiences, the Group estimates the amount of variable consideration including sales return using the expected value method. The amounts relating to the unconditional sales return are insignificant to the Group's total revenue for each of the periods presented.

The Group primarily generates its revenue from the operations of cross border social e-commerce as well as production and sales of packaging products. Further details of the Group's revenue recognition policy are as follows:

(a) Cross border social e-commerce

Revenue from cross border social e-commerce is recognised at a point in time when control of the products is transferred to the customer, generally on delivery and acceptance of the products by the customers.

(b) Sale of packaging products

Revenue from the sale of packaging products is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery and acceptance of the packaging products by the customers.

(c) Services

Revenue from services is recognised at the point in time, when the services are provided and accepted by customers.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

Share-based payments

The Company operates restricted share schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, as at the cancellation date, based on the best estimate of the number of awards to be vested, any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

These Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statements of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. 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.

Judgement

In the process to applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Historical Financial Information.

Business models

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group consider how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel, the risks affecting the performance of financial assets and the risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and the judgements on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, including the assessment of the modification of the time value of money, the judgement on whether there is any significant difference from the benchmark cash flow and whether the fair value of the prepayment features is insignificant for financial assets with prepayment features, etc.

Derecognition of financial assets

Where the Group has transferred the right to receive cash flow arising from an asset but has not transferred or has retained substantially all risks and rewards associated with such asset, or has not transferred the controlling right in such asset, such asset shall be recognised and accounted for so long as the Group continues to be involved in such asset. If the Group has not transferred or has retained substantially all risks and rewards associated with the asset or transferred the controlling right in the asset, the exercise of significant judgment is often required, and estimations need to be made as to the extent of the Group's continued involvement in the asset.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade and other receivables

Except for certain trade and bills receivables, other receivables that the ECLs are individually assessed based on estimated cash flows, considering historical and forward-looking information, the Group uses a provision matrix to calculate ECLs for trade and bills receivables, other receivables. The provision rates based on aging for groupings of various counterparties that have similar loss patterns.

The provision rates are initially based on the Group's historical observed default rates. The Group will adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of an actual default in the future. The information about the ECLs on the Group's trade and bills receivables and other receivables are disclosed in note 24 and note 25 to the Historical Financial Information, respectively.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of Relevant Periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 December 2022, 2023 and 2024 were RMB9,585,000. Further details are given in note 16.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market method or a discounted cash flow method as detailed in note 45. The market method requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The discounted cash flow method requires the Group to determine the fair value of unlisted equity investments by discounting the expected future cash flows using the current discount rates derived from other financial instruments with similar contractual terms and risk profiles. The Group makes estimates about expected future cash flows, credit risk, volatility, and applicable discount rates. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2022, 2023 and 2024 were RMB18,500,000, RMB19,500,000 and RMB8,254,000, respectively. Further details are included in note 20 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying values of deferred tax assets relating to recognised tax losses at 31 December 2022, 2023 and 2024 were nil. The amounts of unrecognised tax losses at 31 December 2022, 2023 and 2024 were RMB308,798,000, RMB394,849,000 and RMB466,257,000, respectively. Further details are contained in note 32 to the Historical Financial Information.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Recognition of share-based payment expenses

The Group grants restricted shares to certain management and employees under Share Incentive Plans for incentives. The vest of restricted shares is conditional upon the satisfaction of specified vesting conditions, including service periods and/or performance conditions. Judgement is required to take into account the vesting conditions to determine the number of the restricted shares to be included in the measurement of equity-settled share-based payment expenses.

The cumulative expense recognised for share-based payments at the end of Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of restricted shares that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Write-down of inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed quarterly for write-down, if appropriate.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each of the years based on changes in circumstances. Further details of the property, plant and equipment are set out in note 14 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(i) The cross-border social e-commerce operation;

(ii) The paper packaging operation; and

(iii) The other operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that impairment losses on financial assets is excluded from such measurement. Management also treat the Company as part of the paper packaging segment.

Segment assets exclude cash and cash equivalents, time deposits, pledged deposits, deferred tax assets, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2022

	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue				
Sales to external customers	3,106,601	1,982,591	286,692	5,375,884
Intersegment sales	1,456	1,007	1,480	3,943
Total segment revenue				
Reconciliation:	3,108,057	1,983,598	288,172	5,379,827
Elimination of intersegment sales				(3,943)
Revenue from contracts with customers				5,375,884
Segment results				
Reconciliation:	217,476	137,169	(20,953)	333,692
Elimination of intersegment results* *				(43,122)
Impairment losses on financial assets				(76,680)
Profit before tax				213,890
Segment assets				
Reconciliation:	545,999	1,893,779	267,090	2,706,868
Elimination of intersegment receivables				(479,568)
Corporate and other unallocated assets				1,015,086
Total assets				3,242,386
Segment liabilities				
Reconciliation:	371,046	687,135	206,981	1,265,162
Elimination of intersegment payables				(479,568)
Corporate and other unallocated liabilities				319,627
Total liabilities				1,105,221
Other segment information				
Share of losses of associates	88	4,427	350	4,865
Impairment of property, plant and equipment	–	2,291	–	2,291
Impairment of inventories	5,457	3,037	7	8,501
Depreciation and amortisation	10,492	102,703	1,089	114,284
Investments in associates	–	63,478	4,337	67,815
Capital expenditure *	9,269	165,492	510	175,271

Year ended 31 December 2023

	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue				
Sales to external customers	4,256,637	2,096,606	341,438	6,694,681
Intersegment sales	1,578	5,741	2,259	9,578
Total segment revenue	4,258,215	2,102,347	343,697	6,704,259
Reconciliation:				
Elimination of intersegment sales				(9,578)
Revenue from contracts with customers				6,694,681
Segment results				
Reconciliation:	259,393	286,842	(33,353)	512,882
Elimination of intersegment results* *				(101,049)
Impairment losses on financial assets				(25,367)
Profit before tax				386,466
Segment assets				
Reconciliation:	688,165	1,946,928	219,060	2,854,153
Elimination of intersegment receivables				(528,478)
Corporate and other unallocated assets				1,260,901
Total assets				3,586,576
Segment liabilities				
Reconciliation:	472,406	819,140	223,277	1,514,823
Elimination of intersegment payables				(528,478)
Corporate and other unallocated liabilities				287,377
Total liabilities				1,273,722
Other segment information:				
Share of losses/(profits) of associates	298	(2,729)	577	(1,854)
Impairment of inventories	10,001	9,463	–	19,464
Depreciation and amortisation	25,166	104,367	2,071	131,604
Investments in associates	7,702	72,659	2,078	82,439
Capital expenditure	17,191	210,837	891	228,919

Year ended 31 December 2024

	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue				
Sales to external customers	3,365,903	2,099,461	63,895	5,529,259
Intersegment sales	635	6	1,478	2,119
Total segment revenue	3,366,538	2,099,467	65,373	5,531,378
Reconciliation:				
Elimination of intersegment sales				(2,119)
Revenue from contracts with customers				5,529,259
Segment results				
Reconciliation:	118,721	361,028	(10,309)	469,440
Elimination of intersegment results* *				(242,263)
Impairment losses on financial assets				(9,037)
Profit before tax				218,140
Segment assets				
Reconciliation:	847,373	2,077,636	120,606	3,045,615
Elimination of intersegment receivables				(591,880)
Corporate and other unallocated assets				1,049,359
Total assets				3,503,094
Segment liabilities				
Reconciliation:	504,602	971,640	159,309	1,635,551
Elimination of intersegment payables				(591,880)
Corporate and other unallocated liabilities				250,908
Total liabilities				1,294,579
Other segment information:				
Share of profits of associates	(596)	(2,887)	(101)	(3,584)
Impairment of inventories	9,553	(379)	365	9,539
Depreciation and amortisation	24,248	120,753	1,160	146,161
Investments in associates	31,084	74,214	2,179	107,477
Capital expenditure	4,849	119,734	22	124,605

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and assets from business combinations.

** The segment results of Paper packaging segment contains dividends distributed by the Cross-border social e-commerce segment. During the relevant periods, the amounts of the distributed dividends were RMB50,000,000, RMB100,000,000 and RMB200,000,000, respectively. The segment results of Cross-border social e-commerce segment contains dividends distributed by the Others segment. During the Relevant periods, the amounts of the distributed dividends were nil, nil and RMB50,000,000, respectively.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	2,190,291	2,309,038	2,037,028
Other countries/regions	3,185,593	4,385,643	3,492,231
	5,375,884	6,694,681	5,529,259

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Except for the private equity funds invested in Hong Kong, China by the Group (note 21), approximately all of the Group's non-current assets as at the end of each of the Relevant Periods were located in Mainland China.

Information about major customers

Revenue of approximately RMB1,277,302,000, RMB1,248,397,000 and RMB1,037,386,000 during the Relevant Periods was derived from sales by paper packaging segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE

Revenue from contracts with customers

(a) Disaggregated revenue information

For the Year ended 31 December 2022

Segments	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services				
Cross-border social e-commerce	3,106,601	–	–	3,106,601
Paper packaging	–	1,982,591	–	1,982,591
Others	–	–	286,692	286,692
Total	3,106,601	1,982,591	286,692	5,375,884
Geographical markets				
Northeast Asia	1,794,364	–	–	1,794,364
Southeast Asia	677,902	–	–	677,902
Middle East	409,467	–	–	409,467
Mainland China	–	1,903,599	286,692	2,190,291
Europe and North America				
– U.S.	142,100	29,780	–	171,880
– Europe and other countries in North America	81,399	2,420	–	83,819
Other countries/regions	1,369	46,792	–	48,161
Total	3,106,601	1,982,591	286,692	5,375,884
Timing of revenue recognition				
Transferred at a point in time	3,106,601	1,982,591	286,692	5,375,884
Total	3,106,601	1,982,591	286,692	5,375,884

For the year ended 31 December 2023

Segments	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services				
Cross-border social e-commerce	4,256,637	–	–	4,256,637
Paper packaging	–	2,096,606	–	2,096,606
Others	–	–	341,438	341,438
Total	4,256,637	2,096,606	341,438	6,694,681
Geographical markets				
Northeast Asia	2,527,377	14,397	–	2,541,774
Southeast Asia	846,452	356	–	846,808
Middle East	385,919	–	–	385,919
Mainland China	–	1,967,600	341,438	2,309,038
Europe and North America				
– U.S.	107,172	13,836	–	121,008
– Europe and other countries in North America	386,364	2,169	–	388,533
Other countries/regions	3,353	98,248	–	101,601
Total	4,256,637	2,096,606	341,438	6,694,681
Timing of revenue recognition				
Transferred at a point in time	4,256,637	2,096,606	341,438	6,694,681
Total	4,256,637	2,096,606	341,438	6,694,681

For the year ended 31 December 2024

Segments	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services				
Cross-border social e-commerce	3,365,903	–	–	3,365,903
Paper packaging	–	2,099,461	–	2,099,461
Others	–	–	63,895	63,895
Total	3,365,903	2,099,461	63,895	5,529,259
Geographical markets				
Northeast Asia	1,720,230	18,512	–	1,738,742
Southeast Asia	661,202	231	–	661,433
Middle East	340,289	1,488	–	341,777
Mainland China	–	1,973,133	63,895	2,037,028
Europe and North America				
– U.S.	120,928	6,007	–	126,935
– Europe and other countries in North America	518,015	2,884	–	520,899
Other countries/regions	5,239	97,206	–	102,445
Total	3,365,903	2,099,461	63,895	5,529,259
Timing of revenue recognition				
Transferred at a point in time	3,365,903	2,099,461	63,895	5,529,259
Total	3,365,903	2,099,461	63,895	5,529,259

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each period:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year:			
Cross-border social e-commerce	570	3,815	659
Paper packaging	3,411	5,448	1,619
Others	2,998	3,686	12,551
	6,979	12,949	14,829

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon the acceptance of the products by customers. For customers of paper packaging, the contract price is usually settled within 30-90 days of delivery. For customers of cross-border social e-commerce, the contract price is usually prepaid through online platforms or paid by cash on delivery, and the Group normally settles with platforms or logistics service providers within 3-15 days.

For certain sales of own brands products in cross-border social e-commerce business, there was a two-year performance obligation period. During the relevant periods, the aggregate amounts of the transaction price allocated to the remaining performance obligations are RMB35,000, RMB226,000 and RMB564,000, respectively, and the Group recognise these revenues at the end of the two-year warranty period.

Provision of services

The performance obligation is satisfied at the point in time once the services are completed and accepted by customers based on the milestone achieved. Contract price is usually paid by customers within 30-90 days.

6. OTHER INCOME AND GAINS, OTHER EXPENSES AND LOSSES

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants	26,879	35,243	39,034
Bank interest income	7,303	14,057	13,087
	34,182	49,300	52,121
Gains			
Gains on disposal of items of property, plant and equipment, net	1,508	–	–
Gains on financial assets at fair value through profit or loss	–	2,453	4,338
Gains from foreign exchange forward arrangements	–	–	221
Gains on deregistration of a subsidiary	–	–	1,261
Fair value gains on financial assets at fair value through profit or loss	–	231	88
Gains on disposal of subsidiaries	56	515	–
Gains on disposal of an associate	–	–	646
Others	468	882	2,439
	2,032	4,081	8,993
Other income and gains	36,214	53,381	61,114
Other expenses and losses			
Losses on early termination of leases	–	–	405
Losses on disposal of items of intangible assets	–	–	1
Losses on disposal of items of property, plant and equipment, net	–	3,551	301
Impairment of property, plant and equipment	2,291	–	–
Losses from foreign exchange forward arrangements	3,743	1,984	–
Losses on disposal of associates	–	1,968	27
Investment loss from deregistration of subsidiaries	7,364	1,823	12
Losses on disposal of subsidiaries	–	–	553
Others	999	1,174	1,144
Other expenses and losses	14,397	10,500	2,443

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold and services provided*		3,197,031	3,590,378	3,109,944
Advertising expenses		1,491,367	2,242,166	1,761,136
Depreciation of property, plant and equipment	*14*	91,483	94,633	105,736
Depreciation of right-of-use assets	*15(a)*	21,280	35,105	36,532
Amortisation of other intangible assets	*17*	1,521	1,866	3,893
Auditor's remuneration		1,934	2,452	2,737
Employee benefit expenses (including directors' and chief executive's and supervisor's remuneration as set out in note 9):				
Wages, salaries and allowances		452,950	522,169	564,816
Pension scheme contributions		28,043	30,379	35,000
Staff welfare expense		19,231	18,588	18,615
Equity-settled share-based payment expenses		3,126	26,379	17,332
Bank interest income	*6*	(7,303)	(14,057)	(13,087)
Finance costs	*8*	21,627	13,412	12,250
Foreign exchange (gains)/losses, net		(10,736)	(975)	3,512
(Gains)/losses on disposal of items of property, plant and equipment, net	*6*	(1,508)	3,551	301
Losses on early termination of leases		–	–	405
Losses on disposal of items of other intangible assets	*6*	–	–	1
Losses/(gains) from foreign exchange forward arrangements	*6*	3,743	1,984	(221)
Share of losses/(profits) of associates		4,865	(1,854)	(3,584)
Accrual of impairment of trade and bills receivables	*24*	12,658	8,915	7,229
Government grants	*6*	(26,879)	(35,243)	(39,034)
Impairment of property, plant and equipment	*6*	2,291	–	–
Accrual of impairment of deposits and other receivables		64,022	16,376	1,808
Impairment of inventories	*23*	8,501	19,464	9,539

* Cost of inventories sold and services provided include impairment of inventories, expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank borrowings	13,534	5,756	6,083
Interest on lease liabilities	4,562	4,514	4,850
Factoring charges (a)	3,531	3,142	1,317
	21,627	13,412	12,250

(a) For certain trade receivables of Customer Group A, the Group entered into a factoring arrangement without recourse with a factoring company, which is also an affiliate of Customer Group A, and recorded relevant factoring charges in profit and loss.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The directors' and chief executive's remuneration as recorded in the Relevant Periods is set out below:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Fees	346	400	798
Other emoluments:			
Salaries, allowances and benefits in kind	3,291	4,379	9,163
Performance related bonuses	4,345	6,455	5,565
Equity-settled share-based payment expenses	–	568	3,368
Pension scheme contributions	153	134	143
	8,135	11,936	19,037

(a) Independent non-executive directors

The fees paid/payable to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Jing Gao (vii)	80	–	–
Guang Guo (vi)	80	–	–
Bingyi Huang (xii)	–	–	–
Chenhui Yang (ix)	80	100	120
Guoqing Zhang (viii)	80	100	120
Qinghui Cai (x)	13	100	20
Jianshu Han (xi)	13	100	120
Yongheng Xue (xviii)	–	–	251
Yongqian Wu (xix)	–	–	167
	346	400	798

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Restricted share awards	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022						
Chief executive:						
Hao Zhuang (i)	–	480	–	–	–	480
Directors:						
Heping Zhang (iii)	–	613	–	–	19	632
Shu Zhuang (iv)	–	493	–	–	20	513
Yapeng Wang (ii)	–	737	3,920	–	51	4,708
Shengxing Liao (v)	–	–	–	–	–	–
Independent directors:						
Qinghui Cai (x)	13	–	–	–	–	13
Jianshu Han (xi)	13	–	–	–	–	13
Chenhui Yang (ix)	80	–	–	–	–	80
Guoqing Zhang (viii)	80	–	–	–	–	80
Guang Guo (vi)	80	–	–	–	–	80
Jing Gao (vii)	80	–	–	–	–	80
Supervisors:						
Xueting Bai (xiii)	–	214	–	–	6	220
Zhuokai He (xiv)	–	134	–	–	6	140
Guanhong Hu (xvi)	–	326	25	–	13	364
Haiying Wang (xv)	–	294	400	–	38	732
	346	3,291	4,345	–	153	8,135

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Restricted share awards	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023						
Chief executive:						
Hao Zhuang (i)	–	1,436	–	–	–	1,436
Directors:						
Heping Zhang (iii)	–	701	–	–	19	720
Shu Zhuang (iv)	–	640	–	–	19	659
Yapeng Wang (ii)	–	826	6,420	568	71	7,885
Shengxing Liao (v)	–	–	–	–	–	–
Independent directors:						
Qinghui Cai (x)	100	–	–	–	–	100
Jianshu Han (xi)	100	–	–	–	–	100
Chenhui Yang (ix)	100	–	–	–	–	100
Guoqing Zhang (viii)	100	–	–	–	–	100
Supervisors:						
Xueting Bai (xiii)	–	230	–	–	6	236
Zhuokai He (xiv)	–	191	–	–	5	196
Guanhong Hu (xvi)	–	355	35	–	14	404
	400	4,379	6,455	568	134	11,936

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Restricted share awards	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024						
Chief executive:						
Hao Zhuang (i)	–	2,315	–	–	–	2,315
Directors:						
Heping Zhang (iii)	–	1,649	–	–	19	1,668
Shu Zhuang (iv)	–	1,681	–	–	19	1,700
Yapeng Wang (ii)	–	1,894	4,621	1,057	73	7,645
Shengxing Liao (v)	–	–	–	–	–	–
Tashan Lu (xvii)	–	751	–	2,311	6	3,068
Independent directors:						
Qinghui Cai (x)	20	–	–	–	–	20
Jianshu Han (xi)	120	–	–	–	–	120
Chenhui Yang (ix)	120	–	–	–	–	120
Guoqing Zhang (viii)	120	–	–	–	–	120
Wing Hang Alfred Sit (xviii)	251	–	–	–	–	251
Weng Sin Ng (xix)	167	–	–	–	–	167
Supervisors:						
Xueting Bai (xiii)	–	233	–	–	6	239
Zhuokai He (xiv)	–	194	–	–	6	200
Guanhong Hu (xvi)	–	446	944	–	14	1,404
	798	9,163	5,565	3,368	143	19,037

(i) Ms. Hao Zhuang has been appointed as a director of the Company and chairman of the Board of Directors with effect from December 2010, and re-designated as a director and general manager in November 2022.

(ii) Mr. Yapeng Wang has been appointed as a director and vice chairman of the Board of Directors with effect from September 2020, and re-designated as a director and chairman of the Board of Directors in November 2022.

(iii) Mr. Heping Zhang has been appointed as a director and general manager of the Company with effect from November 2016 and re-designated as a director, deputy general manager and vice chairman of the Board of Directors in November 2022.

(iv) Mr. Shu Zhuang has been appointed as a director of the Company with effect from December 2010.

(v) Mr. Shengxing Liao has been appointed as a director of the Company with effect from November 2019.

(vi) Mr. Guang Guo has been appointed as an independent director of the Company with effect from February 2016 and retired in November 2022.

(vii) Mr. Jing Gao has been appointed as an independent director of the Company with effect from February 2016 and retired in November 2022.

(viii) Mr. Guoqing Zhang has been appointed as an independent director of the Company with effect from May 2021.

(ix) Mr. Chenhui Yang has been appointed as an independent director of the Company with effect from September 2020.

(x) Mr. Qinghui Cai has been appointed as an independent director of the Company with effect from November 2022 and retired in February 2024.

(xi) Mr. Jianshu Han has been appointed as an independent director of the Company with effect from November 2022.

(xii) Mr. Bingyi Huang has been appointed as an independent director of the Company with effect from November 2016 and retired in May 2021.

(xiii) Ms. Xueting Bai has been appointed as a chairman of the supervisory committee with effect from November 2011.

(xiv) Mr. Zhuokai He has been appointed as a supervisor of the Company with effect from November 2019.

(xv) Mr. Haiying Wang has been appointed as a supervisor of the Company with effect from November 2019 and retired in November 2022.

(xvi) Mr. Guanhong Hu has been appointed as a supervisor of the Company with effect from November 2022.

(xvii) Mr. Tashan Lu has been appointed as a director of the Company with effect from February 2024.

(xviii) Mr. Wing Hang Alfred Sit has been appointed as an independent director of the Company with effect from February 2024.

(xix) Ms. Weng Sin Ng has been appointed as an independent director of the Company with effect from February 2024.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

The five individuals with the highest emoluments in the Group during the Relevant Periods included nil, one and one directors, respectively. Details of those directors' remuneration are set out in note 9 above. Details of the remuneration of the highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,592	1,412	1,697
Performance related bonuses	10,625	12,140	22,835
Equity-settled share-based payment expenses	510	2,668	1,130
Pension scheme contributions	77	77	77
	12,804	16,297	25,739

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees		
	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Nil to RMB1,000,000	–	–	–
RMB1,000,001 to RMB2,000,000	2	–	–
RMB2,000,001 to RMB3,000,000	2	–	–
Over RMB3,000,000	1	4	4

11. INCOME TAX

The Group is subject to income tax on each entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

PRC corporate income tax

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of the Group's PRC subsidiaries is 25% unless subject to preferential tax as set out below.

The Company was qualified as High and New Technology Enterprises ("**HNTE**") on 21 October 2020 and was entitled to a preferential tax rate of 15% during 2022. This qualification is subject to review by the relevant tax authority in the PRC for every three years. The tax rate applicable to the Company was 25% since 2023 as the Company was not qualified for the HNTE.

Certain of the Group's PRC subsidiaries are accredited as HNTE and were therefore entitled to a preferential income tax rate of 15% during the Relevant Periods. Such qualifications are subject to review by the relevant tax authority in the PRC for every three years.

Certain subsidiaries engaged in the "Encouraged Industries in the Western Region" are eligible for the preferential EIT rate of 15%.

One of the Group's PRC subsidiaries is qualified as a "Double Soft Enterprise" ("**DSE**") under the Corporate Income Tax Law during the Relevant Periods. According to the relevant tax regulations, the qualified subsidiary was exempted from CIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years if the criteria of DSE are met each year, commencing from 2019, the first year of profitable operation.

Certain subsidiaries were in line with the polices in Notice on Preferential Corporate Income Tax Policies for Kashgar and Khorgos Special Economic Development Zones in Xinjiang. The corporate income tax shall be exempted within five years from the tax year to which the first production and operation income belongs.

Certain subsidiaries were qualified as small and micro enterprises and were eligible to calculate their taxable income at a reduced rate of 25% and pay corporate income tax at a 20% tax rate during 2022, 2023 and 2024, respectively.

HK profit tax

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the Relevant Periods. However, one subsidiary of the Group which is qualifying corporation can elect for the two-tiered Profits Tax rates regime. Under the two-tiered Profits Tax rate regime, the first HK$2,000,000 of assessable profits of the qualifying Group entity established in Hong Kong are taxed at 8.25% and the remaining profits are taxed at 16.5%.

Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the respective jurisdictions in which the Group operates.

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax			
– Mainland China	41,870	54,072	31,171
– Hong Kong	810	2,664	2,468
Deferred tax *(note 32)*	(369)	(2,392)	51
	42,311	54,344	33,690

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company is domiciled to the tax expense at the effective tax rates is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	213,890	386,466	218,140
Tax at the PRC EIT rate of 25%	53,473	96,616	54,535
Effect of different tax rate	(34,737)	(42,115)	(26,276)
Adjustments in respect of current tax of previous years	1,446	347	1,508
Invest loss/(income) not subject to tax	707	(362)	(960)
Expenses not deductible for tax	2,300	6,316	4,780
Utilisation of previously unrecognised tax losses	–	(3,261)	(3,072)
Tax losses and deductible temporary differences not recognized	43,153	17,041	18,738
Additional deductible allowance for research and development expenses and others (a)	(24,031)	(20,238)	(15,563)
	42,311	54,344	33,690

(a) According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim additional deduction of their research and development costs.

12. DIVIDENDS

	Year ended 31 December		
	2022	2023	2024
	RMB’000	*RMB’000*	*RMB’000*
Dividends declared to owners of the parent	–	175,204	201,882

On 30 January 2023, the Company’s shareholders approved the third quarter of 2022 profit distribution plan at an extraordinary general meeting, pursuant to which a dividend of RMB0.263 for every share of the Company’s 378,409,288 shares, in an aggregate amount of RMB99,522,000, was paid in March 2023 to shareholders of the Company.

On 15 September 2023, the Company’s shareholders approved the 2023 half-year profit distribution plan at an extraordinary general meeting, pursuant to which a dividend of RMB0.2 for every share of the Company’s 378,409,288 shares, in an aggregate amount of RMB75,682,000, was paid in September 2023 to shareholders of the Company.

On 22 April 2024, the Company’s shareholders approved the 2023 profit distribution plan at an annual general meeting, pursuant to which a dividend of RMB0.36 for every share of the Company’s 380,067,788 shares, in an aggregate amount of RMB136,824,000, was paid in April 2024 to shareholders of the Company.

On 6 December 2024, the Company’s shareholders approved the profit distribution plan for the first three quarters in 2024 at an annual general meeting, pursuant to which a dividend of RMB0.18 for every share of the Company’s 378,743,588 shares, in an aggregate amount of RMB68,174,000, was paid in December 2024 to shareholders of the Company.

The dividends declared in relation to the revocable non-vested restricted shares under Share Incentive Plans amounting to RMB3,116,000 were recorded as a deduction of repurchase obligation for restricted shares included in other payables and accruals.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic

Basic earnings per share (“**EPS**”) is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Relevant Periods, respectively.

The following reflects the income and share data used in the basic earnings per share computation:

	Year ended 31 December		
	2022	2023	2024
	RMB’000	*RMB’000*	*RMB’000*
Profit attributable to owners of the parent	183,980	345,099	181,931
Less: dividends payable to expected vested restricted shares	–	2,813	1,030
Profit attributable to owners of the Company used in calculating basic EPS	183,980	342,286	180,901
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	372,333,981	372,502,844	370,201,726
Basic EPS (RMB per share)	0.48	0.92	0.49

(b) Diluted

The restricted shares granted under Share Incentive Plans by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the vesting of all potential dilutive ordinary shares arising from Share Incentive Plans (collectively forming the denominator for computing the diluted EPS).

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit attributable to owners of the Company used in calculating diluted EPS	183,980	345,099	181,931
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	372,333,981	372,502,844	370,201,726
Adjustments for potential shares arising from Share Incentive Plans	79,291	1,152,791	–
Weighted average number of shares used in calculating diluted EPS	372,413,272	373,655,635	370,201,726
Diluted EPS (RMB per share)	0.48	0.92	0.49

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022							
At 1 January 2022:							
Cost	371,267	11,200	651,780	9,030	49,470	13,220	1,105,967
Accumulated depreciation and impairment	(77,927)	(4,996)	(255,200)	(4,176)	(23,397)	–	(365,696)
Net carrying amount	293,340	6,204	396,580	4,854	26,073	13,220	740,271
At 1 January 2022, net of accumulated depreciation and impairment	293,340	6,204	396,580	4,854	26,073	13,220	740,271
Additions	19,085	5,093	53,495	684	6,766	83,708	168,831
Depreciation provided during the year	(17,465)	(2,770)	(62,285)	(1,543)	(7,420)	–	(91,483)
Disposals	–	–	(11,305)	(218)	(136)	–	(11,659)
Transfers	1,915	–	36,144	28	3,410	(41,497)	–
Impairment	–	–	(980)	(21)	(7)	(1,283)	(2,291)
At 31 December 2022, net of accumulated depreciation and impairment	296,875	8,527	411,649	3,784	28,686	54,148	803,669
At 31 December 2022:							
Cost	392,267	16,293	724,567	9,045	58,020	55,431	1,255,623
Accumulated depreciation and impairment	(95,392)	(7,766)	(312,918)	(5,261)	(29,334)	(1,283)	(451,954)
Net carrying amount	296,875	8,527	411,649	3,784	28,686	54,148	803,669

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023:							
Cost	392,267	16,293	724,567	9,045	58,020	55,431	1,255,623
Accumulated depreciation and impairment	(95,392)	(7,766)	(312,918)	(5,261)	(29,334)	(1,283)	(451,954)
Net carrying amount	296,875	8,527	411,649	3,784	28,686	54,148	803,669
At 1 January 2023, net of accumulated depreciation and impairment	296,875	8,527	411,649	3,784	28,686	54,148	803,669
Additions	3,538	3,004	58,232	977	8,964	140,380	215,095
Depreciation provided during the year	(20,002)	(3,601)	(60,284)	(1,033)	(9,713)	–	(94,633)
Disposals	(140)	–	(4,087)	(592)	(2,679)	–	(7,498)
Transfers	88,328	–	89,938	–	1,963	(180,229)	–
At 31 December 2023, net of accumulated depreciation and impairment	368,599	7,930	495,448	3,136	27,221	14,299	916,633
At 31 December 2023:							
Cost	483,941	19,297	846,631	8,395	63,026	15,135	1,436,425
Accumulated depreciation and impairment	(115,342)	(11,367)	(351,183)	(5,259)	(35,805)	(836)	(519,792)
Net carrying amount	368,599	7,930	495,448	3,136	27,221	14,299	916,633

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024:							
Cost	483,941	19,297	846,631	8,395	63,026	15,135	1,436,425
Accumulated depreciation and impairment	(115,342)	(11,367)	(351,183)	(5,259)	(35,805)	(836)	(519,792)
Net carrying amount	368,599	7,930	495,448	3,136	27,221	14,299	916,633
At 1 January 2024, net of accumulated depreciation and impairment	368,599	7,930	495,448	3,136	27,221	14,299	916,633
Additions	9,727	1,280	42,571	180	7,891	63,246	124,895
Depreciation provided during the year	(21,363)	(3,075)	(70,516)	(1,082)	(9,700)	–	(105,736)
Disposals	(173)	–	(4,565)	(117)	(501)	–	(5,356)
Transfers	–	–	60,526	1,019	339	(61,884)	–
At 31 December 2024, net of accumulated depreciation and impairment	356,790	6,135	523,464	3,136	25,250	15,661	930,436
At 31 December 2024:							
Cost	492,279	20,577	929,100	9,371	66,470	16,497	1,534,294
Accumulated depreciation and impairment	(135,489)	(14,442)	(405,636)	(6,235)	(41,220)	(836)	(603,858)
Net carrying amount	356,790	6,135	523,464	3,136	25,250	15,661	930,436

Company

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022							
At 1 January 2022:							
Cost	57,387	349	156,836	2,812	10,881	4,071	232,336
Accumulated depreciation and impairment	(16,760)	(326)	(87,833)	(1,837)	(8,910)	–	(115,666)
Net carrying amount	40,627	23	69,003	975	1,971	4,071	116,670
At 1 January 2022, net of accumulated depreciation and impairment	40,627	23	69,003	975	1,971	4,071	116,670
Additions	–	–	907	–	94	1,373	2,374
Depreciation provided during the year	(1,884)	(18)	(12,735)	(299)	(513)	–	(15,449)
Disposals	–	–	(803)	(104)	(5)	–	(912)
Transfers	–	–	2,569	–	–	(2,569)	–
Impairment	–	–	–	–	–	(1,283)	(1,283)
At 31 December 2022, net of accumulated depreciation and impairment	38,743	5	58,941	572	1,547	1,592	101,400
At 31 December 2022:							
Cost	57,387	349	157,598	2,303	10,877	2,875	231,389
Accumulated depreciation and impairment	(18,644)	(344)	(98,657)	(1,731)	(9,330)	(1,283)	(129,989)
Net carrying amount	38,743	5	58,941	572	1,547	1,592	101,400

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023:							
Cost	57,387	349	157,598	2,303	10,877	2,875	231,389
Accumulated depreciation and impairment	(18,644)	(344)	(98,657)	(1,731)	(9,330)	(1,283)	(129,989)
Net carrying amount	38,743	5	58,941	572	1,547	1,592	101,400
At 1 January 2023, net of accumulated depreciation and impairment	38,743	5	58,941	572	1,547	1,592	101,400
Additions	–	–	2,832	–	110	2,146	5,088
Depreciation provided during the year	(1,884)	(5)	(10,735)	(265)	(499)	–	(13,388)
Disposals	–	–	(3,458)	–	–	–	(3,458)
Transfers	–	–	3,633	–	46	(3,679)	–
At 31 December 2023, net of accumulated depreciation and impairment	36,859	–	51,213	307	1,204	59	89,642
At 31 December 2023:							
Cost	57,387	349	157,882	2,303	11,033	895	229,849
Accumulated depreciation and impairment	(20,528)	(349)	(106,669)	(1,996)	(9,829)	(836)	(140,207)
Net carrying amount	36,859	–	51,213	307	1,204	59	89,642

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024:							
Cost	57,387	349	157,882	2,303	11,033	895	229,849
Accumulated depreciation and impairment	(20,528)	(349)	(106,669)	(1,996)	(9,829)	(836)	(140,207)
Net carrying amount	36,859	–	51,213	307	1,204	59	89,642
At 1 January 2024, net of accumulated depreciation and impairment	36,859	–	51,213	307	1,204	59	89,642
Additions	2,056	–	–	–	277	1,071	3,404
Depreciation provided during the year	(1,943)	–	(9,342)	(234)	(366)	–	(11,885)
Disposals	–	–	(2,027)	–	(2)	–	(2,029)
Transfers	–	–	–	1,007	123	(1,130)	–
At 31 December 2024, net of accumulated depreciation and impairment	36,972	–	39,844	1,080	1,236	–	79,132
At 31 December 2024:							
Cost	59,443	349	154,482	3,310	11,390	836	229,810
Accumulated depreciation and impairment	(22,471)	(349)	(114,638)	(2,230)	(10,154)	(836)	(150,678)
Net carrying amount	36,972	–	39,844	1,080	1,236	–	79,132

At the end of the Relevant Periods, certain of the Group's buildings were pledged to secure bank facilities granted to the Group for borrowings and bills payables (note 30).

15. LEASES

The Group as a lessee

The Group has lease contracts for properties used in its operations. Lump sum payments were made upfront to acquire the land use rights with periods of 44 to 50 years, and no ongoing payments will be made under the terms of these land use rights. Leases of properties generally have lease terms between 2 to 10 years.

(a) Right-of-use assets

Group

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Properties	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2022	71,871	98,406	170,277
Additions	31,551	–	31,551
Depreciation charge	(19,034)	(2,246)	(21,280)
Termination	(8,091)	–	(8,091)
As at 31 December 2022 and 1 January 2023	76,297	96,160	172,457
Additions	50,109	–	50,109
Depreciation charge	(32,858)	(2,247)	(35,105)
As at 31 December 2023 and 1 January 2024	93,548	93,913	187,461
Additions	34,440	–	34,440
Depreciation charge	(34,255)	(2,277)	(36,532)
Termination	(9,019)	–	(9,019)
As at 31 December 2024	84,714	91,636	176,350

At the end of the Relevant Periods, certain of the Group's right-of-use assets were pledged to secure bank facilities granted to the Group for borrowings and bills payables (note 30).

(b) Lease liabilities

Group

The carrying amount of lease liabilities (not included under interest-bearing bank borrowings) and the movements during the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	68,931	77,438	88,385
Additions	31,551	50,109	34,440
Accretion of interest recognised during the year	4,562	4,514	4,850
Payments	(19,942)	(43,676)	(34,918)
Termination	(7,664)	–	(8,614)
At end of year	77,438	88,385	84,143
Analysed into:			
Current portion	23,948	25,012	34,678
Non-current portion	53,490	63,373	49,465

Company

The carrying amount of lease liabilities (not included under interest-bearing bank borrowings) and the movements during the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	23,932	17,066	12,131
Additions	–	3,742	2,491
Accretion of interest recognised during the year	1,127	891	725
Payments	(1,408)	(9,568)	(1,116)
Termination	(6,585)	–	–
At end of year	17,066	12,131	14,231
Analysed into:			
Current portion	–	51	6,069
Non-current portion	17,066	12,080	8,162

(c) ***The amounts recognised in consolidated statements of profit or loss in relation to leases are as follows:***

Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	4,562	4,514	4,850
Depreciation charge of right-of-use assets	21,280	35,105	36,532
Losses on early termination of leases	427	–	405
Expense relating to short-term leases	2,633	4,237	4,110
Total amount recognised in profit or loss	28,902	43,856	45,897

16. GOODWILL

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year			
Cost	1,665	9,585	9,585
Net carrying amount	1,665	9,585	9,585
Cost at beginning of year, net of accumulated impairment	1,665	9,585	9,585
Additions *(note 37)*	7,920	–	–
Cost and carrying amount at end of year	9,585	9,585	9,585
At end of year			
Cost	9,585	9,585	9,585
Net carrying amount	9,585	9,585	9,585

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units ("**CGU**") for impairment testing:

- SENADA BIKES CGU; and
- Jinan Jilian packaging products CGU.

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
SENADA BIKES CGU	7,920	7,920	7,920
Jinan Jilian packaging products CGU	1,665	1,665	1,665
	9,585	9,585	9,585

SENADA BIKES CGU

Management engaged an independent external valuer to assess the recoverable amounts of the goodwill as at the end of each of the Relevant Periods. The recoverable amount of SENADA BIKES CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 13.17%, 13.92% and 15.17% as at the end of each of the Relevant Periods. The cash flows beyond the five-year period are extrapolated using zero growth rate and the business is assumed that it would operate perpetually.

The following table sets out the key assumptions adopted by management in the impairment assessment:

	As at 31 December		
	2022	2023	2024
Revenue annual growth rate – average of the forecast period	14.25%	13.25%	11.37%
Average gross margins	22.97%	24.32%	26.40%
Pre-tax discount rate	13.17%	13.92%	15.17%

As at 31 December 2022, 2023 and 2024, based on the value-in-use calculations, the recoverable amount exceeded the carrying amount of SENADA BIKES CGU by RMB1,390,000, RMB12,010,000 and RMB8,747,000, respectively.

Key assumptions for value in use calculations

Assumptions were used in the value-in-use calculation of the CGUs for the Relevant Periods. The key assumptions used in the value in use calculations reflect a combination of internal and external factors impacting budgeted sales and gross margins and discount rates. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted sales and gross margins – The basis used to determine the value assigned to the budgeted sales and gross margins is the average results achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rate – The cash flow projections are discounted using an discount rate of 13.17%, 13.92% and 15.17% as of 31 December 2022, 2023 and 2024, respectively. The discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of capital.

The value assigned to the key assumptions on the market development of the SENADA BIKES and discount rate are consistent with external information sources.

Sensitivity analysis for the SENADA BIKES CGU valuation

Management of the Company has performed sensitivity test by decreasing 0.3% of budgeted sales, decreasing 0.3% of gross margins or increasing 0.3% of discount rate, with all other key assumptions held constant. The impacts on the amount by which SENADA BIKES CGU recoverable amount exceed its carrying amount ("**headroom**") are as below:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Budgeted sales decreased by 0.3%	(1,114)	(1,374)	(1,129)
Gross margins decreased by 0.3%	(1,351)	(1,650)	(1,215)
Discount rate increased by 0.3%	(1,121)	(1,381)	(913)

The headroom corresponding to the impact of the above key assumptions are as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Headroom – decreasing budgeted sales by 0.3%	276	10,636	7,618
Headroom – decreasing gross margins by 0.3%	39	10,360	7,532
Headroom – increasing discount rate by 0.3%	269	10,629	7,834

Due to the proximity of the acquisition date of SENADA BIKES CGU to 31 December 2022, the appraised value of SENADA BIKES CGU as at 31 December 2022 is close to the consideration for acquisition of SENADA BIKES CGU, with a small headroom. Based on the headroom of the impairment assessment for the Relevant Periods, management of the Company believe that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

These sensitivities analysis are based on changing the relevant assumption while holding other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

Considering there was still sufficient headroom based on the assessment, the management believe there was no impairment for the goodwill as at the end of each of the Relevant Periods.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, the directors of the Company conclude that no impairment loss on the aforementioned goodwill is required to be recognised as at the end of each of the Relevant Periods.

17. OTHER INTANGIBLE ASSETS

	Non-patented technology	Patent	Software	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022:					
Cost	377	6,547	6,631	–	13,555
Accumulated amortisation	(91)	(1,128)	(2,804)	–	(4,023)
Net carrying amount	286	5,419	3,827	–	9,532
Cost at 1 January 2022, net of accumulated amortisation	286	5,419	3,827	–	9,532
Additions	–	13	1,074	5,353	6,440
Amortisation provided during the year	(30)	(383)	(826)	(282)	(1,521)
At 31 December 2022, net of accumulated amortisation	256	5,049	4,075	5,071	14,451
At 31 December 2022:					
Cost	377	6,560	7,705	5,353	19,995
Accumulated amortisation	(121)	(1,511)	(3,630)	(282)	(5,544)
Net carrying amount	256	5,049	4,075	5,071	14,451
Cost at 1 January 2023, net of accumulated amortisation	256	5,049	4,075	5,071	14,451
Additions	51	116	1,534	9,091	10,792
Amortisation provided during the year	(40)	(499)	(749)	(578)	(1,866)
At 31 December 2023, net of accumulated amortisation	267	4,666	4,860	13,584	23,377
At 31 December 2023:					
Cost	428	6,676	9,239	14,444	30,787
Accumulated amortisation	(161)	(2,010)	(4,379)	(860)	(7,410)
Net carrying amount	267	4,666	4,860	13,584	23,377
Cost at 1 January 2024, net of accumulated amortisation	267	4,666	4,860	13,584	23,377
Additions	–	6	340	81	427
Amortisation provided during the year	(40)	(408)	(1,420)	(2,025)	(3,893)
Disposals	(1)	–	–	–	(1)
At 31 December 2024, net of accumulated amortisation	226	4,264	3,780	11,640	19,910
At 31 December 2024:					
Cost	422	6,682	9,579	14,525	31,208
Accumulated amortisation	(196)	(2,418)	(5,799)	(2,885)	(11,298)
Net carrying amount	226	4,264	3,780	11,640	19,910

18. INVESTMENTS IN ASSOCIATES

Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	61,950	76,418	98,918
Goodwill on acquisition	5,865	6,021	8,559
	67,815	82,439	107,477

The Group's trade payable balances with the associates are disclosed in note 43 to the Historical Financial Information. Particulars of the Group's material associates are as follows:

Name	**Particulars of issued shares held**	**Place of registration and business**	**Percentage of ownership interest attributable to the Group**			**Principal activities**
			As at 31 December			
			2022	**2023**	**2024**	
Xiamen Haisheng Rongchuang Information Technology Co., Ltd.("**Xiamen Haisheng**")	Ordinary shares	PRC/Mainland China	37%	37%	37%	Information technology services
Tianjin Masterwork Health Technology Co., Ltd. ("**Tianjin Masterwork**")	Ordinary shares	PRC/Mainland China	40%	40%	40%	Scientific research and technology services
Fujian Strait Copyright Operation Co., Ltd. ("**Fujian Strait**")	Ordinary shares	PRC/Mainland China	–	49%	49%	Copyright and intellectual property services
Shenzhen Jiashe Network Technology Co., Ltd. ("**Shenzhen Jiashe**")	Ordinary shares	PRC/Mainland China	–	–	20%	Technology promotion and application services

The shareholdings in Xiamen Haisheng and Fujian Strait are held by the Company. The shareholdings in Tianjin Masterwork and Shenzhen Jiashe are held through wholly-owned subsidiaries of the Company.

Xiamen Haisheng, Tianjin Masterwork, Fujian Strait and Shenzhen Jiashe, which are considered as material associates of the Group, are accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Xiamen Haisheng adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current assets	292,911	400,868	318,334
Non-current assets	25,894	27,499	29,613
Current liabilities	(202,906)	(306,460)	(219,561)
Net assets	115,899	121,907	128,386
Reconciliation to the Group's interest in the associate:			
Proportion of the Group's ownership	37%	37%	37%
Group's share of net assets of the associate	42,883	45,106	47,505
Goodwill on acquisition	5,865	5,865	5,865
Carrying amount of the investment	48,748	50,971	53,370
Revenue	122,428	241,209	295,083
(Loss)/profit for the year	(20,395)	6,008	10,082
Total comprehensive income for the year	(20,395)	6,008	10,082

The following table illustrates the summarised financial information in respect of Tianjin Masterwork adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current assets	41,017	24,504	19,956
Non-current assets	14,181	11,974	14,133
Current liabilities	(7,341)	(8,506)	(10,733)
Non-current liabilities	(11,150)	(9,739)	(5,318)
Net assets	36,707	18,233	18,038
Reconciliation to the Group's interest in the associate:			
Proportion of the Group's ownership	40%	40%	40%
Group's share of net assets of the associate	14,683	7,293	7,215
Carrying amount of the investment	14,683	7,293	7,215
Revenue	28,287	22,442	21,392
Profit/(loss) for the year	4,230	1,531	(194)
Total comprehensive income for the year	4,230	1,531	(194)

The following table illustrates the summarised financial information in respect of Fujian Strait adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December	
	2023	2024
	RMB'000	*RMB'000*
Current assets	20,603	19,748
Non-current assets	5,226	5,226
Current liabilities	(925)	(647)
Net assets	24,904	24,327
Reconciliation to the Group's interest in the associate: Proportion of the Group's ownership	49%	49%
Group's share of net assets of the associate	12,203	11,920
Goodwill on acquisition	156	156
Carrying amount of the investment	12,359	12,076
Revenue	2,293	3,918
Profit/(loss) for the year	10	(578)
Total comprehensive income for the year	10	(578)

The following table illustrates the summarised financial information in respect of Shenzhen Jiashe adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December 2024
	RMB'000
Current assets	79,429
Non-current assets	78,802
Current liabilities	(15,504)
Net assets	142,727
Reconciliation to the Group's interest in the associate: Proportion of the Group's ownership	20%
Group's share of net assets of the associate	28,545
Goodwill on acquisition	2,538
Carrying amount of the investment	31,083
Revenue	97,226
Profit for the year	10,622
Other comprehensive income	527
Total comprehensive income for the year	11,149

The following table illustrates the summarised financial information of the Group's associates that are not individually material to the Group:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Share of the associates' loss for the year	(438)	(986)	(730)
Share of the associates' total comprehensive income	(438)	(986)	(730)
Aggregate carrying amount of the Group's investments in the associates	4,384	11,816	3,733

Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	42,883	59,298	60,930
Goodwill on acquisition	5,865	6,021	6,021
	48,748	65,319	66,951

The Company's trade payable balances with the associates are disclosed in note 43 to the Historical Financial Information. Particulars of the Company's material associates are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Company			Principal activities
			As at 31 December			
			2022	2023	2024	
Xiamen Haisheng Rongchuang Information Technology Co., Ltd.("**Xiamen Haisheng**")	Ordinary shares	PRC/Mainland China	37%	37%	37%	Information technology services
Fujian Strait Copyright Operation Co., Ltd. ("**Fujian Strait**")	Ordinary shares	PRC/Mainland China	–	49%	49%	Copyright and intellectual property services

The equity investments in Xiamen Haisheng and Fujian Strait are held by the Company, and accounted for using equity method.

The following table illustrates the summarised financial information in respect of Xiamen Haisheng adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements of the Company:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current assets	292,911	400,868	318,334
Non-current assets	25,894	27,499	29,613
Current liabilities	(202,906)	(306,460)	(219,561)
Net assets	115,899	121,907	128,386
Reconciliation to the Company's interest in the associate:			
Proportion of the Company's ownership	37%	37%	37%
Company's share of net assets of the associate	42,883	45,106	47,505
Goodwill on acquisition	5,865	5,865	5,865
Carrying amount of the investment	48,748	50,971	53,370
Revenue	122,428	241,209	295,083
(Loss)/profit for the year	(20,395)	6,008	10,082
Total comprehensive income for the year	(20,395)	6,008	10,082

The following table illustrates the summarised financial information in respect of Fujian Strait adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements of the Company:

	As at 31 December	
	2023	**2024**
	RMB'000	*RMB'000*
Current assets	20,603	19,748
Non-current assets	5,226	5,226
Current liabilities	(925)	(647)
Net assets	24,904	24,327
Reconciliation to the Company's interest in the associate:		
Proportion of the Company's ownership	49%	49%
Company's share of net assets of the associate	12,203	11,920
Goodwill on acquisition	156	156
Carrying amount of the investment	12,359	12,076
Revenue	2,293	3,918
Profit/(loss) for the year	10	(578)
Total comprehensive income for the year	10	(578)

The following table illustrates the summarised financial information of the Company's associates that are not individually material to the Company:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Share of the associates' loss for the year	–	(111)	(484)
Share of the associates' total comprehensive income	–	(111)	(484)
Aggregate carrying amount of the Company's investments in the associates	–	1,989	1,505

19. INVESTMENTS IN SUBSIDIARIES

Company

At the end of Relevant Periods, the Company's investments in subsidiaries were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Xiamen Giikin	166,500	166,500	166,500
Anhui Jihong	80,637	80,637	80,637
Hohhot Jihong	50,000	50,000	50,000
Langfang Jihong	50,000	120,000	120,000
Ningxia Jihong	50,000	50,000	50,000
Xiamen Jihong	50,000	50,000	50,000
Hangzhou Jimiaoyun	27,500	28,111	28,344
Shaanxi Yongxin*	27,305	27,305	–
Luanzhou Jihong	12,000	12,000	12,000
Others	184,596	230,289	242,513
	698,538	814,842	799,994

* On 14 May 2024, the Company deregistrated Shaanxi Yongxin.

20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income			
Unlisted equity investments, at fair value	18,500	19,500	8,254

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Other unlisted investments, at fair value	–	–	130,863

The above unlisted investments were investments issued by private equity fund in Hong Kong, China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

As of 31 December 2024, the private equity fund was still in the fundraising stage and had not yet made external investments. The management believe that the fair value of the other unlisted investments as of 31 December 2024 was similar to the investment cost.

22. OTHER NON-CURRENT ASSETS

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for property, plant and equipment	994	12,593	1,188

23. INVENTORIES

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	181,032	171,160	160,553
Work in progress	20,750	29,666	28,320
Finished goods	289,999	273,179	271,470
Others	967	189	448
	492,748	474,194	460,791
Impairment allowance	(9,079)	(18,118)	(12,902)
	483,669	456,076	447,889

The movements for impairment of inventories are as follows:

	As at 1 January 2022	Accrual/ (Reversal)	Exchange loss	Write off	As at 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment of raw materials	–	1,932	–	–	1,932
Impairment of finished goods	4,074	6,569	25	(3,521)	7,147
	4,074	8,501	25	(3,521)	9,079

	As at 1 January 2023	Accrual/ (Reversal)	Exchange loss	Write off	As at 31 December 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment of raw materials	1,932	5,084	–	(1,548)	5,468
Impairment of work in progress	–	324	–	–	324
Impairment of finished goods	7,147	14,056	141	(9,018)	12,326
	9,079	19,464	141	(10,566)	18,118

	As at 1 January 2024	Accrual/ (Reversal)	Exchange loss	Write off	As at 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment of raw materials	5,468	(1,640)	–	–	3,828
Impairment of work in progress	324	414	–	–	738
Impairment of finished goods	12,326	10,765	81	(14,836)	8,336
	18,118	9,539	81	(14,836)	12,902

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	12,043	4,120	4,604
Work in progress	1,804	864	638
Finished goods	5,620	8,426	13,442
	19,467	13,410	18,684
Impairment allowance	(439)	(1,849)	(1,730)
	19,028	11,561	16,954

The movements for impairment of inventories are as follows:

	As at 1 January 2022	Accrual/ (Reversal)	Exchange loss	Write off	As at 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment of finished goods	–	439	–	–	439

	As at 1 January 2023	Accrual/ (Reversal)	Exchange loss	Write off	As at 31 December 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment of raw materials	–	1,465	–	–	1,465
Impairment of work in progress	–	1	–	–	1
Impairment of finished goods	439	(56)	–	–	383
	439	1,410	–	–	1,849

	As at 1 January 2024	Accrual/ (Reversal)	Exchange loss	Write off	As at 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment of raw materials	1,465	(257)	–	–	1,208
Impairment of work in progress	1	171	–	–	172
Impairment of finished goods	383	(33)	–	–	350
	1,849	(119)	–	–	1,730

24. TRADE AND BILLS RECEIVABLES

Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	502,125	516,854	591,571
Impairment	(30,149)	(37,691)	(42,681)
Trade receivables, net	471,976	479,163	548,890
Bills receivables	2,755	9,461	4,995
Trade and bills receivables	474,731	488,624	553,885

The bills receivables held by the Group were mostly issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was immaterial as at end of Relevant Periods.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed annually. At the end of the Relevant Periods, the Group had certain concentrations of credit risk as 51.4%, 55.9% and 50.5% of the Group's trade receivables were due from the Group's five largest customers, respectively. The Group had certain concentrations of credit risk as 40.8%, 38.9% and 37.0% of the Group's trade receivables were due from the Group's largest customer.

An ageing analysis of the trade receivables of the Group as at the end of each of the Relevant Periods (based on the invoice date) is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	485,201	496,322	569,614
1 to 2 years	12,821	7,875	5,595
2 to 3 years	828	11,028	4,038
3 to 4 years	2,134	283	10,926
4 to 5 years	160	1,190	206
Over 5 years	981	156	1,192
	502,125	516,854	591,571
Impairment allowance	(30,149)	(37,691)	(42,681)
	471,976	479,163	548,890

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	25,290	30,149	37,691
Additions	12,658	8,915	7,229
Write-off	(7,799)	(1,373)	(2,239)
At end of the year	30,149	37,691	42,681

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group used simplified approach by establishing a provision matrix based on its historical credit loss experience and considering the forward-looking factors in calculating ECLs for trade receivables. During the Relevant Periods, there was no significant fluctuation for the overall expected credit loss rates, the Group adopted similar expected credit loss rate for simplification purpose.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2022

	Expected credit loss rate	Gross carrying amount	Expected credit losses
		(RMB'000)	*(RMB'000)*
Within one year	5.00%	484,177	24,209
1 to 2 years	10.00%	11,733	1,173
2 to 3 years	20.00%	691	138
3 to 4 years	40.00%	1,386	555
4 to 5 years	60.00%	160	96
Over 5 years	100.00%	502	502
		498,649	26,673
Individually assessed	100.00%	3,476	3,476
		502,125	30,149

As at 31 December 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses
		(RMB'000)	*(RMB'000)*
Within one year	4.76%	496,322	23,647
1 to 2 years	10.00%	6,362	636
2 to 3 years	20.00%	667	133
3 to 4 years	40.00%	146	58
4 to 5 years	60.00%	350	210
Over 5 years	100.00%	156	156
		504,003	24,840
Individually assessed	100.00%	12,851	12,851
		516,854	37,691

As at 31 December 2024

	Expected credit loss rate	Gross carrying amount	Expected credit losses
		(RMB'000)	*(RMB'000)*
Within one year	4.96%	569,614	28,230
1 to 2 years	10.00%	5,595	559
2 to 3 years	20.00%	2,526	505
3 to 4 years	40.00%	657	263
4 to 5 years	60.00%	137	82
Over 5 years	100.00%	383	383
		578,912	30,022
Individually assessed	100.00%	12,659	12,659
		591,571	42,681

Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	35,571	42,023	40,353
Impairment allowance	(2,917)	(3,311)	(3,243)
Trade receivables, net	32,654	38,712	37,110
Bills receivables	–	135	–
Trade and bills receivables	32,654	38,847	37,110

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	4,303	2,917	3,311
(Reversal)/additions	(890)	511	(62)
Write-off	(496)	(117)	(6)
At end of the year	2,917	3,311	3,243

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	127,225	81,305	21,080
Deposits and other receivables	133,740	135,499	150,088
Value-added tax recoverable	15,094	30,277	17,527
Prepaid income tax	3,063	2,501	2,059
Listing expense	–	8,693	45,870
Others	818	607	296
	279,940	258,882	236,920
Impairment allowance	(80,011)	(96,064)	(95,046)
	199,929	162,818	141,874

Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	549	2,481	815
Deposits and other receivables	92,270	90,804	90,807
Listing expense	–	5,173	45,870
Others	252	1,424	2,120
	93,071	99,882	139,612
Impairment allowance	(72,166)	(89,489)	(89,175)
	20,905	10,393	50,437

The balances are not secured by collateral and expected credit loss rate was minimal except for the other receivables related to disposal of a subsidiary amounting to RMB89,082,000, pledged by the equity interest of that disposed entity, that the Group has individually assessed the collectability of such receivable, and provided the impairment of RMB71,266,000, RMB89,082,000 and RMB89,082,000 as at the end of the Relevant Periods.

26. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND TIME DEPOSITS

Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Cash and cash equivalents	852,071	1,062,110	711,062
Time deposits with original maturities between three months to one year	1,018	43,231	50,169
Pledged deposits	94,971	41,390	67,971
	948,060	1,146,731	829,202
Non-current			
Time deposits with original maturities over one year	–	52,055	133,791
Pledged deposits	35,000	15,000	–
	35,000	67,055	133,791

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents, pledged deposits and time deposits			
Denominated in			
– RMB	574,832	771,105	682,440
– USD	332,144	298,005	131,560
– EUR	1,833	15,523	32,551
– HKD	13,176	12,729	6,883
– JPY	53,459	100,198	86,084
– Others	7,616	16,226	23,475
	983,060	1,213,786	962,993

Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Cash and cash equivalents	157,177	147,425	100,495
Pledged deposits	69,844	20,000	12,191
	227,021	167,425	112,686
Non-current			
Pledged deposits	20,000	–	–

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents, pledged deposits and time deposits			
Denominated in			
– RMB	193,717	122,181	94,285
– USD	50,330	44,900	18,293
– Others	2,974	344	108
	247,021	167,425	112,686

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

The bank balances are deposited with creditworthy banks with no recent history of default.

27. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	498,008	627,080	695,430
1 to 2 years	10,162	8,205	12,916
2 to 3 years	1,397	1,296	3,950
Over 3 years	2,933	3,939	4,264
	512,500	640,520	716,560

Trade payables are non-interest-bearing and normally settled on terms of within 30 to 60 days.

In 2024 August, the Group entered into supplier finance arrangements with Ping An Bank Co., Ltd. ("**Ping An Bank**") and Agricultural Bank of China Limited ("**Agricultural Bank**"), together as the "discounting banks". Pursuant to the agreements, Ping An Bank provided discounting the bill receivables of the Group's suppliers without credit limit. Agricultural Bank provided a total credit limit up to RMB50 million for discounting the bill receivables of the Group's suppliers.

Under these supplier finance arrangements, the Group's suppliers can elect to have their undue bill receivables from the Group discounted by the discounting banks. Upon the Group's approval, the discounting banks will pay the suppliers directly for the discounted receivables. The Group will subsequently make payments to the discounting banks to settle the discounted bill receivables. The term of the above supplier finance arrangements is usually not more than 6 months.

From the perspective of the Group, the supplier finance arrangements effect a non-cash movement from payables to suppliers to payables to the discounting banks. As at 31 December 2024, Ping An Bank and Agricultural Bank had paid discounting financing funds amounting to RMB32,599,000 and RMB49,903,000, respectively.

Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	176,113	45,546	47,590
1 to 2 years	392	64	483
2 to 3 years	129	198	64
Over 3 years	1,352	1,481	1,539
	177,986	47,289	49,676

At the end of the Relevant Periods, certain of the Group's pledged deposits, buildings and right-of use assets were pledged to secure bank facilities granted to the Group for borrowings and bills payables (note 30).

28. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payables	61,230	74,738	94,319
Repurchase obligation for restricted shares *(note 36)*	–	62,766	47,101
Deposits and other payable	35,909	43,592	31,336
Others	18,303	7,253	8,565
	115,442	188,349	181,321

Other payables are non-interest-bearing and have no fixed terms of settlement, except for repurchase obligation for restricted shares which will be settled according to the vesting schedules.

Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payables	7,340	6,066	6,021
Repurchase obligation for restricted shares *(note 36)*	–	62,766	47,101
Deposits and other payable	10,204	460	3,445
Others	3,122	559	1,111
	20,666	69,851	57,678

29. CONTRACT LIABILITIES

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Sale of products/services	12,949	14,829	17,858

Contract liabilities include advances received to deliver goods and services. The changes in contract liabilities during the Relevant Periods were mainly due to the changes in advances received from customers.

30. INTEREST-BEARING BANK BORROWINGS

Group

	As at 31 December								
	2022			2023			2024		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current									
Bank loans – secured	1.58%-3.85%	2023	234,348	2.85%-3.30%	2024	55,919	2.55%-3.15%	2025	29,522
Bank loans – unsecured	2.80%-3.50%	2023	61,087	2.85%-3.30%	2024	40,035	2.40%-2.55%	2025	79,054
Current portion of long-term bank loans – secured	–	–	–	2.55%-3.00%	2024	6,879	2.55%-3.50%	2025	4,543
Current portion of long-term bank loans – unsecured	4.00%	2023	209	4.00%	2024	209	4.00%	2025	8,007
			295,644			103,042			121,126
Non-current									
Bank loans – secured	3.50%	2027	8,349	2.55%-3.50%	2025-2027	147,575	2.55%-3.50%	2026-2027	127,067
Bank loans – unsecured	4.00%	2025	8,200	4.00%	2025	8,000	–	–	–
			16,549			155,575			127,067

Company

	As at 31 December								
	2022			2023			2024		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current									
Bank loans – secured	3.50%	2023	65,070	–	–	–	–	–	–
Bank loans – unsecured	2.80%-3.50%	2023	61,087	2.80%-2.85%	2024	40,035	2.40%-2.55%	2025	79,054
Current portion of long-term bank loans – secured	4.00%	2023	190	2.55%-3.00%	2024	375	2.55%-2.60%	2025	250
Current portion of long-term bank loans – unsecured	4.00%	2023	10	4.00%	2024	209	4.00%	2025	8,007
			126,357			40,619			87,311
Non-current									
Bank loans – secured	–	–	–	2.55%-3.00%	2025-2026	89,600	2.55%-2.60%	2026	59,550
Bank loans – unsecured	4.00%	2025	8,209	4.00%	2025	8,000	–	–	–
			8,209			97,600			59,550

- Certain of the Group's buildings with net carrying amount of approximately RMB35,657,000, RMB33,866,000 and RMB32,076,000 as at the end of Relevant Periods, respectively, were pledged to secure bank facilities granted to the Group for borrowings and bills payables.

- Certain of the Group's land use rights with a net carrying amount of approximately RMB37,433,000, RMB30,581,000 and RMB29,902,000 as at the end of Relevant Periods, respectively, were pledged to secure bank facilities granted to the Group for borrowings and bills payables.
- As at the end of Relevant Periods, the Group's interest-bearing bank borrowings of RMB127,719,000, RMB180,348,000 and RMB161,133,000, respectively, were jointly guaranteed by the Company and its subsidiaries of the Group.

31. DEFERRED INCOME

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	32,387	34,023	30,945

The Group received government grants related to capital expenditure incurred for property, plant and equipment. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

32. DEFERRED TAX

Group

Deferred tax assets

	Impairment of assets	Deferred income and accruals	Unrealised profits from intercompany transactions	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	7,308	2,682	–	14,976	24,966
Deferred tax (charged)/credited to the consolidated statements of profit or loss during the year	(1,042)	570	991	2,572	3,091
Gross deferred tax assets at 31 December 2022	6,266	3,252	991	17,548	28,057
Deferred tax credited/(charged) to the consolidated statements of profit or loss during the year	1,953	413	392	(2,837)	(79)
Gross deferred tax assets at 31 December 2023	8,219	3,665	1,383	14,711	27,978
Deferred tax charged to the consolidated statements of profit or loss during the year	(398)	(66)	(740)	(2,218)	(3,422)
Gross deferred tax assets at 31 December 2024	7,821	3,599	643	12,493	24,556

Deferred tax liabilities

	Fair value adjustment arising from acquisitions	Right-of-use assets	Super deduction of fixed assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	3,907	15,336	–	19,243
Deferred tax (credited)/charged to the consolidated statements of profit or loss during the year	(235)	2,200	757	2,722
Gross deferred tax liabilities at 31 December 2022	3,672	17,536	757	21,965
Deferred tax (credited)/charged to the consolidated statements of profit or loss during the year	(851)	(1,669)	50	(2,470)
Gross deferred tax liabilities at 31 December 2023	2,821	15,867	807	19,495
Deferred tax credited to the consolidated statements of profit or loss during the year	(322)	(2,961)	(88)	(3,371)
Gross deferred tax liabilities at 31 December 2024	2,499	12,906	719	16,124

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position.

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	13,526	12,231	11,147
Deferred tax liabilities	7,434	3,747	2,715

The Group has tax losses arising in Hong Kong of RMB6,040,000, RMB17,047,000 and RMB47,036,000 for the Relevant Periods, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Mainland China of RMB302,758,000, RMB377,802,000 and RMB419,221,000 for the Relevant Periods, respectively, that will expire in one to ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Deductible temporary differences	93,539	111,414	107,581
Tax losses	308,798	394,849	466,257
	402,337	506,263	573,838

Deferred tax assets have not been recognised in respect of these losses as they have arisen in the Company and subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Company

Deferred tax assets

	Impairment of assets	**Deferred income and accruals**	**Lease liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	2,703	811	–	3,514
Deferred tax (charged)/credited to the statements of profit or loss of the Company during the year	(2,703)	(811)	4,266	752
Gross deferred tax assets at 31 December 2022	–	–	4,266	4,266
Deferred tax charged to the statements of profit or loss of the Company during the year	–	–	(1,233)	(1,233)
Gross deferred tax assets at 31 December 2023	–	–	3,033	3,033
Deferred tax credited to the statements of profit or loss of the Company during the year	–	–	525	525
Gross deferred tax assets at 31 December 2024	–	–	3,558	3,558

Deferred tax liabilities

	Right-of-use assets
	RMB'000
At 1 January 2022	–
Deferred tax charged to the statements of profit or loss of the Company during the year	4,243
Gross deferred tax liabilities at 31 December 2022	4,243
Deferred tax charged to the statements of profit or loss of the Company during the year	230
Gross deferred tax liabilities at 31 December 2023	4,473
Deferred tax credited to the statements of profit or loss of the Company during the year	(503)
Gross deferred tax liabilities at 31 December 2024	3,970

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position.

The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	23	–	–
Deferred tax liabilities	–	1,440	412

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Deductible temporary differences	84,096	102,441	102,370
Tax losses	65,179	62,268	83,928
	149,275	164,709	186,298

Deferred tax assets have not been recognised in respect of these losses as they have arisen in the Company that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

33. SHARE CAPITAL

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid: ordinary shares	378,409	385,009	384,769

A summary of movements in the Company's share capital is as follows:

	Number of shares	**Share capital**
		RMB'000
At 1 January 2022	387,480,088	387,480
Cancellation of restricted shares granted under Share Incentive Plans	(9,070,800)	(9,071)
At 31 December 2022	378,409,288	378,409
Issuance of restricted shares granted under Share Incentive Plans	6,600,000	6,600
At 31 December 2023	385,009,288	385,009
Cancellation of restricted shares granted under Share Incentive Plans	(240,000)	(240)
At 31 December 2024	384,769,288	384,769

34. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity in the Historical Financial Information.

(a) Statutory reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC subsidiaries.

(b) Share award reserve

The share award reserve comprises the fair value of equity-settled share-based payment expenses, as further explained in note 36.

(c) Capital reserve

The capital reserve mainly arose from (i) the capital contributions from the then equity holders of the Group's subsidiaries, after elimination of investments in subsidiaries; and (ii) the acquisition of non-controlling interest of the Group's subsidiaries. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(d) Other comprehensive income

The other comprehensive reserve mainly represented exchange fluctuation reserve, which is used to record exchange differences arising from the translation of the financial information of entities of which the functional currency is not RMB.

(e) Treasury Shares

	Number of shares	Treasury shares
		RMB'000
At 1 January 2022	15,146,107	279,076
Settlement of shares repurchased (i)	(9,070,800)	(117,558)
Grant of restricted shares *(note 36)*	(6,075,307)	(161,518)
At 31 December 2022	–	–
Repurchase obligation for restricted shares (i)	6,600,000	62,766
Repurchase of shares (ii)	470,900	10,088
At 31 December 2023	7,070,900	72,854
Repurchase of shares (ii)	5,554,800	75,945
Repurchase obligation for restricted shares (i)	(643,408)	(12,635)
At 31 December 2024	11,982,292	136,164

(i) On 25 June 2021, the Company awarded 9,070,800 restricted shares to employees at the vest price of RMB12.96 per share under Share Incentive Plans, with the consideration of RMB117,558,000. According to the Share Incentive Plan, the Company had obligations to repurchase these restricted shares if the performance conditions were not meet. Therefore, the Company recognised the repurchase obligation amounting to RMB117,558,000.

As it was expected that the performance target under above grant would not be able to satisfied, on 27 January 2022, the Board of Directors approved the cancellation of such awards, and the outstanding restricted shares were repurchased in March 2022 and cancelled in April 2022.

On 25 September 2023, the Company awarded 6,600,000 restricted shares to employees at the vest price of RMB9.51 per share under Share Incentive Plans, with the consideration of RMB62,766,000. Accordingly, the Company recognised the repurchase obligation with the same amount.

During 2024, part of repurchase obligations were reversed upon the vesting or cancellation of restricted shares incentives.

(ii) The Company repurchased shares for future Share Incentive Plans through centralized price bidding by self-owned funds, which were recognised as treasury shares as at the end of Relevant Periods.

(f) Reserve movement of the Company

Year ended 31 December 2022

	Treasury shares	Share premium	Share award reserve	Statutory reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	(279,076)	480,279	–	69,895	422,688	693,786
Loss for the year	–	–	–	–	(59,809)	(59,809)
Total comprehensive income for the year	–	–	–	–	(59,809)	(59,809)
Cancellation of shares repurchased	–	(108,487)	–	–	–	(108,487)
Equity-settled share-based payment expenses	–	–	3,126	–	–	3,126
Settlement of repurchase obligation for restricted shares	117,558	–	–	–	–	117,558
Restricted shares granted under Share Incentive Plans	161,518	(122,029)	–	–	–	39,489
As at 31 December 2022	–	249,763	3,126	69,895	362,879	685,663

Year ended 31 December 2023

	Treasury shares	Share premium	Share award reserve	Statutory reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	–	249,763	3,126	69,895	362,879	685,663
Profit for the year	–	–	–	–	88,491	88,491
Total comprehensive income for the year	–	–	–	–	88,491	88,491
Restricted shares granted under Share Incentive Plans	–	56,166	–	–	–	56,166
Equity-settled share-based payment expenses	–	–	26,379	–	–	26,379
Repurchase obligation for restricted shares	(62,766)	–	–	–	–	(62,766)
Shares repurchased for Share Incentive Plans	(10,088)	–	–	–	–	(10,088)
Restricted shares vested	–	10,504	(10,504)	–	–	–
Dividends declared	–	–	–	–	(175,204)	(175,204)
Transfer from retained profits	–	–	–	8,849	(8,849)	–
As at 31 December 2023	(72,854)	316,433	19,001	78,744	267,317	608,641

Year ended 31 December 2024

	Treasury shares	Share premium	Share award reserve	Statutory reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	(72,854)	316,433	19,001	78,744	267,317	608,641
Profit for the year	–	–	–	–	173,753	173,753
Total comprehensive income for the year	–	–	–	–	173,753	173,753
Equity-settled share-based payment expenses	–	–	17,332	–	–	17,332
Cancellation of shares repurchased	2,282	(2,042)	–	–	–	240
Repurchase obligation for restricted shares	10,353	29,470	(29,470)	–	–	10,353
Shares repurchased for Share Incentive Plans	(75,945)	–	–	–	–	(75,945)
Dividends declared	–	–	–	–	(201,882)	(201,882)
Transfer from retained profits	–	–	–	17,375	(17,375)	–
As at 31 December 2024	(136,164)	343,861	6,863	96,119	221,813	532,492

35. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

31 December 2022

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non- controlling interests	Dividends paid to non-controlling interests	Accumulated balances of non-controlling interests at the end of 31 December 2022
		RMB'000	*RMB'000*	*RMB'000*
Luanzhou Jihong	40.00%	2,664	–	37,085
Hangzhou Jimiaoyun	45.00%	(8,969)	–	(33,334)
Shaanxi Yongxin	49.00%	(4,357)	–	25,002
Ganzhou Gujiao Wine Industry Development Co., Ltd. ("**Ganzhou Gujiao**")	30.00%	(2,288)	–	12,111

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Luanzhou Jihong	Hangzhou Jimiaoyun	Shaanxi Yongxin	Ganzhou Gujiao
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	134,446	1,613	178,044	25,335
Total expenses	(127,653)	(21,544)	(186,936)	(32,963)
Profit/(loss) for the year	6,793	(19,931)	(8,892)	(7,628)
Total comprehensive income for the year	6,793	(19,960)	(8,892)	(7,628)
Current assets	91,775	3,541	55,678	154,763
Non-current assets	22,944	1,638	26,105	1,743
Current liabilities	18,534	51,755	30,195	116,136
Non-current liabilities	3,638	–	1,129	–
Net cash flows from/(used in) operating activities	14,698	(61,343)	(1,128)	15,042
Net cash flows used in investing activities	(868)	(295)	–	(2,043)
Net cash flows (used in)/from financing activities	(14,301)	58,050	(258)	(8,300)
Net (decrease)/increase in cash and cash equivalents	(471)	(3,588)	(1,386)	4,699

31 December 2023

	Percentage of equity interest held by non-controlling interests	Profit/ (loss) for the year allocated to non- controlling interests at	Dividends paid to non-controlling interests	Accumulated balances of non-controlling interests the end of 31 December 2023
		RMB'000	*RMB'000*	*RMB'000*
Luanzhou Jihong	40%	4,207	–	41,292
Hangzhou Jimiaoyun	45%	(7,603)	–	(40,937)
Shaanxi Yongxin	49%	(1,835)	–	23,167
Ganzhou Gujiao	30%	(2,655)	–	9,456

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Luanzhou Jihong	Hangzhou Jimiaoyun	Shaanxi Yongxin	Ganzhou Gujiao
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	138,030	4,185	178	9,526
Total expenses	(127,513)	(21,081)	(3,923)	(18,377)
Profit/(loss) for the year	10,517	(16,896)	(3,745)	(8,851)
Total comprehensive income for the year	10,517	(16,896)	(3,745)	(8,851)
Current assets	105,441	5,548	43,781	141,956
Non-current assets	21,587	7,550	592	2,288
Current liabilities	22,949	70,402	37	111,731
Non-current liabilities	1,056	4,590	148	–
Net cash flows from/(used in) operating activities	23,686	(10,706)	45,508	11,921
Net cash flows used in investing activities	(3,794)	(431)	–	–
Net cash flows (used in)/from financing activities	(19,473)	11,850	(5,000)	(11,700)
Net increase in cash and cash equivalents	419	713	40,508	221

31 December 2024

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Dividends paid to non-controlling interests	Accumulated balances of non-controlling interests at the end of 31 December 2024
		RMB'000	*RMB'000*	*RMB'000*
Luanzhou Jihong	40%	2,044	–	43,336
Hangzhou Jimiaoyun	45%	(5,166)	–	(46,103)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Luanzhou Jihong	**Hangzhou Jimiaoyun**
	RMB'000	*RMB'000*
Revenue	93,349	22,373
Total expenses	(88,240)	(33,854)
Profit/(loss) for the year	5,109	(11,481)
Total comprehensive income for the year	5,109	(11,481)
Current assets	106,904	3,363
Non-current assets	19,299	255
Current liabilities	18,070	75,060
Non-current liabilities	–	2
Net cash flows from/(used in) operating activities	3,599	(1,242)
Net cash flows (used in)/from investing activities	(29,348)	497
Net cash flows from financing activities	69,588	4,237
Net decrease in cash and cash equivalents	43,839	3,492

36. SHARE BASED PAYMENTS

During the Relevant Periods, the Company has conducted a series of restricted shares incentive plans ("**Share Incentive Plans**") to eligible management and employees of the Group. Under the Share Incentive Plans, participants can exercise the shares when certain criteria fulfilled.

The restricted shares granted are subject to specific lock-up periods and with service and/or performance conditions vesting conditions which are determined by the Board of Directors. Evaluations are made as of each reporting period to assess the likelihood of vesting conditions being met. Share-based compensation expenses are then adjusted to reflect the revision of original estimates.

The following equity-settled share based payment was outstanding under the Share Incentive Plans during the Relevant Periods:

	Number of restricted shares	Weighted average grant day fair value per restricted share (RMB)
At 1 January 2022	9,070,800	14.82
Granted	6,075,307	4.94
Cancelled	(9,070,800)	14.82
At 31 December 2022	6,075,307	4.94
At 1 January 2023	6,075,307	4.94
Granted	6,600,000	8.52
Vested	(2,126,300)	4.94
At 31 December 2023	10,549,007	7.18
At 1 January 2024	10,549,007	7.18
Vested	(4,352,415)	6.77
Forfeited	(4,288,592)	7.00
At 31 December 2024	1,908,000	8.52

The weighted-average remaining contract lives for outstanding restricted shares granted under Share Incentive Plans were 1.77, 1.53 and 1.73 years as at the end of Relevant Periods.

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date.

The total expenses recognised in the consolidated statements of profit or loss for restricted shares granted to the Group's management and employees under all share schemes were RMB3,126,000, RMB26,379,000 and RMB17,332,000 for the Relevant Periods, respectively.

As at the end of the Relevant Periods, the Group recognised the repurchase obligation in relation to restricted shares granted amounting to nil, RMB62,766,000 and RMB47,101,000, respectively.

37. BUSINESS COMBINATIONS

During the Relevant Periods, the Group held the following significant business combination:

Acquisition of SENADA BIKES

To establish and expand the product with its own brand in the e-commerce business, on 1 July 2022, the Group through its subsidiary acquired a business ("**SENADA BIKES**") at a consideration of RMB22,349,000.

The fair values of the identifiable assets of SENADA BIKES as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	RMB'000
Non-current assets	5,159
Other current assets	1,031
Inventories	8,239
Total assets	14,429
Total identifiable net assets at fair value	14,429
Goodwill	7,920
	22,349
Satisfied by:	
Cash	22,349

An analysis of the cash flows in respect of the acquisition of SENADA BIKES is as follows:

	RMB'000
Cash consideration paid in the year	(22,349)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(22,349)

Since the acquisition, SENADA BIKES contributed RMB16,130,000 to the Group's revenue and caused a loss of RMB1,456,000 to the consolidated profit for the year ended 31 December 2022. Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB5,387,598,000 and RMB173,111,000, respectively.

38. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net assets disposed of:			
Cash and cash equivalents	104	5,232	958
Other current assets	3,282	3,341	15,038
Other non-current assets	46	1,142	87
Other current liabilities	(1,421)	(9,567)	(13,020)
Other non-current liabilities	–	(653)	–
Subtotal	2,011	(505)	3,063
Non-controlling interests	–	–	(1,470)
Net assets attributable to the Group disposed of:	2,011	(505)	1,593
Gain/(loss) on disposal of subsidiaries	56	515	(553)
Total consideration	2,067	10	1,040
Satisfied by:			
Cash	1,034	10	1,040

An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash consideration	1,034	10	1,040
Cash and cash equivalents disposed of	(104)	(5,232)	(958)
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	930	(5,222)	82

(b) Deregistration of subsidiaries

On 14 May 2024, the Group deregistrated Shaanxi Yongxin Paper Industry Packaging Co., Ltd. ("**Shaanxi Yongxin**"). Before the deregistration, the Group's direct equity interest in Shaanxi Yongxin was 51%. Net outflow of cash and cash equivalents in respect of the deregistration of Shannxi Yongxin was RMB21,447,000.

During the year ended 31 December 2024, the Group deregistrated other six subsidiaries and no cashflow arose from the deregistrations.

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB31,551,000, RMB50,109,000 and RMB34,440,000, respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2022

	Interest-bearing bank borrowings	Lease liabilities
	RMB'000	*RMB'000*
At 1 January 2022	232,416	68,931
Changes from financing activities cash flows	65,965	(19,942)
New leases	–	31,551
Accrual of interest	13,812	4,562
Termination of lease contracts	–	(7,664)
At 31 December 2022	312,193	77,438

Year ended 31 December 2023

	Interest-bearing bank borrowings	Lease liabilities
	RMB'000	*RMB'000*
At 1 January 2023	312,193	77,438
Changes from financing activities cash flows	(60,453)	(43,676)
New leases	–	50,109
Accrual of interest	6,877	4,514
At 31 December 2023	258,617	88,385

Year ended 31 December 2024

	Interest-bearing bank borrowings	Lease liabilities
	RMB'000	*RMB'000*
At 1 January 2024	258,617	88,385
Changes from financing activities cash flows	(16,507)	(34,918)
New leases	–	34,440
Termination of lease contracts	–	(8,614)
Accrual of interest	6,083	4,850
At 31 December 2024	248,193	84,143

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	2,633	5,261	3,215
Within financing activities	19,942	43,676	34,918
	22,575	48,937	38,133

40. CONTINGENT LIABILITIES

As at the end of Relevant Periods, neither the Group nor the Company had any significant contingent liabilities.

41. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank facilities are included in note 30 to the Historical Financial Information.

42. COMMITMENTS

The Group had the following capital commitments at the end of Relevant Periods:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for purchase of property, plant and equipment	86,474	73,125	11,455

43. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the Relevant Periods:

(a) Transactions with related parties

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods			
Associates	–	1,820	720
	–	1,820	720
Purchases of products			
Associates	3,957	4,926	3,701
	3,957	4,926	3,701
Purchases of services			
Associate	–	679	1,619
	–	679	1,619

The sales to the related parties and the purchases from the related parties were made according to the published prices and conditions negotiated between the parties.

(b) Outstanding balances with related parties

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties			
Associates	3,117	1,364	972
Amounts due from related parties			
Associates	–	1,453	1,243

The outstanding balances with related parties are all trade in nature.

(c) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Fees	346	400	798
Other emoluments:			
Salaries, allowances and benefits in kind	4,292	5,403	10,393
Performance related bonuses	4,345	6,455	5,565
Equity-settled share-based payment expenses	102	934	3,511
Pension scheme contributions	160	148	179
	9,245	13,340	20,446

The Company had the following transactions with related parties during the Relevant Periods:

(a) Transactions with related parties

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods			
Associates	–	–	113
	–	–	113
Purchases of products			
Associates	3,957	4,926	3,701
	3,957	4,926	3,701
Purchases of services			
Associate	–	669	1,619
	–	669	1,619

The sales to the related parties and the purchases from the related parties were made according to the published prices and conditions negotiated between the parties.

(b) Outstanding balances with related parties

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties			
Associates	2,915	1,162	972
Amounts due from related parties			
Associates	–	–	114

The outstanding balances with related parties are all trade in nature.

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows:

As at 31 December 2022

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	Debt investments	Equity investments			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	18,500	–	–	18,500
Pledged deposits	–	–	–	129,971	129,971
Time deposits	–	–	1,018	–	1,018
Trade and bills receivables	23,755	–	–	450,976	474,731
Financial assets included in prepayments, other receivables and other assets *(note 25)*	–	–	–	54,547	54,547
Cash and cash equivalents	–	–	–	852,071	852,071
	23,755	18,500	1,018	1,487,565	1,530,838

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	512,500
Financial liabilities included in other payables and accruals *(note 28)*	35,909
Interest-bearing bank borrowings	312,193
Amounts due to related parties	3,117
	863,719

As at 31 December 2023

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	Debt investments	Equity investments			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	19,500	–	–	19,500
Pledged deposits	–	–	–	56,390	56,390
Time deposits	–	–	43,231	52,055	95,286
Trade and bills receivables	8,440	–	–	480,184	488,624
Amounts due from related parties	–	–	–	1,453	1,453
Financial assets included in prepayments, other receivables and other assets *(note 25)*	–	–	–	39,435	39,435
Cash and cash equivalents	–	–	–	1,062,110	1,062,110
	8,440	19,500	43,231	1,691,627	1,762,798

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	640,520
Amounts due to related parties	1,364
Interest-bearing bank borrowings	258,617
Financial liabilities included in other payables and accruals *(note 28)*	106,358
	1,006,859

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	Debt investments	Equity investments			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	8,254	–	–	8,254
Pledged deposits	–	–	–	67,971	67,971
Time deposits	–	–	28,088	155,872	183,960
Financial assets at fair value through profit or loss	–	–	130,863	–	130,863
Trade and bills receivables	4,204	–	–	549,681	553,885
Amounts due from related parties	–	–	–	1,243	1,243
Financial assets included in prepayments, other receivables and other assets *(note 25)*	–	–	–	54,498	54,498
Cash and cash equivalents	–	–	–	711,062	711,062
	4,204	8,254	158,951	1,540,327	1,711,736

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	716,560
Financial liabilities included in other payables and accruals *(note 28)*	78,437
Interest-bearing bank borrowings	248,193
Amounts due to related parties	972
	1,044,162

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, amounts due from related parties, amounts due to related parties, trade and bill payables, current portion of interest-bearing bank borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. Management measures the fair value of interest-bearing bank borrowings based on discounted cash flow method. The fair values approximate to their carrying amounts.

The fair values of the non-current portion of pledged deposits and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values approximate to their carrying amounts.

The unlisted investments in financial assets at fair value through profit or loss were investments issued by private equity fund in Hong Kong. As at 31 December 2024, the private equity fund was in the fundraising stage and had not yet made investments. The fair values approximate to their carrying amounts.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group's finance manager reports directly to the financial director and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial director. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

		Fair value measurement using		
	As at 31 December 2022	**Quoted prices in active markets Level 1**	**Significant observable inputs Level 2**	**Significant unobservable inputs Level3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	23,755	–	23,755	–
Financial assets at fair value through profit or loss	1,018	1,018	–	–
Equity investments designated at fair value through other comprehensive income	18,500	–	–	18,500
	43,273	1,018	23,755	18,500

		Fair value measurement using		
	As at 31 December 2023	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	8,440	–	8,440	–
Financial assets at fair value through profit or loss	43,231	43,231	–	–
Equity investments designated at fair value through other comprehensive income	19,500	–	–	19,500
	71,171	43,231	8,440	19,500

		Fair value measurement using		
	As at 31 December 2024	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	4,204	–	4,204	–
Financial assets at fair value through profit or loss	158,951	28,088	130,863	–
Equity investments designated at fair value through other comprehensive income	8,254	–	–	8,254
	171,409	28,088	135,067	8,254

During the Relevant Periods, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair values of equity investments designated at fair value through other comprehensive income has been estimated using market method or discounted cash flow method. For trade and bills receivables measured at fair value through other comprehensive income and time deposits measured at fair value through profit or loss due to interest linked to some financial variables, the Group estimated their fair value by using a discounted cash flow method.

Set out below is a summary of significant unobservable inputs to the valuation of financial instrument together with a quantitative sensitivity analysis as at the end of the Relevant Periods:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Investment A	Market method	One quarter Enterprise value ("**EV**")/Sales ("**R**") multiple of peers	31 December 2022: 0.10-0.11	5% increase/decrease in EV/R multiple used would result in a difference in fair value of RMB131,000
			31 December 2023: 0.09-0.23	5% increase/decrease in EV/R multiple used would result in a difference in fair value of RMB141,000
		Discount for lack of marketability	31 December 2022: 19.00%-21.00%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB48,000
			31 December 2023: 19.00%-21.00%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB49,000
Investment B	Market method	Median Enterprise value ("**EV**")/ Sales ("**R**") multiple of peers	31 December 2023: 1.14-4.24	5% increase/decrease in EV/R multiple used would result in a difference in fair value of RMB313,000
			31 December 2024: 1.38-4.35	5% increase/decrease in EV/R multiple used would result in a difference in fair value of RMB271,000
		Discount for lack of marketability	31 December 2023: 19.00%-21.00%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB78,000
			31 December 2024: 18.00%-20.00%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB62,000
Investment C	Discounted cash flow method	Weighted Average Cost of Capital ("**WACC**")	31 December 2022: 14.15%-17.05%	5% increase/decrease in WACC used would result in a difference in fair value of RMB386,000
			31 December 2023: 16.21%-18.85%	5% increase/decrease in WACC used would result in a difference in fair value of RMB365,000
		Discount for lack of marketability	31 December 2022: 21.38%-23.63%	5% increase/decrease in discount used would result in a difference in fair value of RMB101,000
			31 December 2023: 20.43%-22.58%	5% increase/decrease in discount used would result in a difference in fair value of RMB92,000

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, lease liabilities, other liabilities, cash and cash equivalents and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from oversea sales of products of paper packaging and cross-border social e-commerce, and purchases of logistics and advertisement services with payments to oversea suppliers.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD, JPY and EUR exchange rates, with all other variables held constant, of the Group's profit before tax (arising from USD, JPY and EUR denominated financial instruments).

	Increase/ (decrease) in foreign currency/RMB rate	Increase/(decrease) in profit before tax
	%	*RMB'000*
31 December 2022		
If RMB weakens against USD	5	3,156
If RMB strengthens against USD	(5)	(3,156)
If RMB weakens against JPY	5	6,801
If RMB strengthens against JPY	(5)	(6,801)
31 December 2023		
If RMB weakens against JPY	5	9,004
If RMB strengthens against JPY	(5)	(9,004)
If RMB weakens against EUR	5	1,078
If RMB strengthens against EUR	(5)	(1,078)
31 December 2024		
If RMB weakens against JPY	5	9,858
If RMB strengthens against JPY	(5)	(9,858)
If RMB weakens against USD	5	(4,153)
If RMB strengthens against USD	(5)	4,153

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant except for items individually assessed. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the deputy general manager.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	504,880	504,880
Financial assets included in prepayments, other receivables and other assets					
– Normal**	42,311	–	–	–	42,311
– Doubtful**	–	–	92,247	–	92,247
Pledged deposits	129,971	–	–	–	129,971
Cash and cash equivalents	852,071	–	–	–	852,071
	1,024,353	–	92,247	504,880	1,621,480

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	526,315	526,315
Financial assets included in prepayments, other receivables and other assets					
– Normal**	43,859	–	–	–	43,859
– Doubtful**	–	–	92,247	–	92,247
Pledged deposits	56,390	–	–	–	56,390
Time deposits	52,055	–	–	–	52,055
Cash and cash equivalents	1,062,110	–	–	–	1,062,110
	1,214,414	–	92,247	526,315	1,832,976

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	596,566	596,566
Financial assets included in prepayments, other receivables and other assets					
– Normal**	56,838	–	–	–	56,838
– Doubtful**	–	–	93,546	–	93,546
Pledged deposits	67,971	–	–	–	67,971
Time deposits	155,872	–	–	–	155,872
Cash and cash equivalents	711,062	–	–	–	711,062
	991,743	–	93,546	596,566	1,681,855

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables and prepayments, other receivables and other assets are disclosed in notes 24 and 25 to the Historical Financial Information.

Concentrations of credit risk are managed by customers. Credit risk management is centralized according to customers. At the end of the Relevant Periods, the Group had certain concentrations of credit risk as 51.4%, 55.9% and 50.5% of the book balance of the Group's trade and bills receivables were due from the Group's five largest customers, respectively.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance for continuity of funding to finance its working capital needs as well as capital expenditure.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing borrowings. The Group's policy is that all the borrowings should be approved by the deputy general manager.

The tables below summarise the maturity profile of the Group's financial liabilities at the end of each reporting period based on contractual undiscounted payments:

31 December 2022

	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	512,500	–	–	512,500
Amounts due to related parties	3,117	–	–	3,117
Interest-bearing bank borrowings	296,827	18,582	–	315,409
Lease liabilities	22,106	47,754	9,638	79,498
Other payables and accruals	35,909	–	–	35,909
	870,459	66,336	9,638	946,433

31 December 2023

	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	640,520	–	–	640,520
Amounts due to related parties	1,364	–	–	1,364
Interest-bearing bank borrowings	108,713	162,322	–	271,035
Lease liabilities	26,833	61,513	6,957	95,303
Other payables and accruals	106,358	–	–	106,358
	883,788	223,835	6,957	1,114,580

31 December 2024

	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	716,560	–	–	716,560
Amounts due to related parties	972	–	–	972
Interest-bearing bank borrowings	124,018	130,351	–	254,369
Lease liabilities	37,397	53,627	–	91,024
Other payables and accruals	78,437	–	–	78,437
	957,384	183,978	–	1,141,362

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity holders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to equity holders, return capital to equity holders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is debt divided by the equity plus debt. Debt includes interest-bearing bank borrowings, trade and bills payables, other payables and accruals, lease liabilities and amounts due to related parties. Capital includes equity attributable to owners of the parent. The gearing ratios as at 31 December 2022, 2023 and 2024 were as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	312,193	258,617	248,193
Trade and bills payables	512,500	640,520	716,560
Other payables and accruals	115,442	188,349	181,321
Lease liabilities	77,438	88,385	84,143
Amounts due to related parties	3,117	1,364	972
Less: Cash and cash equivalents	852,071	1,062,110	711,062
Net debt	168,619	115,125	520,127
Equity attribute to owners of the parent	2,095,216	2,280,398	2,202,024
Equity and net debt	2,263,835	2,395,523	2,722,151
Gearing ratio	7%	5%	19%

47. EVENTS AFTER THE RELEVANT PERIODS

Progress of share repurchase program

During the first quarter of 2025 and the period from 1 April 2025 to 30 April 2025, the Company repurchased 534,200 A shares, and 210,000 A shares, with the considerations of RMB7,225,000 and RMB2,337,000, respectively. As at 30 April 2025, the Company has cumulatively repurchased 744,200 A shares with the considerations of RMB9,562,000 under the current share repurchase program.

Distribution of profit

On 1 April 2025, the Board of Directors approved the proposed profit distribution for the year 2024, based on the Company's outstanding 384,769,288 A shares less repurchased 6,559,900 A shares, which was 378,209,388 shares, to distribute cash dividends with the amount of RMB1.58 per 10 shares (including tax), a total cash dividend of RMB 59,757,000 will be distributed. The aforesaid matter was approved at the general meeting on 25 April 2025.

On 15 May 2025, the Company announced a cash dividend of RMB59,724,000 to be distributed, taking into account of further share repurchases after the general meeting.

III 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 31 December 2024.

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

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INTRODUCTION

We have reviewed the interim financial information set out on pages IB-2 to IB-30, which comprises the interim condensed consolidated statement of financial position of Xiamen Jihong Co., Ltd (廈門吉宏科技股份有限公司, the "**Company**") and its subsidiaries (together, the "**Group**") as at 31 March 2025, and the related condensed consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the three months period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("**IAS 34**"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial information 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
19 May 2025

I. INTERIM FINANCIAL INFORMATION

Preparation of Interim Financial Information

Set out below is the interim financial information which forms an integral part of this accountants' report.

The interim financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Three months ended 31 March	
	Notes	**2025**	**2024**
		RMB'000	*RMB'000*
		(unaudited)	*(audited)*
REVENUE	*4*	1,477,491	1,324,458
Cost of sales		(805,801)	(787,783)
GROSS PROFIT		671,690	536,675
Other income and gains	*5*	9,532	15,802
Selling and marketing expenses		(513,981)	(399,171)
Administrative expenses		(64,571)	(63,995)
Research and development expenses		(32,156)	(28,799)
Reversals/(accruals) of impairment on financial assets		1,479	(1,684)
Share of (losses)/profits of associates		(1,433)	523
Foreign exchange gains/(losses), net		4,273	(5,901)
Finance costs	*7*	(3,331)	(3,121)
Other expenses and losses	*5*	(108)	(590)
PROFIT BEFORE TAX	*6*	71,394	49,739
Income tax expense	*8*	(8,925)	(10,194)
PROFIT FOR THE PERIOD		62,469	39,545
Attributable to:			
Owners of the parent		59,160	42,805
Non-controlling interests		3,309	(3,260)
		62,469	39,545
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic *(RMB)*		0.16	0.11
Diluted *(RMB)*		0.16	0.11

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended 31 March	
	2025	**2024**
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
PROFIT FOR THE PERIOD	62,469	39,545
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(73)	88
Share of other comprehensive income of associates	(12)	–
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(85)	88
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(85)	88
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	62,384	39,633
Attributable to:		
Owners of the parent	59,081	42,892
Non-controlling interests	3,303	(3,259)
	62,384	39,633

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 March 2025	As at 31 December 2024
		RMB'000	*RMB'000*
		(unaudited)	*(audited)*
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	907,288	930,436
Right-of-use assets	*12*	168,151	176,350
Goodwill		9,585	9,585
Other intangible assets		19,105	19,910
Investment in associates		102,712	107,477
Equity investments designated at fair value through other comprehensive income		8,254	8,254
Financial assets at fair value through profit or loss	*13*	130,500	130,863
Deferred tax assets		11,268	11,147
Time deposits	*17*	179,871	133,791
Other non-current assets		3,751	1,188
Total non-current assets		1,540,485	1,529,001
CURRENT ASSETS			
Inventories	*14*	426,047	447,889
Trade and bills receivables	*15*	525,783	553,885
Prepayments, other receivables and other assets	*16*	150,134	141,874
Amounts due from related parties	*25*	1,009	1,243
Pledged deposits	*17*	84,814	67,971
Time deposits	*17*	64,228	50,169
Cash and cash equivalents	*17*	716,320	711,062
Total current assets		1,968,335	1,974,093

	Notes	As at 31 March 2025	As at 31 December 2024
		RMB'000 *(unaudited)*	*RMB'000* *(audited)*
CURRENT LIABILITIES			
Trade and bills payables	*18*	682,878	716,560
Other payables and accruals	*19*	146,272	181,321
Contract liabilities		9,698	17,858
Interest-bearing bank borrowings	*20*	170,204	121,126
Lease liabilities		33,962	34,678
Tax payables		12,093	8,645
Amounts due to related parties	*25*	723	972
Other current liabilities		3,325	3,227
Total current liabilities		1,059,155	1,084,387
NET CURRENT ASSETS		909,180	889,706
TOTAL ASSETS LESS CURRENT LIABILITIES		2,449,665	2,418,707
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*20*	105,817	127,067
Lease liabilities		43,386	49,465
Deferred income		31,042	30,945
Deferred tax liabilities		2,929	2,715
Total non-current liabilities		183,174	210,192
NET ASSETS		2,266,491	2,208,515
EQUITY			
Equity attributable to owners of the parent			
Share capital		384,769	384,769
Reserves	*21*	1,870,465	1,817,255
		2,255,234	2,202,024
Non-controlling interests		11,257	6,491
Total equity		2,266,491	2,208,515

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent									
	Share capital	Treasury shares	Share premium	Share award reserve	Statutory reserve	Other comprehensive income	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025	384,769	(136,164)	245,825	6,863	96,119	(20,849)	1,625,461	2,202,024	6,491	2,208,515
Profit for the period (unaudited)	–	–	–	–	–	–	59,160	59,160	3,309	62,469
Exchange differences on translation of foreign operations (unaudited)	–	–	–	–	–	(67)	–	(67)	(6)	(73)
Share of other comprehensive income of associates (unaudited)	–	–	–	–	–	(12)	–	(12)	–	(12)
Total comprehensive income for the period (unaudited)	–	–	–	–	–	(79)	59,160	59,081	3,303	62,384
Equity-settled share-based payment expenses (unaudited)	–	–	–	1,355	–	–	–	1,355	–	1,355
Shares repurchased for Share Incentive Plans (unaudited)	–	(7,226)	–	–	–	–	–	(7,226)	–	(7,226)
Contribution from non-controlling interests (unaudited)	–	–	–	–	–	–	–	–	1,463	1,463
As at 31 March 2025 (unaudited)	384,769	(143,390)	245,825	8,218	96,119	(20,928)	1,684,621	2,255,234	11,257	2,266,491

	Attributable to owners of the parent									
	Share capital	Treasury shares	Share premium	Share award reserve	Statutory reserve	Other comprehensive income	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	385,009	(72,854)	218,557	19,001	78,744	(14,120)	1,666,061	2,280,398	32,456	2,312,854
Profit for the period (audited)	–	–	–	–	–	–	42,805	42,805	(3,260)	39,545
Exchange differences on translation of foreign operations (audited)	–	–	–	–	–	87	–	87	1	88
Total comprehensive income for the period (audited)	–	–	–	–	–	87	42,805	42,892	(3,259)	39,633
Equity-settled share-based payment expenses (audited)	–	–	–	10,849	–	–	–	10,849	–	10,849
Shares repurchased for Share Incentive Plans (audited)	–	(62,897)	–	–	–	–	–	(62,897)	–	(62,897)
Disposal/deregistration of subsidiaries (audited)	–	–	–	–	–	–	–	–	(24,646)	(24,646)
As at 31 March 2024 (audited)	385,009	(135,751)	218,557	29,850	78,744	(14,033)	1,708,866	2,271,242	4,551	2,275,793

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended 31 March	
	2025	**2024**
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Cash from operations	71,720	(77,416)
Income tax paid	(5,661)	(19,716)
Interest received	1,896	3,097
Net cash flows from/(used in) operating activities	67,955	(94,035)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(21,205)	(40,744)
Proceeds from disposal of items of property, plant and equipment	1,218	2,828
Purchase of other intangible assets	(3,000)	(355)
Disposal of subsidiaries, net of cash disposed	–	(230)
Proceeds from deregistration of an associate	1,470	–
Dividend received from an associate	1,850	–
Dividend received from an equity investment designated at fair value through other comprehensive income	–	84
Purchase of deposits with original maturity of more than three months when acquired	(255,137)	(80,000)
Proceeds from maturity of deposits with original maturity of more than three months when acquired	196,703	45,312
Net cash flows used in investing activities	(78,101)	(73,105)

	Three months ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from capital contributions by non-controlling interests	1,463	–
Deregistration of a subsidiary, net of cash disposed	–	(21,447)
Repurchase of shares	(7,226)	(62,897)
Proceeds from interest-bearing bank borrowings	93,950	77,000
Repayment of interest-bearing bank borrowings	(66,100)	(108,060)
Interest paid for interest-bearing bank borrowings	(1,722)	(1,516)
Principal portion of lease payments	(6,152)	(8,183)
Interest portion of lease payments	(1,049)	(1,116)
Listing expenses	(1,528)	(20,448)
Net cash flows from/(used in) financing activities	11,636	(146,667)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,490	(313,807)
Cash and cash equivalents at beginning of period	711,062	1,062,110
Effect of foreign exchange differences, net	3,768	(5,917)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	716,320	742,386

II NOTES TO THE INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Xiamen Jihong Co., Ltd (the "**Company**") was incorporated in the People's Republic of China (the "**PRC**") as a limited liability company on 24 December 2003. The registered address of the office of the Company is No. 9 Putou Road, Phase II, Dongfu Industrial Zone, Haicang District, Xiamen, China. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Shenzhen Stock Exchange (stock code: 002803.SZ) on 12 July 2016. The Company is ultimately controlled by Ms. Zhuang Hao.

During the three months ended 31 March 2025 and 2024 (the "**Relevant Periods**"), the Company and its subsidiaries (together as the "**Group**") were principally involved in the business of paper packaging and cross-border social e-commerce.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim financial information for the Relevant Periods has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("**IAS 34**") issued by the International Accounting Standards Board ("**IASB**").

The unaudited interim financial information does not include all the information, disclosures and the impact of the issued but not yet effective international financial reporting standard required in the Historical Financial Information, and should be read in conjunction with the Group's Historical Financial Information for the years ended 31 December 2022, 2023 and 2024.

The accounting policies applied in the preparation of the unaudited interim financial information are consistent with those used in the Group's Historical Financial statements for the years ended 31 December 2022, 2023 and 2024.

The interim financial information has been prepared under the historical cost convention, except for certain trade and bills receivables at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and certain time deposits at fair value through profit or loss which have been measured at fair value.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(i) The cross-border social e-commerce operation;

(ii) The paper packaging operation; and

(iii) The other operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that impairment losses on financial assets is excluded from such measurement. Management also treats the Company as part of the paper packaging segment.

Segment assets exclude cash and cash equivalents, time deposits, pledged deposits, deferred tax assets, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Three months ended 31 March 2025

	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue				
Sales to external customers (unaudited)	930,071	545,776	1,644	1,477,491
Intersegment sales (unaudited)	–	–	974	974
Total segment revenue (unaudited)	930,071	545,776	2,618	1,478,465
Reconciliation:				
Elimination of intersegment sales (unaudited)				(974)
Revenue from contracts with customers (unaudited)				1,477,491
Segment results (unaudited)	33,598	38,678	(2,361)	69,915
Reconciliation:				
Elimination of intersegment results (unaudited)*				–
Impairment reversals on financial assets (unaudited)				1,479
Profit before tax (unaudited)				71,394

Three months ended 31 March 2024

	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue				
Sales to external customers (audited)	725,746	547,988	50,724	1,324,458
Intersegment sales (audited)	408	–	733	1,141
Total segment revenue (audited)	726,154	547,988	51,457	1,325,599
Reconciliation:				
Elimination of intersegment sales (audited)				(1,141)
Revenue from contracts with customers (audited)				1,324,458
Segment results (audited)	13,806	183,562	12,214	209,582
Reconciliation:				
Elimination of intersegment results (audited)*				(158,159)
Impairment losses on financial assets (audited)				(1,684)
Profit before tax (audited)				49,739

* The segment results of paper packaging segment contains dividends distributed by the cross-border social e-commerce segment. During the Relevant Periods, the amounts of the distributed dividends were nil and RMB150,000,000, respectively.

The following table presents the asset and liability information of the Group's operating segments as at 31 March 2025 and 31 December 2024.

31 March 2025

	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	875,129	2,066,689	109,099	3,050,917
Reconciliation:				
Elimination of intersegment receivables (unaudited)				(644,568)
Corporate and other unallocated assets (unaudited)				1,102,471
Total assets (unaudited)				3,508,820
Segment liabilities	460,797	1,003,738	143,411	1,607,946
Reconciliation:				
Elimination of intersegment payables (unaudited)				(644,568)
Corporate and other unallocated liabilities (unaudited)				278,951
Total liabilities (unaudited)				1,242,329

31 December 2024

	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	847,373	2,077,636	120,606	3,045,615
Reconciliation:				
Elimination of intersegment receivables (audited)				(591,880)
Corporate and other unallocated assets (audited)				1,049,359
Total assets (audited)				3,503,094
Segment liabilities	504,602	971,640	159,309	1,635,551
Reconciliation:				
Elimination of intersegment payables (audited)				(591,880)
Corporate and other unallocated liabilities (audited)				250,908
Total liabilities (audited)				1,294,579

4. REVENUE

Revenue from contracts with customers

(a) Disaggregated revenue information

For the three months ended 31 March 2025

Segments	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Types of goods or services				
Cross-border social e-commerce	930,071	–	–	930,071
Paper packaging	–	545,776	–	545,776
Others	–	–	1,644	1,644
Total revenue from contracts with customers	930,071	545,776	1,644	1,477,491
Geographical markets				
Northeast Asia	387,131	6,154	–	393,285
Southeast Asia	169,026	78	–	169,104
Middle East	80,908	8,487	–	89,395
Mainland China	–	504,310	1,644	505,954
Europe and North America				
– U.S.	108,145	155	–	108,300
– Europe and other countries in North America	182,997	1,636	–	184,633
Other countries/regions	1,864	24,956	–	26,820
Total revenue from contracts with customers	930,071	545,776	1,644	1,477,491
Timing of revenue recognition				
Transferred at a point in time	930,071	545,776	1,644	1,477,491
Total revenue from contracts with customers	930,071	545,776	1,644	1,477,491

Three months ended 31 March 2024

Segments	Cross-border social e-commerce	Paper packaging	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(audited)*	*(audited)*
Types of goods or services				
Cross-border social e-commerce	725,746	–	–	725,746
Paper packaging	–	547,988	–	547,988
Others	–	–	50,724	50,724
Total revenue from contracts with customers	725,746	547,988	50,724	1,324,458
Geographical markets				
Northeast Asia	373,673	4,816	–	378,489
Southeast Asia	174,219	49	–	174,268
Middle East	70,307	–	–	70,307
Mainland China	–	524,723	50,724	575,447
Europe and North America				
– U.S.	21,319	2,587	–	23,906
– Europe and other countries in North America	85,061	211	–	85,272
Other countries/regions	1,167	15,602	–	16,769
Total revenue from contracts with customers	725,746	547,988	50,724	1,324,458
Timing of revenue recognition				
Transferred at a point in time	725,746	547,988	50,724	1,324,458
Total revenue from contracts with customers	725,746	547,988	50,724	1,324,458

(b) ***Performance obligations***

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon the acceptance of the products by customers. For customers of paper packaging, the contract price is usually settled within 30-90 days of delivery. For customers of cross-border social e-commerce, the contract price is usually prepaid through online platforms or paid by cash on delivery, and the Group normally settles with platforms or logistics service providers within 3-15 days.

Provision of services

The performance obligation is satisfied at the point in time once the services are completed and accepted by customers based on the milestone achieved. Contract price is usually paid by customers within 30-90 days.

5. OTHER INCOME AND GAINS, OTHER EXPENSES AND LOSSES

	Three months ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Other income		
Government grants	5,441	9,927
Bank interest income	3,091	3,118
	8,532	13,045
Gains		
Gains on financial assets at fair value through profit or loss	405	605
Fair value gains on financial assets at fair value through profit or loss	144	–
Gains from deregistration of a subsidiary	–	1,261
Gains on disposal of items of property, plant and equipment, net	–	649
Others	451	242
	1,000	2,757
Other income and gains	9,532	15,802

	Three months ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Other expenses and losses		
Losses on disposal of items of property, plant and equipment, net	67	–
Losses on disposal of subsidiaries	–	553
Others	41	37
Other expenses and losses	108	590

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Three months ended 31 March	
	2025	**2024**
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Cost of inventories sold and services provided*	805,801	787,783
Advertising expenses	491,379	380,039
Depreciation of property, plant and equipment	27,610	26,335
Depreciation of right-of-use assets	8,674	9,202
Amortisation of other intangible assets	804	1,262
Equity-settled share-based payment expenses	1,355	10,849
Losses/(gains) on disposal of items of property, plant and equipment, net	67	(631)
Reversal of impairment of trade and bills receivables	(1,980)	(26)
Accrual of impairment of deposits and other receivables	501	1,710
Impairment of inventories	3,220	1,769

* Cost of inventories sold and services provided include impairment of inventories, expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 March	
	2025	**2024**
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Interest on bank borrowings	1,700	1,457
Interest on lease liabilities	1,049	1,116
Factoring charges (a)	582	548
	3,331	3,121

(a) For certain trade receivables of Customer Group A, the Group entered into a factoring arrangement without recourse with a factoring company, which is also an affiliate of Customer Group A, and recorded relevant factoring charges in profit and loss.

8. INCOME TAX

The Group is subject to income tax on each entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

PRC corporate income tax

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of the Group's PRC subsidiaries is 25% unless subject to preferential tax as set out below.

Certain of the Group's PRC subsidiaries are accredited as High and New Technology Enterprises and were therefore entitled to a preferential income tax rate of 15% during the Relevant Periods. Such qualifications are subject to review by the relevant tax authority in the PRC for every three years.

Certain subsidiaries engaged in the "Encouraged Industries in the Western Region" are eligible for the preferential EIT rate of 15%.

Certain subsidiaries were in line with the polices in Notice on Preferential Corporate Income Tax Policies for Kashgar and Khorgos Special Economic Development Zones in Xinjiang. The corporate income tax shall be exempted within five years from the tax year to which the first production and operation income belongs.

Certain subsidiaries were qualified as small and micro enterprises and were entitled to preferential corporate income tax rates of 5% during the Relevant Periods.

HK profit tax

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the Relevant Periods. However, one subsidiary of the Group which is qualifying corporation can elect for the two-tiered Profits Tax rates regime. Under the two-tiered Profits Tax rate regime, the first HK$2,000,000 of assessable profits of the qualifying Group entity established in Hong Kong are taxed at 8.25% and the remaining profits are taxed at 16.5%.

Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the respective jurisdictions in which the Group operates.

	Three months ended 31 March	
	2025	**2024**
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Current income tax		
– Mainland China	6,387	9,085
– Hong Kong	2,445	393
Deferred tax	93	716
	8,925	10,194

9. DIVIDENDS

No dividends were declared to the owners of the parent for the three months ended 31 March 2025 and the three months ended 31 March 2024.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic

Basic earnings per share ("**EPS**") is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Relevant Periods, respectively.

The following reflects the income and share data used in the basic earnings per share computation:

	Three months ended 31 March	
	2025	**2024**
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Profit attributable to owners of the parent	59,160	42,805
Less: dividends payable to expected vested restricted shares	301	1,597
Profit attributable to owners of the Company used in calculating basic EPS	58,859	41,208
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	372,679,295	370,033,448
Basic EPS *(RMB per share)*	0.16	0.11

(b) Diluted

The restricted shares granted under Share Incentive Plans by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the vesting of all potential dilutive ordinary shares arising from Share Incentive Plans (collectively forming the denominator for computing the diluted EPS).

	Three months ended 31 March	
	2025	**2024**
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Profit attributable to owners of the Company used in calculating diluted EPS	59,160	42,805
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	372,679,295	370,033,448
Adjustments for potential shares arising from Share Incentive Plans	–	883,548
Weighted average number of shares used in calculating diluted EPS	372,679,295	370,916,996
Diluted EPS *(RMB per share)*	0.16	0.11

11. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2025, the Group acquired items of property, plant and equipment with a cost of RMB7,668,000 (31 March 2024: RMB21,566,000).

Items of property, plant and equipment with a net book value of RMB3,206,000 were disposed of by the Group during the three months ended 31 March 2025 (31 March 2024: RMB2,197,000), resulting in net losses on disposal of RMB67,000 (31 March 2024: net gains on disposal of RMB649,000).

12. LEASES

Right-of-use assets

For the three months ended 31 March 2025, additions to right-of-use assets were RMB453,000 (31 March 2024: RMB4,258,000).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	As at 31 December
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Other unlisted investments, at fair value	130,500	130,863

The above unlisted investments were investments issued by private equity fund in Hong Kong, China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

As of 31 March 2025 and 31 December 2024, the private equity fund was still in the fundraising stage and had not yet made external investments. The management believe that the fair value of the fund unlisted investments as of 31 March 2025 and 31 December 2024 was similar to the investment cost. The fair value change of the fund investments during the three months ended 31 March 2025 was attributable to exchange rate fluctuations.

14. INVENTORIES

	As at 31 March	As at 31 December
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Raw materials	137,858	160,553
Work in progress	27,766	28,320
Finished goods	275,214	271,470
Others	266	448
	441,104	460,791
Impairment allowance	(15,057)	(12,902)
	426,047	447,889

15. TRADE AND BILLS RECEIVABLES

	As at 31 March 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Trade receivables	561,382	591,571
Impairment	(40,689)	(42,681)
Trade receivables, net	520,693	548,890
Bills receivables	5,090	4,995
Trade and bills receivables	525,783	553,885

An ageing analysis of the trade receivables of the Group as at 31 March 2025 and 31 December 2024 (based on the invoice date) is as follows:

	As at 31 March 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Within 1 year	538,322	569,614
1 to 2 years	5,182	5,595
2 to 3 years	3,926	4,038
3 to 4 years	11,508	10,926
4 to 5 years	1,180	206
Over 5 years	1,264	1,192
	561,382	591,571
Impairment allowance	(40,689)	(42,681)
	520,693	548,890

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 March 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
At beginning of the period/year	42,681	37,691
(Reversals)/additions	(1,980)	7,229
Write-off	(12)	(2,239)
At end of the period/year	40,689	42,681

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

As at 31 March 2025 (unaudited)

	Expected credit loss rate	Gross carrying amount	Expected credit losses
Within one year	4.83%	538,322	26,007
1 to 2 years	10.00%	5,182	518
2 to 3 years	20.00%	3,926	785
3 to 4 years	40.00%	833	333
4 to 5 years	60.00%	183	110
Over 5 years	100.00%	387	387
		548,833	28,140
Individually assessed	100.00%	12,549	12,549
		561,382	40,689

As at 31 December 2024 (audited)

	Expected credit loss rate	Gross carrying amount	Expected credit losses
Within one year	4.96%	569,614	28,230
1 to 2 years	10.00%	5,595	559
2 to 3 years	20.00%	2,526	505
3 to 4 years	40.00%	657	263
4 to 5 years	60.00%	137	82
Over 5 years	100.00%	383	383
		578,912	30,022
Individually assessed	100.00%	12,659	12,659
		591,571	42,681

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 March 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Prepayments	38,730	21,080
Deposits and other receivables	142,128	150,088
Value-added tax recoverable	10,658	17,527
Prepaid income tax	2,336	2,059
Listing expense	49,995	45,870
Others	1,828	296
	245,675	236,920
Impairment allowance	(95,541)	(95,046)
	150,134	141,874

17. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND TIME DEPOSITS

	As at 31 March 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Current		
Cash and cash equivalents	716,320	711,062
Time deposits with original maturities between three months to one year	64,228	50,169
Pledged deposits	84,814	67,971
	865,362	829,202
Non-current		
Time deposits with original maturities between three months to one year	179,871	133,791

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

The bank balances are deposited with creditworthy banks with no recent history of default.

18. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at 31 March 2025 and 31 December 2024, based on the invoice date, is as follows:

	As at 31 March 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Within 1 year	665,877	695,430
1 to 2 years	11,075	12,916
2 to 3 years	2,635	3,950
Over 3 years	3,291	4,264
	682,878	716,560

In 2024 August, the Group entered into supplier finance arrangements with Ping An Bank Co., Ltd. ("**Ping An Bank**") and Agricultural Bank of China Limited ("**Agricultural Bank**"), together as the "discounting banks". Pursuant to the agreements, Ping An Bank provided discounting the bill receivables of the Group's suppliers without credit limit. Agricultural Bank provided a total credit limit up to RMB50 million for discounting the bill receivables of the Group's suppliers.

Under these supplier finance arrangements, the Group's suppliers can elect to have their undue bill receivables from the Group discounted by the discounting banks. Upon the Group's approval, the discounting banks will pay the suppliers directly for the discounted receivables. The Group will subsequently make payments to the discounting banks to settle the discounted bill receivables. The term of the above supplier finance arrangements is usually not more than 6 months.

From the perspective of the Group, the supplier finance arrangements effect a non-cash movement of the reclassification from payables to suppliers to payables to the discounting banks. As at 31 March 2025, Ping An Bank and Agricultural Bank had paid discounting financing funds amounting to RMB26,457,000 and RMB24,403,000, respectively.

19. OTHER PAYABLES AND ACCRUALS

	As at 31 March 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Payroll and welfare payables	62,008	94,319
Repurchase obligation for restricted shares	47,101	47,101
Deposits and other payable	29,698	31,336
Others	7,465	8,565
	146,272	181,321

Other payables are non-interest-bearing and have no fixed terms of settlement, except for repurchase obligation for restricted shares which will be settled according to the vesting schedules.

20. INTEREST-BEARING BANK BORROWINGS

	As at 31 March 2025			As at 31 December 2024		
	Effective interest rate (%) (unaudited)	*Maturity (unaudited)*	*RMB'000 (unaudited)*	*Effective interest rate (%) (audited)*	*Maturity (audited)*	*RMB'000 (audited)*
Current						
Bank loans – secured	2.21%-2.80%	2025-2026	72,506	2.55%-3.15%	2025	29,522
Bank loans – unsecured	2.21%-3.15%	2025-2026	84,017	2.40%-2.55%	2025	79,054
Current portion of long term bank loans – secured	2.55%-3.50%	2025-2026	4,420	2.55%-3.50%	2025	4,543
Current portion of long term bank loans – unsecured	2.00%-4.00%	2025-2026	9,261	4.00%	2025	8,007
			170,204			121,126
Non-current						
Bank loans – secured	2.55%-3.50%	2026-2027	80,167	2.55%-3.50%	2026-2027	127,067
Bank loans – unsecured	2.00%	2028	25,650	–	–	–
			105,817			127,067

(a) Certain of the Group's buildings with net carrying amount of approximately RMB31,628,000 and RMB32,076,000 as at 31 March 2025 and 31 December 2024, respectively, were pledged to secure bank facilities granted to the Group for borrowings and bills payables.

(b) Certain of the Group's land use rights with a net carrying amount of approximately RMB29,733,000 and RMB29,902,000 as at 31 March 2025 and 31 December 2024, respectively, were pledged to secure bank facilities granted to the Group for borrowings and bills payables.

(c) As at 31 March 2025 and 31 December 2024, the Group's interest-bearing bank borrowings of RMB157,093,000 and RMB161,133,000, respectively, were jointly guaranteed by the Company and its subsidiaries of the Group.

21. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the interim condensed consolidated statements of changes in equity in the interim financial information.

(a) Statutory reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC subsidiaries.

(b) Share award reserve

The share award reserve comprises the fair value of equity-settled share-based payment expenses.

(c) Capital reserve

The capital reserve mainly arose from (i) the capital contributions from the then equity holders of the Group's subsidiaries, after elimination of investments in subsidiaries; and (ii) the acquisition of non-controlling interest of the Group's subsidiaries. Details of the movement in capital reserve are set out in the interim condensed consolidated statements of changes in equity of the interim financial information.

(d) Other comprehensive income

The other comprehensive reserve mainly represented exchange fluctuation reserve, which is used to record exchange differences arising from the translation of the financial information of entities of which the functional currency is not RMB.

(e) Treasury Shares

	Number of shares	**Treasury shares**
		RMB'000
At 31 December 2024 (audited)	11,982,292	136,164
Repurchase of shares (i)	534,200	7,226
At 31 March 2025 (unaudited)	12,516,492	143,390

(i) The Company repurchased shares for future Share Incentive Plans through centralized price bidding by self-owned funds, which were recognised as treasury shares as at 31 March 2025 and 31 December 2024.

22. CONTINGENT LIABILITIES

As at 31 March 2025 and 31 December 2024, neither the Group nor the Company had any significant contingent liabilities.

23. COMMITMENTS

The Group had the following capital commitments at 31 March 2025 and 31 December 2024:

	As at 31 March 2025	**As at 31 December 2024**
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Contracted, but not provided for purchase of property, plant and equipment	26,184	11,455

24. DISPOSAL AND DEREGISTRATION OF SUBSIDIARIES

(a) Disposal of subsidiaries

	As at 31 March 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Net assets disposed of:		
Cash and cash equivalents	–	958
Other current assets	–	15,038
Other non-current assets	–	87
Other current liabilities	–	(13,020)
Other non-current liabilities	–	–
Subtotal	–	3,063
Non-controlling interests	–	(1,470)
Net assets attributable to the Group disposed of:	–	1,593
Losses on disposal of subsidiaries	–	(553)
Total consideration	–	1,040
Satisfied by:		
Cash	–	1,040

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	As at 31 March 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Cash consideration	–	1,040
Cash and cash equivalents disposed of	–	(958)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	–	82

(b) Deregistration of a subsidiary

On 14 May 2024, the Group properly and legally deregistrated Shaanxi Yongxin Paper Industry Packaging Co., Ltd. ("**Shaanxi Yongxin**"), and such deregistration has been completely settled. Before the deregistration, the Group's direct equity interest in Shaanxi Yongxin was 51%. Net outflow of cash and cash equivalents in respect of the deregistration of Shaanxi Yongxin was RMB21,447,000, representing 49% non-controlling interest of the net asset value of Shaanxi Yongxin at the date of deregistration. The gains on deregistration of Shaanxi Yongxin had been reflected in the consolidated statements of profit or loss.

25. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group had the following transactions with related parties during the Relevant Periods:

	Three months ended 31 March	
	2025	**2024**
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Sales of goods		
Associates	35	550
Purchases of products		
Associates	674	1,007
Purchases of services		
Associates	66	500

The sales to the related parties and the purchases from the related parties were made according to the published prices and conditions negotiated between the parties.

(b) Outstanding balances with related parties

	As at 31 March	As at 31 December
	2025	**2024**
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Amounts due to related parties		
Associates	723	972
Amounts due from related parties		
Associates	1,009	1,243

The outstanding balances with related parties are all trade in nature.

(c) Compensation of key management personnel of the Group:

	Three months ended 31 March	
	2025	**2024**
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Fees	205	223
Other emoluments:		
Salaries, allowances and benefits in kind	2,869	1,731
Performance related bonuses	–	90
Equity-settled share-based payment expenses	282	1,791
Pension scheme contributions	43	45
	3,399	3,880

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, amounts due from related parties, amounts due to related parties, trade and bill payables, current portion of interest-bearing bank borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. Management measures the fair value of interest-bearing bank borrowings based on discounted cash flow method. The fair values approximate to their carrying amounts.

The fair values of the non-current portion of pledged deposits and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values approximate to their carrying amounts.

The unlisted investments in financial assets at fair value through profit or loss were investments issued by private equity fund in Hong Kong. As at 31 March 2025 and 31 December 2024, the private equity fund was in the fundraising stage and had not yet made investments. The fair values approximate to their carrying amounts.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group's finance manager reports directly to the financial director and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial director. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

		Fair value measurement using		
	As at 31 March	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	2025	Level 1	Level 2	Level 3
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Trade and bills receivables	5,089	–	5,089	–
Financial assets at fair value through profit and loss	194,728	64,228	130,500	–
Equity investments designated at fair value through other comprehensive income*	8,254	–	–	8,254
	208,071	64,228	135,589	8,254

* As of 31 March 2025, there was no significant change in the financial position and performance of equity investments companies compared to the end of the previous period, and there was no change in the valuation techniques or parameters disclosed in Note 45 to the Historical Financial Information in Appendix IA, including weighted average cost of capital and discount for lack of liquidity, which contributed to the consistency in the valuation of these equity instruments. Thus, the fair value of equity investments designated at fair value through other comprehensive income remained the same as on 31 December 2024. The fair value change of financial assets at fair value through profit and loss during the three months ended 31 March 2025 was attributable to exchange rate fluctuations.

	As at 31 December 2024	Fair value measurement using: Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
	RMB'000 *(audited)*	*RMB'000* *(audited)*	*RMB'000* *(audited)*	*RMB'000* *(audited)*
Trade and bills receivables	4,204	–	4,204	–
Financial assets at fair value through profit and loss	158,951	28,088	130,863	–
Equity investments designated at fair value through other comprehensive income	8,254	–	–	8,254
	171,409	28,088	135,067	8,254

27. EVENTS AFTER THE RELEVANT PERIODS

Progress of share repurchase program

During the period from 1 April 2025 to 30 April 2025, the Company repurchased 210,000 A shares with the considerations of RMB2,337,000 under the current share repurchase program.

Distribution of profit

On 1 April 2025, the Board of Directors approved the proposed profit distribution for the year 2024, based on the Company's outstanding 384,769,288 A shares less repurchased 6,559,900 A shares, which was 378,209,388 shares, to distribute cash dividends with the amount of RMB1.58 per 10 shares (including tax), a total cash dividend of RMB 59,757,000 will be distributed. The aforesaid matter was approved at the general meeting on 25 April 2025.

On 15 May 2025, the Company announced a cash dividend of RMB59,724,000 to be distributed, taking into account of further share repurchases after the general meeting.

The following information dose not form part of the Accountant's Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix IA to this document, and is included herein for information purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus, the Accountants' Report set out in Appendix IA to this Prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effects of the Global Offering on the consolidated net tangible assets of the Group attributable to the owners of the parent as of 31 December 2024 as if the Global Offering had taken place on 31 December 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owner of the parent had the Global Offering been completed as of 31 December 2024 or as at any future dates. It is prepared based on our consolidated net tangible assets as of 31 December 2024 as set out in the Accountants' Report as set out in Appendix IA to this Prospectus and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company does not form part of the Accountants' Report as set out in Appendix IA to this Prospectus.

	Consolidated net tangible assets of the Group attributable to owners of the parent as at 31 December 2024	Estimated net Proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as at 31 December 2024	Unaudited pro forma adjusted consolidated net tangible assets per Share as at 31 December 2024	Unaudited pro forma adjusted consolidated net tangible assets per Share as at 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*(HK$ equivalent)*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(note 4)*
Based on an Offer Price of HK$7.48 per Share	2,172,529	373,179	2,545,708	5.62	6.06
Based on an Offer Price of HK$10.68 per Share	2,172,529	564,461	2,736,990	6.05	6.52

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the parent as at 31 December 2024 is arrived at after deducting other intangible assets of RMB19,910,000 and goodwill of RMB9,585,000 as at 31 December 2024 from the consolidated equity attributable to owners of the parent of RMB2,202,024,000 as at 31 December 2024 set out in the Accountants' Report in Appendix IA to this Prospectus.

2. The estimated net proceeds from the Global Offering are based on estimated low end and high end offer prices of HK$7.48 and HK$10.68 per H Share after deduction of underwriting fees and commissions and other related expenses payable by the Company (excluding the listing expense that have been charged to profit or loss during the Track Record Period).

3. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are arrived at by dividing the unaudited pro forma adjusted net tangible assets by 452,679,288 shares, being the number of shares in issue assuming that the Global Offering had been completed on 31 December 2024 and excluding the impact of the subsequent events: The Company (i) repurchased 744,200 A shares with the consideration of RMB9.6 million from 1 January 2025 to 30 April 2025 and (ii) on 15 May 2025, the Company announced a cash dividend of RMB59,724,000 to be distributed. Including the impact of subsequent events, the unaudited pro forma adjusted consolidated net tangible assets per Share as at 31 December 2024 would be HK$5.90 and HK$6.35, based on an Offer Price of HK$7.48 and HK$10.68 per Share, respectively.

4. For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at the rate of RMB1.0000 to HK$1.0781.

5. No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible asset of the Group to reflect any trading result or other transactions entered into subsequent to 31 December 2024.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

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TO THE DIRECTORS OF XIAMEN JIHONG CO., LTD

We have completed our assurance engagement to report on the compilation of pro forma financial information of Xiamen Jihong Co., Ltd (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 pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets as at 31 December 2024, and related notes as set out on pages II-1 to II-2 of the prospectus dated 19 May 2025 issued by the Company (the "**Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II(A) to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 December 2024 as if the transaction had taken place at 31 December 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2024, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the 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 ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* 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 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or 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 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 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 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 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 Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if 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 transaction would have been as presented.

A reasonable assurance engagement to report on whether the 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 Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the 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 transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the 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 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 purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong
19 May 2025

TAXATION

This appendix contains a summary of laws and regulations in respect of taxation and foreign exchange in Mainland China and Hong Kong SAR.

This section does not address any aspect of taxation of Mainland China or Hong Kong SAR other than income tax, capital tax, value-added tax, stamp duty and estate duty. Prospective investors are advised to consult their own tax advisers regarding Mainland China, Hong Kong SAR and other tax consequences of investing in H Shares.

PRC TAXATION

Taxation on Dividends

Individual Investors

In accordance with the *Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法》) (hereinafter referred to as "IIT Law") issued by the SCNPC on September 10, 1980, last amended on August 31, 2018 and came into effect on January 1, 2019, and the *Regulation on the Implementation of the Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法實施條例》) (hereinafter referred to as "IIT Rules") last amended by the State Council on December 18, 2018 and came into effect on January 1, 2019, dividends paid by Chinese companies to individual investors shall general be subject to withholding tax at a rate of 20%. Meanwhile, according to the *Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on Issues concerning Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies* (《財政部、國家稅務總局、證監會關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) (No.101 [2015] of the Ministry of Finance) issued by the MOF on September 7, 2015 and was partially invalid on July 1, 2019, which means the Notice does not apply to the differentiated individual income tax policies on dividends and bonuses of companies quoted on the National Equities Exchange and Quotations, where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is more than one year, the dividend incomes shall be exempted from personal income tax. Where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is one month or less, the income from dividends shall be included into the taxable incomes in full amount; if the stock holding period is more than one month and up to one year, the dividend income shall be included into the taxable incomes at the reduced rate of 50% for the time being. Individual income taxes on the aforesaid incomes shall be collected at the uniform rate of 20%.

For a foreign individual who is not a resident of the PRC, his/her receipt of dividends from a PRC company is normally subject to PRC withholding tax of 20% unless specifically exempted by the taxation authority of the State Council or reduced by an applicable tax treaty. Pursuant to the *Notice of the SAT on Issues Concerning Taxation and the Administration of Individual Income Tax Collection After the Annulment of the Document Guo Shui Fa [1993] NO. 045* (《國家稅務總局關於國稅發[1993]045號文件廢止後有有關個人所得稅徵管問題的通知》) (No. 348 [2011] of the State Administration of Taxation)issued by the SAT on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong SAR may generally, when distributing dividends, withhold individual income tax at the rate of 10%.

For individual holders of H Shares receiving dividends who are identified as tax residents of countries that have entered into a tax treaty with Mainland China with tax rates lower than 10%, the distributing non-foreign-invested enterprise whose shares are listed in Hong Kong SAR may apply on behalf of such holders for enjoying the lower preferential tax rate, and, upon approval by the tax authorities, the amount which is over-withheld will be refunded. For individual holders of H Shares receiving dividends who are identified as tax residents of countries that have entered into a tax treaty with Mainland China that provides for tax rates higher than 10% but lower than 20%, the non-foreign-invested enterprise is required to withhold the tax at the applicable rate under the treaties, and no application to the tax authorities is required. For individual holders of H Shares receiving dividends who are identified as tax residents of countries without taxation treaties with Mainland China, the non-foreign-invested enterprise is required to withhold the tax at a rate of 20%.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the *Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income* (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid to a Hong Kong SAR resident (including natural person and legal entity) by a PRC company, but such tax shall not exceed 10% of the total amount of the dividends payable. If a Hong Kong SAR resident directly holds 25% or more of the equity interest in a PRC company, then the amount of such shall not exceed 5% of the total dividends payable by the PRC company. *Announcement of the SAT on the Entry into Force and Implementation of the Protocol V to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (《國家稅務總局關於〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書生效執行的公告》) (Announcement No. 51 [2019] of the SAT) becoming effective on December 31, 2019 states that such provisions shall not apply to arrangement made for the primary purpose of gaining such tax benefits.

Enterprise Investors

In accordance with the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》) (hereinafter referred to as "EIT Law")which was promulgated on March 16, 2007 and last amended on December 29, 2018, and the *Regulation on the Implementation of the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法實施條例》) (hereinafter referred to as "EIT Rules")which became effective on January 1, 2008 and last amended on December 6, 2024 which took effect on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, including dividends received from a PRC resident enterprise whose shares are issued and listed in Hong Kong SAR, if such non-resident enterprise does not have an establishment or premises in Mainland China or has an establishment or premises in Mainland China but the PRC-sourced income is not connected with such establishment or premises in Mainland China. The aforesaid income tax must be withheld at source, with the payer of the income being the withholding agent. Such withholding tax may be reduced or eliminated under an applicable treaty for the avoidance of double taxation.

The *Notice of the SAT on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-Share Holders Which are Oversea Non-resident Enterprises* (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT and became effective on November 6, 2008, further clarified that a PRC resident enterprise must withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise H Shareholders which are derived out of profit generated after January 1, 2008. A non-PRC resident enterprise H Shareholder which is entitled to a preferential tax rate under an applicable tax treaty or arrangement may, directly or through its agent, apply to the competent tax authorities for a refund of the excess amount of tax withheld. The *Reply of the SAT on Imposition of Enterprise Income Tax on B-share and Other Dividends of Non-resident Enterprises* (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) issued by the SAT on July 24, 2009 further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends that it distributes to non-PRC resident enterprise shareholders.

Pursuant to *Arrangements between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income* (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), signed on August 21, 2006, a PRC resident enterprise which distributes dividends to its Hong Kong shareholders shall pay income tax according to PRC laws, however, if the beneficiary of the dividends is a Hong Kong SAR resident enterprise, which directly holds not less than 25% equity of the aforesaid enterprise (i.e. the dividend distributor), the tax levied shall be not more than 5% of the distributed dividends. If the beneficiary is a Hong Kong SAR resident enterprise, which directly holds less than 25% equity of the aforesaid enterprise, the tax levied shall be not more than 10% of the distributed dividends.

Furthermore, pursuant to the *Circular of the SAT on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaty Agreement* (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated and with effect from February 20, 2009, all of the following requirements should be satisfied where a fiscal resident of the other party to the tax agreement needs to be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a Chinese resident company: (i) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; (ii) owner's equity interests and voting shares of the Chinese resident company directly owned by such a fiscal resident reaches a specified percentage; and (iii) the equity interests of the Chinese resident company directly owned by such a fiscal resident, at any time during the 12 months prior to the obtainment of the dividends, reach a percentage specified in the tax agreement.

In addition, according to the *Measures for Non-resident Taxpayers' Enjoyment of Treaty Benefits* (《非居民納稅人享受協定待遇管理辦法》) issued on October 14, 2019 and became effective on January 1, 2020, a non-resident taxpayer satisfying the terms and conditions for enjoying the taxation treatment may be entitled to the taxation treaties treatment itself/himself when filing a tax declaration or making a withholding declaration through a withholding agent, and retain relevant documents and information subject to the subsequent administration by the tax authorities.

Taxation of Capital Gains

Individual investors

In accordance with the IIT Law and the IIT Rules, individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Under the *Notice of the MOF and SAT on Declaring that Individual Income Tax Continues to Be Exempted over Individual Income Tax from Transfer of Shares* (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (No. 61 [1998] of the MOF) issued by the MOF and SAT on March 30, 1998, from January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be exempted from individual income tax. According to the current IIT Law and the IIT Rules, the SAT has not explicitly stated whether it will continue to exempt individuals from income tax on income derived from the transfer of listed shares. However, on December 31, 2009, the MOF, SAT and CSRC jointly issued the *Notice on Relevant Issues Concerning the Individual Income Tax on individual Income from Transfer of Non-tradable Shares of Listed Companies* (《財政部、國家稅務總局、證監會關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (No. 167 [2009] of the MOF), which provides that individuals income from transferring listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for shares of certain specified companies (as defined in the *Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies* issued by the MOF, SAT and CSRC on November 10, 2010) (《財政部、國家稅務總局、證監會關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (No. 70 [2010] of the MOF). As at the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges such as the Stock Exchange. In practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and the EIT Rules, a non-resident enterprise is generally subject to withholding tax at a rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if such non-resident enterprise does not have an establishment or place in Mainland China or has an establishment or place in Mainland China but the PRC-sourced income is not connected with such establishment or place in Mainland China. As at the Latest Practicable Date, no legislation has expressly provided that withholding tax shall be collected from non-resident enterprises on their income derived by them from sale of the shares in Mainland China companies listed on overseas stock exchange. However, the possibility cannot be entirely excluded that taxation authorities will seek to collect withholding tax on such income in the future.

Taxation Policy of Shanghai – Hong Kong Stock Connect

On October 31, 2014, the MOF, the SAT and the CSRC jointly issued the *Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transaction in the Shanghai and Hong Kong Stock Markets* (《財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (No. 81 [2014] of the MOF) (hereinafter referred to as "Shanghai-Hong Kong Stock Connect Taxation Policy"). Enterprise income tax will be levied according to law on transferring spread income (included in total income) derived from investment by mainland enterprise investors in stocks listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect.

Taxation Policy of Shenzhen – Hong Kong Stock Connect

On November 5, 2016, the MOF, the SAT and the CSRC jointly issued the *Notice on the Relevant Taxation Policies for the Pilot Program of the Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets* (《財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (hereinafter referred to as "Shenzhen-Hong Kong Stock Connect Taxation Policy"). Pursuant to the "Shenzhen-Hong Kong Stock Connect Taxation Policy," personal income tax will be temporarily exempted for transfer spread income derived from investment by mainland individual investors in stocks listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect from December 5, 2016 to December 4, 2019. Enterprise income tax will be levied according to law on price difference (included in total income) derived from investment by mainland enterprise investors in stocks listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect.

Under the Announcement of the MOF, SAT and CSRC on Continuing to Implement the Relevant Individual Income Tax Policy for the Shanghai- Hong Kong and Shenzhen-Hong Kong Mutual Stock market Access Mechanism and mutual recognition between the Mainland and Hong Kong Funds《財政部、稅務總局、證監會關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) ([2019] No. 93 of the MOF Announcement) came into effect on December 5, 2019 and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen- Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on August 21, 2023 and implemented on the same date from December 5, 2019 to December 31, 2027, gains on price difference from transfer of shares derived by mainland individual investors through investment into shares listed on the Stock Exchange via the Shanghai-Hong Kong Stock Connect shall continue to be exempted from individual income tax.

For dividends and bonus income obtained by mainland individual investors investing in H stocks listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-stock companies shall apply to CSDCC for provision by CSDCC to the H-stock companies of the register of mainland individual investors, and personal income tax shall be withheld by CSDCC at the tax rate of 20%. Individual investors who have paid withholding tax overseas may apply for tax credit to the competent tax authority of CSDCC by producing the tax credit document. For dividends and bonus income obtained by mainland securities investment funds investing in stocks listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect, personal income tax will be levied according to the aforesaid provisions.

Enterprise income tax will be levied according to law on dividend and bonus income (included in total income) obtained by mainland enterprise investors from investing in stocks listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect. In particular, enterprise income tax will be exempted according to law for dividend and bonus income obtained by mainland resident enterprises which hold H stocks for at least 12 consecutive months. The H-stock companies listed on the Stock Exchange shall apply to CSDCC for provision by CSDCC to the H-stock companies of the register of mainland individual investors, and the H-stock companies will not withhold dividend and bonus income tax for mainland enterprise investors. The tax payable shall be declared and paid by the enterprises themselves.

Stamp Duty

Pursuant to the Stamp Duty Law of the People's Republic of China《(中華人民共和國印花稅法》) promulgated on June 10, 2021 and effective on July 1, 2022, the PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of Mainland China, and the entities and individuals outside the territory of Mainland China that conclude taxable vouchers that are used inside Mainland China. Therefore, the purchase and disposal of H shares by non-PRC investors outside of Mainland China does not apply to the relevant provisions of the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》).

Estate Duty

Mainland China currently has not imposed any estate duty.

MAJOR TAXATION OF THE COMPANY IN THE PRC

Enterprise Income tax

The EIT Law and the EIT Rules provide that the EIT rate applicable to all enterprises, resident or non-resident, shall be 25% generally.

Value-added tax

Pursuant to the *Provisional Regulations on Value-added Tax of the PRC* (中華人民共和國增值稅暫行條例) amended by the State Council and became effective on November 19, 2017 and the *Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC* (中華人民共和國增值稅暫行條例實施細則) amended by the MOF on October 28, 2011 and effective on November 1, 2011, all entities and individuals in Mainland China engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay value-added tax. For taxpayers selling or importing goods, the general tax rate shall be 17% unless otherwise specified in the aforesaid regulations.

According to the *Notice on the Adjustment to VAT Rates* (《關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the State Administration of Taxation on April 4, 2018, and became effective as of May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the *Announcement on Relevant Policies for Deepening Value-Added Tax Reform* (《關於深化增值稅改革有關政策的公告》) (2019 No. 39 of MOF, State Administration of Taxation and General Administration of Customs), promulgated by the MOF, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

On January 29, 1996, the State Council promulgated the *Regulations of the PRC on the Management of Foreign Exchanges* (《中華人民共和國外匯管理條例》) (hereinafter referred to as the "Regulations of the Management of Foreign Exchanges") which became effective on April 1, 1996. The Regulations of the Management of Foreign Exchanges classifies all international payments and transfers into current account items and capital account items. Most of the current account items are no longer subject to SAFE's approval, while capital account items still are. The Regulations of the Management of Foreign Exchanges were subsequently amended on January 14, 1997 and August 5, 2008. The latest amendment to the Regulations of the Management of Foreign Exchanges clearly states that the State will not impose any restriction on international current account payments and transfers.

On June 20, 1996, the PBOC promulgated the *Circular of the People's Bank of China on Issuing the Provisions on the Settlement and Sale of and Payment in Foreign Exchange* (《中國人民銀行關於印發〈結匯、售匯及付匯管理規定〉的通知》) (No. 210 [1996] of the PBOC) (hereinafter referred to as the "Settlement Provisions") which became effective on July 1, 1996. The Settlement Regulations abolished the remaining restrictions on convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

The Decisions of the State Council on a Group of Administrative Approval Items Cancelled or Adjusted and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) (No. 50 [2014] of the State Council) promulgated on October 23, 2014 has canceled the approval requirement of the SAFE and it branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

Pursuant to the *Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing* (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) ([2014] No. 54 of the SAFE) issued by the SAFE on December 26, 2014, a domestic issuer shall, within 15 business days from completion of its initial public offering overseas, register the overseas listing with the SAFE's local branch at the place of its incorporation. The proceeds from an overseas listing of a domestic issuer may be remitted to a domestic account or deposited overseas, and the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

Pursuant to the *Notice on Reforming and Regulating the Policies for the Administration of Foreign Exchange Settlement under the Capital Accounts* (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (No. 16 [2016] of the SAFE) promulgated by the SAFE on June 9, 2016, discretionary settlement of foreign exchange capital income can be settled at the banks based on the actual operating needs of the domestic companies. The proportion of discretionary settlement of foreign exchange capital income for domestic companies is temporarily set at 100%. The SAFE may timely adjust the above proportion based on international balance of payments.

Pursuant to the *Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-border 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》) (No. 28 [2019]), which was promulgated by the State Administration of Foreign Exchange on October 23, 2019, non-investment foreign-invested enterprises are permitted to use their capital funds to make equity investments in Mainland China, provided that such investments do not violate the Special Administrative Measures for the Access of Foreign Investment (Negative List) (外商投資准入特別管理措施 (負面清單)) and the target investment projects in Mainland China are genuine and in compliance with laws.

PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the PRC Constitution (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC Government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance. The Constitution is China's fundamental law, formulated by the National People's Congress (the "**NPC**"), and has the highest legal effect.

The NPC and the Standing Committee of the NPC (the "**Standing Committee**") are empowered to exercise the legislative power of Mainland China. The NPC is responsible for formulating and amending the basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee is empowered to formulate and amend laws other than those required to be enacted by the NPC and may supplement and amend parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws. The State Council is the highest administrative authority of the PRC and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not violate any provision of the Constitution, laws or administrative regulations. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned, provided that such autonomous and separate regulations do not violate the basic principles of the laws or administrative regulations; No adaptations shall be made to specific provisions on national autonomous areas contained in the Constitution, autonomy law of national areas and other relevant laws and administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the matters concerning formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue.

The ministries and commissions of the State Council, the People's Bank of China, the National Audit Office and the subordinate institutions with administrative functions directly under the State Council may formulate departmental rules within the jurisdiction of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

According to the Constitution, the power to interpret laws is vested in the Standing Committee of the NPC. Pursuant to the *Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law* (全國人民代表大會常務委員會關於加强法律解釋工作的決議) passed on June 10, 1981: issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process of a procuratorate should be interpreted by the Supreme People's Procuratorate, and the other issues related to laws other than the above-mentioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

The PRC Judicial System

Under the *Constitution and the Law of Organization of the People's Courts of the PRC* (《中華人民共和國人民法院組織法》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts, the military courts and other special people's courts. The local people's courts are divided into three levels, the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up civil, criminal and economic divisions, and certain people's courts based on the facts of the region, population and cases. The intermediate people's courts have divisions similar to those of the basic people's courts and may set up other special divisions, such as the intellectual property division, if needed. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels and special people's courts. The Supreme People's Procuratorate is authorized to supervise the judgment and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgment and ruling of a people's court at lower levels which have been legally effective.

A people's court takes the rule of the "final after two trails", that is, the judgments or rulings of the second instance at a people's court are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the time limit of appeal, the judgments or rulings of first instance of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court, and judgments or rulings of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court finds some definite errors in a legally effective judgment, ruling or conciliation statement of the people's court at any level, or if the people's court at a higher level finds such errors in a legally effective judgment, ruling or conciliation statement of the people's court at a lower level, it has the authority to review the case itself or to direct the lower-level people's court to conduct a retrial. If the chief judge of all levels of people's courts finds some definite errors in a legally effective judgment, ruling or conciliation statement, and considers a retrial is preferred, such case shall be submitted to the judicial committee of the people's court at the same level for discussion and decision. The death penalty shall be reported to the Supreme People's Court for approval, unless it is judged by the Supreme People's Court in accordance with the law.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "**PRC Civil Procedure Law**") issued on April 9, 1991 by the Standing Committee of the NPC, last revised on September 1, 2023, and implemented on January 1, 2024, prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within Mainland China must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. Parties to a dispute over a contract or any other right or interest in property may, by a written agreement, choose the people's court at the place of domicile of the defendant, at the place where the contract is performed or signed, at the place of domicile of the plaintiff, at the place where the subject matter is located or at any other place actually connected to the dispute to have jurisdiction over the dispute, but the provisions regarding hierarchical jurisdiction and exclusive jurisdiction shall not be violated.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of Mainland China when initiating actions or defending against litigations at a PRC court. Should a foreign court limit the litigation rights of citizens or enterprises in Mainland China, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a lawyer in Mainland China in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court.

If any party to a civil action refuses to perform acts specified in a judgment or written order or any other legal document in accordance with the execution notice, the people's court may carry out compulsory execution or entrust such performance to a relevant unit or other persons, and the person subjected to execution shall bear the expenses thus incurred. The time limit for the submission of an application for enforcement shall be two years. The termination or suspension of the time limit for the submission of an application for enforcement shall be governed by the provisions on the termination or suspension of the statute of limitation.

In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A PRC court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of Mainland China. Where a party applies for enforcement of a legally effective judgment or ruling made by a people's court, and the opposite party or his property is not within the territory of the People's Republic of China, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or the principle of reciprocity, request recognition and enforcement by a foreign court, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security or the public's interests.

The PRC company law, trial measures and guidelines for articles of association

The PRC Company Law (the "**Company Law**") issued on December 29, 1993 by the Standing Committee of the NPC, last revised on December 29, 2023, and came into effect on July 1, 2024 regulates companies to protect the legitimate rights and interests of companies, shareholders and creditors.

The Trial Measures and its five interpretative guidelines promulgated by the CSRC on February 17, 2023 came into effect on March 31, 2023 and were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

According to the Trial Measures and its interpretative guidelines, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), or the Guidelines for Articles of Association, in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas which ceased to apply from March 31, 2023. The Guidelines for Articles of Association were promulgated by the CSRC on December 16, 1997 and last amended on March 28, 2025.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

A "joint stock limited company" ("**company**") refers to a corporate legal person incorporated in Mainland China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties. The liability of the company for its own debts is limited to all the properties it owns and the liability of its shareholders for the company is limited to the extent of the shares they subscribe for.

Incorporation

A company may be incorporated by promotion or public subscription. A company may be incorporated by 1 to 200 promoters, but at least half of the promoters must reside in Mainland China. A company incorporated by promotion is the one with registered capital entirely subscribed for by the promoters. Where a company is incorporated by public subscription, unless otherwise provided, the promoters are required to subscribe for not less than 35% of the total shares of the company, and the remaining shares can be listed to the public or specific parties.

For companies incorporated by way of promotion, the registered capital shall be the total capital subscribed for by all promoters as registered with the relevant administrative bureau for industry and commerce. Shares in the company shall not be issued to others unless the registered capital has been fully paid up.

For companies incorporated by way of public subscription, the registered capital is the amount of total paid-up capital as registered with the relevant administrative bureau for industry and commerce. The promoters shall subscribe for the shares required to be subscribed for by them and pay up their capital contributions. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed in accordance with laws if such assets are to be contributed as capital.

The promoters shall convene an inaugural meeting within 30 days after the issued shares have been completely paid up and shall give notice to all subscribers or make a public announcement of the date of the inaugural meeting 15 days prior to the meeting. The inaugural meeting may be convened only with the presence of promoters and subscribers holding shares representing more than 50% of the total issued shares of the company. Matters to be dealt with at the inaugural meeting include adopting the draft articles of association proposed by the promoters and electing the board of directors and the board of supervisors of the company. Any resolution of the meeting shall be approved by subscribers with more than half of the voting rights of those present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the company. A company is formally established and has the qualification of a legal person once the registration has been approved by the relevant registration authority and a business license has been issued.

A company's promoter shall be liable for the followings: the debts and expenses incurred in the establishment process jointly and severally if the company cannot be incorporated; the refund of subscription monies paid by the subscribers together with interest at bank rates of deposit for the same period jointly and severally if the company cannot be incorporated; the compensation of any damages suffered by the company as a result of the promoters' fault in the course of its establishment.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property rights or land use rights.

The Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

Under the Company Law, when a company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters: (i) the name and domicile of a shareholder; (ii) the number of shares held by each shareholder; (iii) the serial number of the shares held by each shareholder; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders. When a company launches a public offering of new shares under the permission of the securities regulatory authority of the State Council, it must publish a Prospectus for the new shares and financial and accounting reports, and prepare the share subscription form. After payment in full for the new shares issued, a company must change its registration with a company registration authority and make an announcement accordingly.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) to prepare a balance sheet and a property list;

(ii) a company makes a resolution at shareholders' general meeting to reduce its registered capital;

(iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;

(iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;

(v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

Share Buy-Back

No company shall purchase its own shares other than in any of the following circumstances:

1. reduces its registered capital;

2. merge with a company which is one of its existing shareholders;

3. use of its shares for carrying out an employee stock ownership plan or equity incentive plan;

4. requests from shareholders who object to a resolution of a shareholders' general meeting on merger or division of the company to acquire their shares by the company;

5. use of shares for conversion of convertible corporate bonds issued by a listed company; or

6. the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' equity.

Any company's purchase of its own shares for any reason specified in Items 1 and 2 of the preceding paragraph shall be subject to a resolution of the general meeting; any company's purchase of its own shares for any reason specified in Items 3, 5 and 6 of the preceding paragraph may be subject to a resolution of the board meeting with more than two thirds of directors present, according to the provisions of the Articles of Associations or upon authorization by the general meeting.

Following any company's purchase of its own shares pursuant to the first paragraph of this Article, the company shall, in the event of a purchase made pursuant to Item 1, cancel the relevant shares within ten days of the purchase, or in the event of a purchase made pursuant to Item 2 or 4, transfer or cancel the relevant shares within six months of the purchase, or in the event of a purchase made pursuant to Item 3, 5 or 6, hold a total number of its own shares not more than 10% of the total shares issued by the company and transfer or cancel the relevant shares within three years of the purchase.

Any company that purchases its own shares shall perform the information disclosures obligations specified in the Securities Law of the PRC. Any purchase of its own shares by a listed company in the event of Item 3, 5, or 6 of the first paragraph of this Article shall be made by way of a public centralized trading.

No company may take a pledge of its own stock.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations Shareholders' transfer of shares must be made on a stock exchange established in accordance with the law or in other ways prescribed by the State Council. Shareholders' transfer of registered shares must be endorsed or otherwise prescribed by laws or administrative regulations. Transfer of bearer shares requires delivery of the stock to the assignee.

Under the Company Law, the shares issued by the company before the public offering of shares cannot be transferred within one year from the date of listing of the company's shares on the stock exchange. The directors, supervisors and senior management of the company shall not transfer more than 25.0% of their respective company shares during their term of office and shall not transfer any of their company shares within one year from the company's listing date.

Shareholders

The company's articles of association set forth the rights and duties of its shareholders, which are binding on all shareholders. Pursuant to the Company Law and the Mandatory Provisions, the rights of shareholders include:

- the right to attend shareholders' general meetings in person or by proxy and to vote in respect of the number of shares held;
- the right to transfer their shares in accordance with the applicable laws, regulations and the company's articles of association;
- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, resolutions of board meetings, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquires on the company's business operations;
- where a resolution passed by shareholders' general meetings or the board of directors violates the articles of association or infringe the lawful rights and interests of shareholders, the right to institute an action in a people's court demanding the cessation of such unlawful infringement;

- the right to receive dividends based on the number of shares held; and
- any other rights of shareholders specified in the company's articles of association;

The obligations of a shareholder include: to abide by the company's articles of association, to pay the subscription monies in respect of the shares subscribed for; to be liable for the company's debts and liabilities to the extent of the amount of subscription monies agreed to be paid in respect of the shares subscribed for; not to abuse the shareholders' rights to prejudice the interests of the company or other shareholders thereof; not to abuse the independent status of the company as a legal person and a joint stock limited company to prejudice the interests of the creditor(s) of the company; and any other obligations specified in the company's articles of association.

Shareholders' General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law. The general meeting may exercise its powers:

- to elect and dismiss the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;
- to review and approve the reports of the board of directors;
- to review and approve the reports of the supervisory board;
- to review and approve the company's profit distribution proposals and loss recovery proposals;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of corporate bonds;
- to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;
- to amend the company's articles of association; and
- to exercise any other authority stipulated in the articles of association.

A shareholders' general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following:

- the number of directors is less than the number stipulated by the Company Law or less than two-thirds of the number specified in the articles of association;
- the outstanding losses of the company amounted to one-third of the company's total paid-in share capital;
- shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary general meeting is convened;

- the board deems necessary;
- the supervisory board proposes to hold; or
- any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board shall convene and preside over shareholders' general meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' general meeting.

In accordance with the Company Law, a notice of annual general meeting shall be given to all shareholders 20 days prior to the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

In accordance with the Company Law, shareholders alone or in aggregate holding more than 1% of the shares of the company may put forth proposals and submit the same in writing to the board of directors 10 days before a general meeting. The board of directors shall notify other shareholders within 2 days after receiving such proposals, and submit the interim proposals to the general meeting for review and approval if such proposals are within the scope of its duties and powers.

Under the Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, save that the company's shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' general meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Board

A company shall have a board, which shall consist of at least 3 members. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly reelected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the board of directors may exercise its powers:

- to convene shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions of the general meetings;
- to decide on the company's operational plans and investment proposals;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;
- to formulate proposals for the merger, division or dissolution of the company or change of corporate form;
- to decide on the setup of the company's internal management organs;
- to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy general manager and financial officer of the company and to decide on their remunerations;
- to formulate the company's basic management system; and
- to exercise any other authority stipulated in the articles of association.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory board. The chairman shall convene the meeting within 10 days of receiving such proposal and preside over the meeting. The board may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorizations.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the Company Law, the following person may not serve as a director in a company:

- a person who is unable or has limited ability to undertake any civil liability;
- a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence, or a person who was given a suspended sentence, where less than two years have elapsed since the expiration of the probation;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; and
- a person who is listed as a defaulter by a people's court since he/she is liable for relatively large amount of debt that is overdue.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Under the Company Law, the board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

Supervisory Board

A company may have a supervisory board composed of not less than three members. Each term of office of a supervisor is three years and he/she may serve consecutive terms if reelected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. Directors and senior management shall not act concurrently as supervisors. The supervisory board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory board shall be elected by more than half of the supervisors.

The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing or is not performing his/her duties, a supervisor recommended by more than half of the supervisors shall convene and preside over supervisory board meetings.

The supervisory board may exercise its powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or resolutions of the shareholders' general meetings.
- when the acts of director or senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the Company Law;
- to submit proposals to the shareholders' general meetings;
- to bring actions against directors and senior management personnel pursuant to the relevant provisions of the Company Law; and
- to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager is responsible to the board of directors and exercise his/her functions and powers according to the provisions of the articles of association or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of a listed company, and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors, General Managers and Other Senior Management

Directors, supervisors and senior management are required under the Company Law to comply with the relevant laws, administrative regulations and the articles of association, and carry out their duties of loyalty and diligence. Directors, supervisors and senior management are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property. Directors and senior management are prohibited from:

- embezzling the company's property or misappropriating company funds;
- depositing company funds into accounts under their own names or the names of other individuals to deposit;
- giving bribes or accepting any other illegal proceeds by taking advantage of their power;
- accepting commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential information of the company; and
- other acts in violation of their duty of loyalty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' general meeting, subject to the approval of the board of directors or shareholders' general meeting by a resolution according to the articles of association.

The provisions of the preceding paragraph shall apply if any close relatives of directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by directors, supervisors or senior management or any of their close relatives, or any parties otherwise having related-party relationship with directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

(i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the Articles of Association;

(ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the Articles of Association.

A director, supervisor or senior management who contravenes law, administrative regulation or articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' general meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders.

Finance and Accounting

A company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached 50% or more of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders by a resolution of a shareholders' general meeting or the board of directors before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company earned from the issue of share and other income as required by CSRC to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. When using a company's reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

Profit Distribution

Under the Company Law, a company shall not distribute profits before losses are covered and the statutory reserve fund is drawn.

Dissolution and Liquidation

Under the Company Law, a company shall be dissolved for any of the following reasons:

- the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;
- the shareholders have resolved at a shareholders' general meeting to dissolve the company;
- the company is dissolved by reason of its merger or division;
- the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

- the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders.

If the company encounters the reasons for dissolution as stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

In the event of first point above, the company may carry on its existence by amending its articles of association. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph 1, 2, 4 or 5 above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the company's creditors may file an application with a people's court to appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The sort out committee may exercise following powers during the liquidation:

- to sort out the company's assets and to prepare a balance sheet and an inventory of assets;
- to notify the company's creditors or publish announcements;
- to deal with any outstanding business related to the liquidation;
- to pay any overdue tax together with any tax arising during the liquidation process;
- to settle the company's claims and liabilities;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within 10 days of its establishment and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification. A creditor shall report all matters relevant to his claimed creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. After the people's court accepts the application for bankruptcy, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Members of the liquidation committee shall fulfill liquidation responsibilities with a duty of loyalty and diligence.

Any member of the liquidation committee who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation committee who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the shareholders' general meeting or a people's court for confirmation, and submit to the company registration authority to apply for cancelation of the company's registration.

Overseas Listing

According to the Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The *PRC Securities Law (2019 revision)* (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

The PRC Securities Laws, Regulations and Regulatory Regimes

The PRC has promulgated a number of regulations that relate to the issue and trading of the Shares and disclosure of information of companies. In October 1992, the State Council established the Securities Committee and CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in Mainland China and administering CSRC. CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in Mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and CSRC and reformed CSRC.

On April 22, 1993, the State Council promulgated the *Provisional Regulations Concerning the Issue and Trading of Shares* (《股票發行與交易管理暫行條例》) governing the application and approval procedures for public offerings of shares, issuance of and trading in shares, the acquisition of listed companies, deposit, clearing and transfer of shares, the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

On December 25, 1995, the State Council promulgated the *Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies* (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The Securities Law of the PRC (《中華人民共和國證券法》) (the "**PRC Securities Law**") was enacted by the Standing Committee of the NPC on December 29, 1998, which became effective on July 1, 1999 and was latest revised on December 28, 2019. It was the first national securities law in the PRC, and is divided into 14 chapters and 226 articles comprehensively regulating activities in Mainland China securities market, including the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. Article 224 of the PRC Securities Law provides that domestic enterprises issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and CSRC.

Arbitration And Enforcement Of Arbitral Awards

Under the *Arbitration Law of the People's Republic of China* (《中華人民共和國仲裁法》), or the Arbitration Law, amended by the Standing Committee of the NPC on September 1, 2017 and effective on January 1, 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the PRC Civil Procedure Law. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within Mainland China shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by Mainland China.

According to the *Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region* (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the *Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region* (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong SAR, and Hong Kong SAR arbitration awards are also enforceable in Mainland China.

MATERIAL DIFFERENCES BETWEEN CERTAIN ASPECTS OF COMPANY LAW IN THE PRC AND HONG KONG SAR

Hong Kong company law is primarily set out in the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, supplemented by common law and rules of equity that apply to Hong Kong SAR. As a joint stock limited company incorporated in the PRC that is seeking a listing of shares on the Stock Exchange, we are governed by the Company Law and all other rules and regulations promulgated pursuant to the Company Law. Set out below is a summary of certain material differences between Hong Kong company law and the Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

Under Hong Kong company law, a company with share capital shall be incorporated by the Registrar of Companies in Hong Kong which issues a certificate of incorporation of the company upon its incorporation, and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong SAR shall contain certain pre-emptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the Company Law, a joint stock limited company may be incorporated by promotion or public subscription.

Share Capital

The Company Law does not provide for authorized share capital. The share capital of a company incorporated in Hong Kong SAR would be its issued share capital. The full proceeds of a share issue will be credited to share capital and becomes the company's share capital. Under Hong Kong SAR law, the directors of a Hong Kong SAR company may, with the prior approval of the shareholders if required, issue new shares of the company.

The Company Law does not provide for authorized share capital. The Company's registered capital is the amount of its issued share capital. Any increase in the company's registered capital must be approved by the general meeting and shall be approved by/filed with the relevant PRC governmental and regulatory authorities (if applicable).

Under the Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws or administrative regulations). For non-monetary assets to be used as capital contributions, appraisals must be carried out to ensure there is no overvaluation or undervaluation of the assets. There is no such restriction on a company incorporated in Hong Kong SAR.

Restrictions on Shareholding and Transfer of Shares

Under the PRC law, A Shares of the company, which are denominated and subscribed for in Renminbi, can be subscribed for and traded by PRC investors, qualified overseas institutional investors or qualified overseas strategic investors, while also being eligible securities under the Northbound Trading Link, A Shares of the company can be subscribed for and traded by Hong Kong SAR and other overseas investors in accordance with the rules and limits of Shenzhen-Hong Kong Stock Connect. Overseas listed shares, which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong SAR, Macau SAR and Taiwan or any country and territory outside Mainland China, or qualified domestic institutional investors, except as allowed under Tentative Regulatory Measures for Qualified Domestic Institutional Investors Investing in Overseas Securities (《合格境內機構投資者境外證券投資管理試行辦法》). If the H shares are eligible securities under the Southbound Trading Link, they are also subscribed for and traded by PRC investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Under the Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares in issue prior to a public offering of the company cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares in a joint stock limited company held by its directors, supervisors and senior management and transferred each year during their term of office shall not exceed 25% of the total shares they held in a company, and the shares they held in a company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of a company's shares held by its directors, supervisors and senior management.

There are no restrictions on shareholdings and transfers of shares under Hong Kong SAR law apart from (i) the restriction on the company to issue additional Shares within 6 months after the Global Offering, and (ii) the prohibition of controlling shareholders from disposing of shares within 12 months after the lockup.

Notice of General Meetings

Under the Company Law, notice of an annual general meeting must be given not less than 20 days before the meeting. Whereas notice of an extraordinary general meeting must be given not less than 15 days before the meeting.

For a limited company incorporated in Hong Kong SAR, the notice period for an annual general meeting is at least 21 days and in any other case, at least 14 days.

Quorum for General Meetings

The Company Law does not specify any quorum requirement for a general meeting.

Under Hong Kong SAR law, the quorum for a general meeting is two members, unless the articles of association of a company specifies otherwise or the company has only one member, in which case the quorum is one.

Voting at General Meetings

Under the Company Law, the passing of any resolution requires more than one-half of the affirmative votes held by the shareholders present in person or by proxy at a general meeting except in cases such as proposed amendments to the articles of association, increase or decrease of registered capital, merger, division, dissolution or change in the form of the company, which require two-thirds of the affirmative votes cast by shareholders present in person or by proxy at a general meeting.

Under Hong Kong SAR law, an ordinary resolution is passed by a simple majority of affirmative votes cast by shareholders present in person, or by proxy, at a general meeting, and a special resolution is passed by not less than three-fourths of affirmative votes casted by shareholders present in person, or by proxy, at a general meeting.

Variation of Class Rights

The Company Law has no specific provision relating to variation of class rights. However, the Company Law states that the State Council can promulgate requirements relating to other kinds of shares.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the passing of a special resolution by the shareholders of the relevant class at a separate meeting sanctioning the variation, (ii) with the written consent of shareholders representing at least three-fourths of the total voting rights of shareholders of the relevant class, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Derivative Action by Minority Shareholders

Under Hong Kong SAR company law, minority shareholders may, with the leave of the Court, start a derivative action against directors who have committed a breach of their fiduciary duties to the company, if such directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name.

Under the Company Law, in the event where the directors and senior management of a joint stock limited company violate laws, administrative regulations or the articles of association, resulting in losses to the company, the shareholders individually or in aggregate holding over 1% of the company's shares for more than 180 consecutive days may request in writing the supervisory committee to initiate proceedings in the people's court. In the event that the supervisors violate as such, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of such written request from the shareholders, if the supervisory committee or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the court in their own name.

In addition, the Guidelines for Articles of Association of Listed Companies provide other remedies against the Directors, Supervisors and senior management who breach their duties to the Company.

Minority Shareholder Protection

Under the Companies Ordinance, a shareholder who alleges that the affairs of a company incorporated in Hong Kong SAR are conducted in a manner unfairly prejudicial to his/her interests may petition to the Court to make an appropriate order to give relief to the unfairly prejudicial conduct. In addition, on the application of a specified number of members, the Financial Secretary of Hong Kong SAR may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated or registered in Hong Kong SAR.

The Company Law provides that any shareholders holding 10% or above of voting rights held by all shareholders of company may request a people's court to dissolve the company to the extent that the operation or management of the company experiences any serious difficulties and its continuous existence would cause serious losses to them, and no other alternatives can resolve such difficulties.

Directors

The Company Law, unlike Hong Kong SAR company law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and indemnification in respect of directors' liability as well as prohibitions against compensation for loss of office without shareholders' approval. The Guidelines for Articles of Association of Listed Companies, however, contain certain requirements and restrictions on major disposals and specify the circumstances under which a director shall be liable for making compensation.

Supervisory Committee

Under the Company Law, a joint stock limited company's directors and senior management are subject to the supervision of a supervisory committee. There is no mandatory requirement for the establishment of a supervisory committee for a company incorporated in Hong Kong SAR.

The Guidelines for Articles of Association of Listed Companies provide that Supervisors shall abide by laws, administrative regulations and the Articles of Association, and shall owe fiduciary and due diligence duties to the Company. Supervisors shall not abuse their authority by accepting bribes or other illegal income, nor shall they convert company property.

Fiduciary Duties

In Hong Kong SAR, directors owe fiduciary duties to the company, including the duty not to act in conflict with the company's interests. Furthermore, the Companies Ordinance has codified the directors' statutory duty of care.

Under the Company Law, directors, supervisors, managers and other senior management personnel of a company have the duty of loyalty and diligence to the company. Such persons shall abide by the articles of association of the company, perform their duties honestly and diligently, safeguard the interests of the company, and shall not use their position and authority in the company for their personal gain.

Financial Disclosure

Under the Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its annual general meeting. In addition, a joint stock limited company of which the shares are publicly offered must publish its financial report.

The Companies Ordinance requires a company incorporated in Hong Kong SAR to send to every shareholder a copy of its financial statements, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting. According to the PRC laws, a company shall prepare its financial and accounting reports as at the end of each accounting year, and submit the same to accounting firms for auditing as required by law.

Information on Directors and Shareholders

The Company Law gives shareholders the right to inspect the company's articles of association, register of shareholders, minutes of the general meetings, resolution at the board meeting, resolution at the meeting of supervisory committee and financial and accounting reports. Under the articles of association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors which is similar to the rights of shareholders of Hong Kong SAR companies under the Companies Ordinance.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong SAR may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 673 and Division 2 of Part 13 of the Companies Ordinance, which requires the sanction of the court. In addition, subject to the shareholders' approval, an intra-group wholly-owned subsidiary may also be amalgamated horizontally or vertically under the Companies Ordinance.

Under the PRC law, merger, division, dissolution of the company or change in the form of the company has to be approved by shareholders attending the general meeting and holding two-thirds or more of the voting rights.

Mandatory Transfers

Under the Company Law, a company is required to make transfers equivalent to certain prescribed percentages of its after tax profit to the statutory reserve fund. There are no corresponding provisions under Hong Kong SAR law.

Remedies of a Company

Under the Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or manager should be responsible to the company for such damages.

The Listing Rules require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong SAR law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

Pursuant to relevant PRC laws and regulations, a company in certain circumstances shall withhold, and pay to the relevant tax authorities, any tax payable on any dividends or other distributions payable to a shareholder.

Under the Company Law and Hong Kong SAR laws, dividends once declared will become debts payable to shareholders. Under Hong Kong SAR law, the limitation period for an action to recover a debt (including the recovery of declared dividends) is six years, whereas under the PRC laws, the relevant limitation period is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Closure of Register of Shareholders

The Companies Ordinance provides that the register of shareholders of a company must not be closed for the registration of transfers of shares for more than thirty days (extendable to sixty days in certain circumstances) in a year, whereas, as required by the PRC Law, share transfers shall not be registered within 20 days before the date of convening a general meeting or within five days before the base date of distribution of dividends.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN THE HONG KONG LISTING RULES AND SHENZHEN STOCK EXCHANGE LISTING RULES

As our A Shares are listed on the SZSE, we are also subject to the Shenzhen Stock Exchange Listing Rules. Set out below is a summary of the material differences between the Hong Kong Listing Rules and the Shenzhen Stock Exchange Listing Rules.

Periodic Financial Reporting

There are material differences in financial reporting standards and practices regarding, for example, industry-specific financial reporting requirements, announcement of preliminary results, form and content of periodic financial reports and post-vetting of periodic financial reports.

Classification and Disclosure Requirements for Notifiable Transactions

The method of classification of notifiable transactions under the Hong Kong Listing Rules and the disclosure requirement pertaining to such transactions differ from those under the Shenzhen Stock Exchange Listing Rules.

Connected Transactions

The definition of a connected person under the Hong Kong Listing Rules and the definition of a related party under the Shenzhen Stock Exchange Listing Rules are different. In addition, the disclosure and shareholder approval requirements for connected transactions under the Hong Kong Listing Rules and for related party transactions and shareholders' approval requirements under the Shenzhen Stock Exchange Listing Rules, as well as the respective exemptions are different.

Disclosure of inside information

The scope, timing and method of disclosure of inside information are different between the Hong Kong Listing Rules and Shenzhen Stock Exchange Listing Rules.

This Appendix mainly provides investors with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to investors.

SHARES AND REGISTERED CAPITAL

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by any entity or individual.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase and Decrease of Shares

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the capital by the following ways upon approval of special resolutions at the Shareholders' general meeting:

(i) Public issuance of shares;

(ii) Non-public issuance of shares;

(iii) Distribution of bonus shares to existing shareholders;

(iv) Converting the reserve funds into share capital;

(v) Other means approved by the laws, administrative regulations or approved by the CSRC.

Our Company may decrease our registered share capital and shall comply with the procedures stipulated in Company Law of the PRC and the Articles of Association.

Repurchase of Shares

Company shall not to repurchase its own shares, unless otherwise under the circumstances:

(i) Reduce our Company's registered capital;

(ii) Merger with other companies which hold our shares;

(iii) Using the shares as an employee stock ownership plan or equity incentive plan;

(iv) Purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders' general meeting upon their request;

(v) Use of shares for conversion of convertible corporate bonds issued by the Company;

(vi) Necessary for the Company to maintain its value and protect the interests of the shareholders.

A resolution shall be passed at the Shareholders' general meeting when the Company is to repurchase its own shares under the circumstances (i) and (ii) set out above. In case of the circumstances stipulated in (iii), (v) and (vi) above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting. After the Company has repurchased its own shares in accordance with the circumstances above, the shares so repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (i) above), or shall be transferred or canceled within six months (under the circumstances set out in (ii) and (iv) above). If the Company repurchases its shares under the circumstances set out in (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

If the share repurchase is made under the circumstances stipulated in (iii), (v) or (vi) above, it shall be conducted by way of open centralized trading at stock exchange or by way of offer.

Transfer of Shares

Shares of the Company held by the founders shall not be transferred within one year from the date of incorporation of the Company. Shares of the Company that were issued prior to a public issue shall not be transferred within one year from the date on which shares of the Company are listed and traded on the stock exchange.

The Directors, Supervisors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferrable by them during each year of their tenures shall not exceed 25% of their total holdings of shares in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed for trading. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. Where the listing rules of the place where the Company's shares are listed provide otherwise in respect of the restrictions on the transfer, such rules shall prevail.

Any gains from sale of Company's shares or other securities with an equity nature by the Directors, Supervisors and senior management members or shareholders holding 5% or more of the Company's shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall be responsible for recovering such gains from the abovementioned parties. However, a securities company which holds 5% or more of the Company's shares as a result of its undertaking of the untaken shares in an offer, sale those Company's shares shall not be subject to the six-month time limit as set out above.

Shares or other securities with the nature of equity held by Directors, Supervisors, senior executives and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the above paragraph of this Article, the Shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the Shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the Company. And if the Board of Directors fails to implement the provisions set forth in this Article, the responsible Directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

Shareholders

The Company shall make a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company's Shares. The original register of Shareholders of H shares is kept in Hong Kong SAR and is available for inspection by Shareholders, but the Company may suspend the registration of Shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's Shares are listed. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

The rights of our shareholders are as follows:

(i) To receive distribution of dividends and other forms of benefits according to the number of shares held;

(ii) To legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the General Meeting and exercise corresponding voting rights;

(iii) To supervise operational activities of our Company, provide suggestions or submit queries;

(iv) To transfer, grant and pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;

(v) To read the Articles of Association, the list of Shareholders, Company bond stubs, General Meeting minutes, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors and financial and accounting reports;

(vi) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;

(vii) To require our Company to acquire the shares from Shareholders voting against any resolutions adopted at the General Meeting concerning the merger and division of the Company;

(viii) Other rights conferred by laws, administrative regulations, regulations of the authorities, regulatory rules where our Company's shares are listed, or the Articles of Association.

Where any Shareholder demands to read the relevant information or obtain any of the aforesaid materials, he shall submit to the Company written documents proving the class(es) and number of shares he holds. The Company shall provide the relevant information or materials in accordance with the Shareholder's demand after verifying the Shareholder's identity.

In the event that any resolution of the Shareholders' general meeting or resolution of the Board of Directors violates laws or administrative regulations, the Shareholder is entitled to request the People's Court to deem it as invalid. In the event that the convening procedure or voting method of the Shareholders' general meeting or the Board meeting violates any of laws, administrative regulations or the Articles of Association, or any resolution of which violates the Articles of Association, the Shareholder is entitled to request the People's Court to overturn the resolution within 60 days upon the resolution was adopted.

The obligations of Shareholders are as follows:

(i) To abide by laws, administrative regulations and the Articles of Association;

(ii) To provide Share capital according to the Shares subscribed for and Share participation methods;

(iii) Not to return Shares unless prescribed otherwise in laws and administrative regulations;

(iv) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

Any company Shareholder who abuses Shareholders' rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of Shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

The controlling Shareholders and actual controllers of the Company shall not use their connected relationship to damage the legitimate interests of the Company; Who violate Articles of Association and cause losses to the Company shall be liable for compensation.

Controlling Shareholders and ultimate controllers of the Company shall have a duty of care to the Company and Public Shareholders. Controlling Shareholders shall exercise their investors' rights in strict accordance with the law and shall not damage the lawful interests of the Company or of public Shareholders in any way such as via the distribution of profits, an asset reorganization, external investments, the use of Company's funds or the provision of a loan guarantee, nor shall they abuse their controlling positions to damage the interests of the Company or of public Shareholders.

General Provisions for Shareholders' General Meetings

The General Meetings are divided into annual general Shareholders' meetings and extraordinary general Shareholders' meetings. The annual general shareholders' meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

The Shareholders' general meeting is the organ of authority of the Company, which exercises its powers in accordance with the PRC Company Law:

(i) To decide on the Company's operational policies and investment plans;

(ii) To elect or remove the Directors and Supervisors (other than the employee representatives) and to decide on matters relating to the remuneration of Directors and Supervisors;

(iii) To examine and approve reports of the Board of Directors;

(iv) To examine and approve reports of the Board of Supervisors;

(v) To examine and approve the Company's proposed annual financial budget and final accounts;

(vi) To examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

(vii) To decide on any increase or decrease of the Company's registered capital;

(viii) To decide on the issue of corporate bonds by the Company;

(ix) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(x) To amend the Articles of Association;

(xi) Resolution on appointment and dismissal of an accounting firm by the Company;

(xii) To examine and approve the provision of guarantees stipulated in Article 42;

(xiii) To examine matters relating to the purchases and disposals of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;

(xiv) To examine and approve matters relating to changes in the use of proceeds;

(xv) To examine and approve the equity incentive plans and employee stock ownership plans;

(xvi) To examine other matters as required by the laws, administrative regulations, departmental rules, the Articles of Association of the Company or the securities regulatory rules of the place where the Company's shares are listed, which shall be decided by the Shareholders' general meeting.

The external guarantee matters of the Company shall be submitted to the Board of Directors or the General Meeting for deliberation. The following acts of external guarantee of the Company shall be submitted to the General Meeting for deliberation and approval:

(i) Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has at least or exceeded 50% of the Company's net assets as audited in the latest period;

(ii) Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has at least or exceeded 30% of the Company's total assets as audited in the latest period;

(iii) The amount of guarantee provided by the company within one year exceeds 30% of the latest audited total assets of the company;

(iv) Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

(v) The single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;

(vi) The guarantee to be provided to a Shareholder, or to an ultimate controller or related party thereof;

(vii) Other guarantees required by the relevant laws or administrative regulations and the securities regulatory rules in the jurisdiction where the shares of the Company are listed that shall be considered by the Shareholders' general meeting.

The guarantee in item (2) of the preceding paragraph shall be approved by special resolution at the General Meeting.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(i) The number of directors is less than 5 or less than two-thirds of the number prescribed in these Articles of Association;

(ii) The uncovered losses of our Company reach one-third of its total paid-in share capital;

(iii) The Shareholders with 10% or more shares of the Company separately or jointly request;

(iv) The Board of Directors considers it necessary;

(v) The Board of Supervisors proposes that such a meeting shall be held;

(vi) Other circumstances conferred by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Convening of Shareholders' General Meetings

Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting, and shall submit such request in writing to the Board of Directors. The Board of Directors shall in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether or not to convene the extraordinary general meeting within 10 days after receiving the request.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after the resolution of the Board of Directors is made, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Board of Supervisors to hold an extraordinary general meeting, and shall make a written request to the Board of Supervisors.

Where the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Supervisors fails to issue a notice of the general meeting within the prescribed time limit, it shall be deemed that the Board of Supervisors has not convened and presided over the general meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over it on their own.

Where the Board of Supervisors or shareholders decide to convene a Shareholders' general meeting by themselves, they shall notify the Board of Directors in writing and file with the relevant branch office of the CSRC where the Company locates and SZSE at the same time. Prior to the announcement of the resolution of the Shareholders' general meeting, the shareholding ratio of the convening shareholders shall not be less than 10%. The Board of Supervisors or the convening shareholders shall submit relevant supporting materials to the relevant branch office of the CSRC where the Company locates and SZSE when issuing the notice of the general meeting and the announcement of the resolutions of the Shareholders' general meeting.

The expenses necessary for the Shareholders' general meeting convened by the Board of Supervisors or the shareholders themselves shall be borne by the Company.

Notice of Shareholders' General Meeting

The notice of a Shareholders' general meeting includes the following:

(i) The time, place and duration of the meeting;

(ii) The matters and proposals to be discussed at the meeting;

(iii) In plain language: all Shareholders have the right to attend the general meeting of shareholders, and may entrust a proxy in writing to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company;

(iv) The shareholding registration date of the Shareholders entitled to attend the general meeting;

(v) name and telephone number of the permanent contact person for conference affairs;

(vi) Timing and Procedures of Voting by Internet and Otherwise.

The convener shall notify all Shareholders by way of announcement 21 days prior to the convening of the annual general meeting, and each Shareholder shall be notified by way of announcement 15 days prior to the convening of the extraordinary general meeting.

Proposals at Shareholders' General Meetings

The Board of Directors, the Board of Supervisors and Shareholders who individually or jointly hold more than 3% of the shares of the Company shall have the right to put forward proposals to the Company. Shareholders who individually or collectively hold more than 3% of the shares of the Company may submit an interim proposal in writing to the convener 10 days prior to the convening of the Shareholders' general meeting. The convener shall issue a supplementary notice of the Shareholders' general meeting within 2 days after receiving the proposal, and announce the contents of the interim proposal. Where the Shareholders' general meeting is postponed in accordance with the requirements of the securities regulatory rules of the place where the Company's shares are listed due to the issuance of a supplementary notice of the Shareholders' general meeting, the convening of the Shareholders' general meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Proxy for the Shareholders' General Meeting

A shareholder may attend and vote at the shareholders' general meeting in person or by proxy.

Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents or proof of shareholding. Proxies attending the meeting shall present their personal identity cards and the proxy statements from the shareholder.

Corporate shareholders shall be represented by its legal representative or proxies authorized by the legal representative. Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative. Proxies authorized to attend the meeting shall present their personal identity cards or the written proxy statement legally issued by the legal representative of the legal person shareholder, except for shareholders who are a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong SAR or the securities regulatory rules of the place where the shares of the Company are listed (hereinafter referred to as the "**Recognized Clearing House**") or its proxy.

If the shareholder is a Recognized Clearing House (or their proxies), the shareholder may authorize its company representative or one or more persons as it deems appropriate to act as its representative at any General Meeting or any class of shareholders; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may act on behalf of the Recognized Clearing House (or their proxies) as if such person were an individual shareholder of the Company (without presenting a shareholding certificate, notarized authorization and/or further evidence confirming its duly authorization).

Voting at the Shareholders' General Meeting

The resolutions of the Shareholders' meeting divided into ordinary resolutions and special resolutions. An ordinary resolution at a shareholders' general meeting shall be passed by more than half of the voting rights held by the shareholders present at the shareholders' general meeting (including proxies). A special resolution at a shareholders' general meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting (including proxies).

Shareholders (including proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote.

Where material issues affecting the interests of minority shareholders are considered at the shareholders' general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the shareholders' general meeting. If a shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the shareholders' general meeting for thirty-six months after the purchase.

If any shareholder, under applicable laws and regulations and Hong Kong Listing Rules, is required to abstain from voting on any particular matter being considered or is restricted to voting only for or only against any particular matter being considered, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

The Board of Directors, independent Directors, shareholders holding more than one per cent of the shares with voting rights or investor protection agencies established in accordance with laws as the solicit person. Except for statutory conditions, the Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

The resolution of the General Meeting includes ordinary resolution and special resolution. The following matters shall be approved by the General Meeting through ordinary resolutions:

(i) Work report of the Board of Directors and the Board of Supervisors;

(ii) Plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;

(iii) Appointment or dismissal of the members of the Board of Directors and the Board of Supervisors, and their payment and payment methods;

(iv) Annual budgets plan and final accounts plan of the Company;

(v) Annual report of the Company;

(vi) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The following matters shall be approved by special resolution at the General Meeting:

(i) The increase or reduction of the registered capital of the Company;

(ii) The division, spin-off, merger, dissolution and liquidation of the Company or change of company form;

(iii) Any amendment to the Articles of Association;

(iv) Purchase or sale of significant assets within a year which exceeds 30% of the Company's audited total assets for the latest period;

(v) Share option incentive plan;;

(vi) Spin-off Subsidiary Listing;

(vii) Issuance of shares, convertible corporate bonds, preferred Stock or other category of securities recognize by the CSRC;

(viii) Repurchase of Shares for Purpose of Reduction of Registered Capital;

(ix) Significant asset reorganization;

(x) A resolution of the Shareholders' general meeting of the Company to voluntarily withdraw the listing of its shares from trading on the SZSE and/or the Hong Kong Stock Exchange, and to decide not to trade on the Exchange or to apply for trading or transfer of its shares to other trading venues;

(xi) Other matters as required by the laws, administrative regulations, other securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, and matters approved by ordinary resolution of the General Meeting which are believed could materially affect our Company and need to be approved by special resolution.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors' term of office shall be three years. Upon expiration of the term, the Director may be re-elected. Director can be senior management personnel. However, provided that the total number of Directors who concurrently serve as Senior Management Members shall not exceed half (1/2) of the total number of Directors of the Company.

The Company has independent directors and the Board of Directors should not be less than three or one-third independent directors.

The directors shall abide by laws, administrative regulations and the Articles of Association, and bear fiduciary obligations towards the Company:

(i) Shall not abuse their authority to accept bribes or other illegal income and shall not misappropriate the properties of the Company.;

(ii) Shall not misappropriate company funds;

(iii) The assets of the Company shall not be deposited in any personal account;

(iv) Shall not, in violation of the Articles of Association, loan Company's funds to any other person or provide guarantees to any other person without the approval of the General Meeting or the Board of Directors;

(v) Shall not conclude any contract or engage in any transaction with the Company either in violation of the Articles of Association or without the approval of the General Meeting;

(vi) Shall not use the advantages provided by their own positions to pursue business opportunities that properly belong to the Company to engage in the same business as the Company either for their own account or for the account of any other person without the approval of the General Meeting;

(vii) Shall not accept commissions paid by others for transactions conducted with the Company as their own;

(viii) Shall not disclose confidential Company's information without authorization;

(ix) Shall not abuse their connected relationships to damage the Company's interests;

(x) To be honest and trustworthy in the performance of duties, to exercise rights in the overall interests of the Company and all shareholders within the scope of his or her authorities, to avoid actual or potential conflicts of interest and duty, and to put the interests of the Company and all shareholders above his or her own interests in the event of conflict of interest;

(xi) Other fiduciary obligations stipulated in laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the company's shares are listed and the Articles of Association.

The income obtained by the director in violation of above article shall belong to the Company; If losses are caused to the Company, it shall be liable for compensation.

Directors shall abide by laws, administrative regulations and the Articles of Association, and have the following diligent obligations to the Company:

(i) In principle, attend the board of directors' meeting in person, act diligently in a normal and reasonable prudent manner, and express clear opinions on the matters deliberated; where an independent director is unable to attend a board meeting in person for any reason, he/she shall prudently select and entrust in writing another director to attend the meeting on his/her behalf; an independent director shall not entrust a non-independent director to attend a meeting on his/her behalf;

(ii) Shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and government economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;

(iii) Shall treat all Shareholders fairly;

(iv) Shall maintain a timely awareness of the operation and management of the Company;

(v) Shall carefully read various business and financial reports of the Company and reports of the Company in public media, promptly understand and continuously pay attention to the operation and management status of the Company's business as well as material events that have occurred or are likely to occur in the Company and their effects, promptly report to the board of directors issues existing in the Company's business activities, and refrain from indirectly dealing with the following:

(vi) Shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;

(vii) Shall provide information and materials to the Board of Supervisors and shall not obstruct the Board of Supervisors or individual Supervisors from performing its or their duties;

(viii) Other obligations of diligence stipulated in the laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the Company's Shares are listed, and Articles of Association.

The fiduciary duty assumed by the Directors shall not be automatically relieved within a reasonable period after the resignation report has not come into effect or has come into effect after the end of the term of office. The duty of confidentiality of the Company's business secrets shall remain valid after the end of the term of office, until the secrets become public information.

Without the provisions of the Articles of Association or the lawful authorization of the Board of Directors, no Director shall act in his own name on behalf of the Company or the Board of Directors. When a Director acts in his/her own name, the Director shall declare his/her position and identity in advance if the third party reasonably believes that the Director is acting on behalf of the Company or the Board of Directors.

Chairman

The Board of Directors shall appoint a Chairman. The Chairman and vice chairman shall be elected by more than one half of all Directors.

Board of Directors

The Board of Directors consists of eleven Directors, five of whom are independent Directors. The board of directors shall have one chairman and one vice chairman who shall be elected by the board of directors.

The Board of Directors exercises the following powers:

(i) To convene the general Shareholders' meeting and report on work to the General Meeting;

(ii) Implement the resolutions of the General Meeting;

(iii) Determine the business and investment plans of our Company;

(iv) Devise the annual financial budget and closing account plans of our Company;

(v) Devise the earnings distribution and loss offset plans of our Company;

(vi) Formulate the plans for increasing or decreasing our Company's registered capital, the issuance of corporate bonds or other securities, as well as the listing of the stock of our Company;

(vii) Formulate plans for major acquisitions of the Company, in case of the circumstances stipulated of the Articles of Association the buy-back of shares of our Company, corporate merger, separation, dissolution and changing the form of our Company;

(viii) Determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donation within the scope authorized by the General Shareholders' Meeting;

(ix) Decide on the setup of our Company's internal management organization;

(x) To decide on matters such as appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other senior officers and on their compensation and incentives/disincentives; to decide on matters such as appointment or dismissal of the Company's vice general manager, chief financial officer and other senior management and on their compensation and incentives/disincentives based on the nominations by the general manager;

(xi) Set the basic management systems of our Company;

(xii) Make the modification plan to the Articles of Association;

(xiii) Manage the disclosure of company information;

(xiv) Request to the general meeting of shareholders to hire or replace the accounting firm auditing for the company;

(xv) Attend to the work report of our Company's general manager and review the work of the general manager;

(xvi) To determine the acquisition of shares of the Company by the Company in accordance with Articles 24 (3), 24 (5) and 24 (6) of these Articles subject to compliance with the regulatory rules for securities of the jurisdiction where the shares of the Company are listed;

(xvii) Other powers and duties authorized by the laws, administrative regulations, regulations of the authorities, the Articles of Association and the shareholders' meeting.

Meetings of the Board of Directors shall be attended by more than one-half of the Directors before the Board of Directors meeting can be convened.

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions, external donations, and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and reported to the shareholders' meeting for approval.

If any Director has connection with the enterprise involved in the resolution made at a Board meeting, the said Director shall not vote on the said resolution for himself/herself or on behalf of another Director. The Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the issue shall be submitted to the shareholders' general meeting for consideration. If there are any additional restrictions on Directors' participation in and voting at Board meetings in accordance with laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

Special Committees under the Board

The special committees shall be responsible to the Board of Directors, and perform their duties according to the Articles of Association and the authorization granted by the Board of Directors.

Secretary to the Board

The Company shall have a Secretary to the Board of Directors, and shall be responsible for the preparation of the shareholders' general meeting and Board meeting and shall deal with information disclosure and other matters. The Secretary to the Board of Directors shall comply with the relevant provisions of the laws, administrative regulations, departmental rules and the Articles of Association.

General Manager and Other Senior Management Members

Our Company has one general manager, appointed or dismissed by the Board of Directors. The general manager of our Company is responsible to the Board of Directors and exercises the following powers:

(i) To be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the Board of Directors and report on works to the Board of Directors;

(ii) To organize and implement the Company's annual business plan and investment proposals;

(iii) To draft plans for the establishment of the Company's internal management organizations;

(iv) To draft the fundamental management system of the Company;

(v) To formulate specific rules and regulations for the Company;

(vi) To propose to the Board of Directors on the appointment or dismissal of deputy general manager, financial officer;

(vii) To appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(viii) Other functions and powers conferred by the Articles of Association or the Board of Directors.

SUPERVISORS AND BOARD OF SUPERVISORS

Supervisors

Each Supervisor shall serve for a term of three years. Upon expiry of the term, the Supervisor may be re-appointed upon re-election. The Directors and senior management members shall not act concurrently as Supervisors.

The Supervisors may attend the meetings of the Board of Directors.

Board of Supervisors

The Company shall have a Board of Supervisors. The Board of Supervisors shall consist of three Supervisors and one chairman. The chairman of the Board of Supervisors shall be elected by a simple majority of all Supervisors. The Board of Supervisors shall consist of Shareholder's representatives and employee's representatives.

The Board of Supervisors shall exercise the following functions and powers:

(i) To examine regular reports and document of stock issue prepared by the Board of Directors and propose written examination suggestions, supervisors Shall sign written statements confirming the regular reports and document of stock issue;

(ii) To review the Company's financial position;

(iii) To supervise the Directors and senior management members' acts in performing their duties in the Company, and to propose a removal of any Director or senior management member in violation of any laws, administrative regulations, the Articles of Association or resolutions adopted at the shareholders' general meeting;

(iv) To demand any Director or senior management member who acts in a manner which is harmful to the Company's interest to rectify such behavior;

(v) To propose to convene an extraordinary general meeting, and to convene and preside over shareholders' general meetings where the Board of Directors fails to perform its duty to do so as required by the Company Law;

(vi) To submit proposals to shareholders' general meetings;

(vii) To initiate legal proceedings against any Director or senior management member according to Article 151 of the Company Law;

(viii) To investigate into unusual operation of the Company and if necessary, to engage an accounting firm, a law firm or other professional institutions to assist in its work at the expenses of the Company.

QUALIFICATIONS AND RESPONSIBILITIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

None of the following persons shall serve as our Director, Supervisor or senior management:

(i) A person who has no civil capacity or has limited civil capacity;

(ii) A person who has committed an offense of corruption, bribery, infringement of property, misappropriation of property or disruption of the socialism economic order and has been punished because of committing such offense where less than five years have lapsed following the completion of the implementation of the punishment; or who has been deprived of his/her political rights for committing an offense where less than five years have lapsed following such deprivation;

(iii) A person who is a former director, factory manager or manager or enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where less than three years have lapsed following the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) A person who is a former legal representative of a company or enterprise which had its business license revoked or had been ordered to close down due to violation of the laws and has incurred personal liability, where less than three years have lapsed since the date of the revocation of such business license;

(v) A person who has a relatively large sum of debt, which was not paid at maturity;

(vi) A person who is currently being prohibited from participating in the securities market by the CSRC and such barring period has not elapsed;

(vii) A person who has been determined publicly by the stock exchange as not suitable for acting as a director of a listed company;

(viii) A person who has been publicly reprimanded or circulated a notice of criticism for at least three times by the stock exchange in recent three years;

(ix) A person who has been put on file for investigation by judicial authorities due to suspected criminal offenses or been put on file for investigation by the CSRC due to suspected violation of laws, with no definite conclusion established;

(x) Any other circumstances stipulated by laws, administrative regulations or departmental rules are listed.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant authorities of the PRC. The Company shall adopt the Gregorian calendar year for its fiscal year, i.e. the fiscal year shall be from January 1 to December 31.

The Company shall submit and disclose its annual reports to the CSRC and the stock exchange in the place where the Company's shares are listed within four months from the end of each fiscal year, and its interim reports to the relevant branch office of the CSRC and the stock exchange in the place where the Company's shares are listed within two months from the end of the first half of each fiscal year.

The financial and accounting reports shall be prepared in accordance with relevant laws, administrative regulations and requirements of the CSRC and the stock exchange in the place where the Company's shares are listed.

The Company will not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

The Company is required to allocate 10% of its profits into its statutory reserve fund when distributing each year's after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph. Subject to a resolution of the shareholders' general meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

After making up of losses and appropriation to reserve funds, balance of the profit after tax shall be distributed to shareholders in proportion to their shareholdings, unless otherwise stipulated in the Articles of Association.

If the General Meeting violates the above provisions and profits are distributed to the Shareholders before the Company makes up for losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned by such Shareholders to the Company.

No profit shall be distributed in respect of the shares of the Company which are held by the Company. The Company shall appoint one or more collection agents for H shareholders in Hong Kong SAR. The collection agents shall collect on behalf of the relevant H shareholders the dividends distributed and other funds payable by the Company in respect of the H shares, and hold such monies in their custody pending payment to the H shareholders concerned. The collection agents appointed by the Company shall meet the requirements of the laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

Reserve funds of the Company are used for recovering losses of the Company and expanding scale of operation of the Company or conversion into its capital, but capital reserve fund shall not be used for making up the Company's losses. When the statutory reserve funds are converted into capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

The Company shall implement a positive profit distribution policy, attach importance to the provision of reasonable returns to its shareholders, maintain the continuity and stability of the profit distribution policy and comply with the relevant provisions of laws and regulations.

After the General Meeting of our Company make a resolution on profit distribution plan, the Board of Directors shall complete the distribution within 2 months after the convening of the General Meeting. The specific profit distribution plan can be adjusted in accordance with such provisions and the actual situation when cannot be implemented within two months due to the provisions of laws and regulations and securities regulatory rules of the place where the Company's shares are listed.

The Company has implemented an internal audit system and equipped with full-time auditors to conduct internal audit and supervision on the Company's financial revenue and expenditures and economic activities. The internal audit system of the Company and the duties of the auditors shall be implemented upon approval by the Board.

The Company shall appoint such accounting firm which has complied with the Securities Law for carrying out the audit for the accounting statements, net asset verification and other relevant consultancy services. The term of appointment is one (1) year and can be re-appointed.

The appointment of accounting firm by the Company shall be subject to the approval of the shareholders' general meetings. The Board of Directors may not appoint accounting firm before the approval of the shareholders' general meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The audit fees or the method for determining the audit fee of an accounting firm shall be determined at the shareholders' general meeting.

If the Company removes or no longer re-appoints the accounting firm, it shall notify such accounting firm fifteen days in advance. When shareholders vote for the removal of such accounting firm, such accounting firm shall be entitled to state its opinions at the shareholders' general meeting.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved for the following reasons:

(i) Expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;

(ii) The General Meeting adopts a resolution to dissolve our Company;

(iii) Our Company needs to be dissolved for the purpose of merger or division;

(iv) The business license is revoked, or our Company is ordered to close or be eliminated according to applicable law;

(v) Where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of all voting rights of the Company's shareholders may request the People's Court to dissolve the Company.

Where our Company is dissolved due to the provisions set forth in i, ii, iv, v above, the liquidation team shall be established within 15 days from the date of the event leading to liquidation to commence dissolution. The personnel of the liquidation team shall consist of the persons determined by the Directors or the General Meeting.

Within 10 days of the establishment of the liquidation team, the creditors shall be notified and an announcement shall be published in the qualified media and Hong Kong Stock Exchange (**www.hkexnews.hk**) within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors who declare claims shall state relevant issues related to the claims and provide proofs. The liquidation team shall carry out registration of the claims. During the period for declaration of claims, the liquidation group shall not make any repayment to the creditors.

During the liquidation, our Company shall continue to exist, but shall not carry out business activities irrelevant to the liquidation. The property of our Company shall not be distributed to any shareholder before full payments have been made out of the property according to the aforesaid provision.

In the event the liquidation team finds that, after taking stock of our Company's property and preparing the balance sheet and list of property, that the assets are insufficient to pay the debts, it shall apply to the people's court to declare bankruptcy to the law.

After our Company is declared bankrupt by ruling of the people's court, according to the law of insolvency of company implement insolvency and liquidation.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

(i) Following the revision of the Company Law or relevant laws and administrative regulations, the matters stipulated in the Articles of Association contradict the provisions of the revised laws and administrative regulations;

(ii) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association;

(iii) A Shareholders' General Meeting has decided on making amendments to the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the shareholders' general meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of the changes shall be made with the company registration authority in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company, was established in the PRC on December 24, 2003 and converted into a joint stock company under the PRC Company Law on December 3, 2010.

The registered address of our Company is No. 9 Putou Road, Dongfu Industry Park II, Haicang District, Xiamen City, Fujian Province, PRC 361025. Our Company has established a principal place of business in Hong Kong SAR at Office 5, 15/F, Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Hong Kong SAR, and has been registered as a non-Hong Kong company in Hong Kong SAR under Part 16 of the Hong Kong Companies Ordinance on March 13, 2024. Mr. Lee Chung Shing (李忠成) has been appointed as our authorized representative for the acceptance of service of process in Hong Kong SAR. The address for service of process on our Company in Hong Kong SAR is the same as our Company's principal place of business in Hong Kong SAR.

As we are incorporated in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix V to this Prospectus. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix IV to this Prospectus.

2. Changes in the share capital of our Company

As at the date of our incorporation on December 24, 2003, our registered capital was RMB1,518,000, which was fully paid up upon establishment. On December 3, 2010, our Company was converted into a joint stock company, and our registered capital was RMB85,000,000 divided into 85,000,000 shares with a nominal value of RMB1.00 each. On July 12, 2016, we completed the initial public offering and listing on the SZSE of our A Shares (stock code: 002803). Immediately after the listing of A Shares, our registered capital was RMB116,000,000 divided into 116,000,000 Shares with a nominal value of RMB1.00 each. Subsequently and as at the Latest Practicable Date, following a series of capital increases, private placement and share repurchases, our registered capital was RMB384,769,288 divided into 384,769,288 shares with a nominal value of RMB1.00 each.

For further details, see "History and Corporate Structure – Our Corporate History" in this Prospectus.

Save as disclosed herein, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this Prospectus.

3. Resolutions of our Shareholders

At an extraordinary general meeting of our Company held on February 2, 2024, among other things, the following resolutions were passed by the Shareholders of our Company:

(a) the issue of the H Shares of nominal value of RMB1.00 each and such H Shares be listed on the Stock Exchange;

(b) the number of H Shares to be issued initially shall not be more than 67,910,000 shares (representing approximately 15% of the total number of issued Shares as enlarged by the Global Offering);

(c) subject to the completion of the Global Offering, the Articles of Association be approved and adopted, which shall only become effective on the Listing Date and the Board be authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and

(d) the Board or its authorized individual be authorized to handle all matters relating to, among other things, all matters relating to the Global Offering, the issue and listing of the H Shares.

4. Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 of the Accountants' Report set out in Appendix IA to this Prospectus.

The following alteration in the share capital of our subsidiaries took place within the two years immediately preceding the date of this Prospectus:

Name of Subsidiary	Date of Change(s)	Share Capital before Change	Share Capital after Change
Langfang Jihong	November 2023	RMB50,000,000	RMB120,000,000
Jinan Jihong Packaging Limited* (濟南吉聯包裝有限公司)	December 2023	RMB32,000,000	RMB50,000,000
Guizhou Jihong Brand Planning and Management Co., Limited* (貴州吉宏品牌策劃管理有限公司)	June 2024	RMB500,000,000	RMB10,000,000
Xi'an Danjun E-commerce Co., Limited* (西安丹駿電子商務有限公司)	October 2024	RMB5,000,000	RMB1,000,000
Lucky Ecommerce	June 2023	US$50,000	US$1,000,000
Giimall Cloud Technology Co., Limited (香港吉喵雲科技有限公司)	August 2023	HK$100,000	HK$2,900,000

5. Restrictions on Repurchase of Shares

Please refer to "Summary of the Articles of Association of the Company" in Appendix V to this Prospectus for details.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of our business) have been entered into by us within the two years preceding the date of this Prospectus and are or may be material:

(1) the cornerstone investment agreement (基石投資協議) dated May 15, 2025 entered into by our Company, Shen Zhenyu, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited, pursuant to which Shen Zhenyu agreed to subscribe for H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$10,000,000, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(2) the cornerstone investment agreement (基石投資協議) dated May 15, 2025 entered into by our Company, Timber Kangaroo Capital Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited, pursuant to which Timber Kangaroo Capital Limited agreed to subscribe for H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$3,000,000, details of which are included in the section headed "Cornerstone Investors" in this Prospectus;

(3) the cornerstone investment agreement (基石投資協議) dated May 15, 2025 entered into by our Company, Yulong International Capital Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited, pursuant to which Yulong International Capital Limited agreed to subscribe for H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$7,000,000, details of which are included in the section headed "Cornerstone Investors" in this Prospectus; and

(4) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

Trademarks

(1) Trademarks for which registration has been granted

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration number	Registered Owner	Class	Registration Date	Expiry Date
1.	吉宏	PRC	54472740	Our Company	32	January 14, 2022	January 13, 2032
2.		PRC	8896371	Our Company	40	December 14, 2021	December 13, 2031
3.		PRC	8896293	Our Company	16	December 14, 2021	December 13, 2031
4.	吉宏	PRC	8838950	Our Company	40	November 28, 2011	November 27, 2031
5.	吉宏	PRC	8838913	Our Company	16	November 28, 2011	November 27, 2031
6.	吉宏	PRC	53665807	Our Company	33	May 7, 2022	May 6, 2032
7.	吉宏	PRC	58330196	Our Company	32	November 14, 2022	November 13, 2032
8.	giikin	Hong Kong SAR	305427450	Lucky Ecommerce	3, 9, 11, 14, 16, 17, 18, 21, 24, 25, 27, 35	October 23, 2020	October 22, 2030
9.	SENADA	U.S.	6606425	Hongkong Shize	12 (International); 19, 21, 23, 31, 35, 44 (U.S.)	January 4, 2022	January 4, 2032
10.	veimia	PRC	53815611	Zhengzhou Jikeyin	25	September 14, 2021	September 13, 2031

No.	Trademark	Place of Registration	Registration number	Registered Owner	Class	Registration Date	Expiry Date
11.	ORIVIN	Japan	6420928	Jiketuo (Shenzhen) Digital Technology Co., Ltd.* (吉客拓(深圳)數字科技有限公司)	8	July 27, 2021	July 27, 2031
12.	Pettena	Japan	6745007	Jiketuo (Shenzhen) Digital Technology Co., Ltd.* (吉客拓(深圳)數字科技有限公司)	9	October 13, 2023	October 13, 2033
13.	veimia	Japan	6474944	Zhengzhou Jikeyin	25	November 22, 2021	November 22, 2031
14.	LANFO	Japan	6786265	Giiktop (Hong Kong) Digital Technology Co., Limited	3	March 11, 2024	March 11, 2034
15.		Hong Kong SAR	306475708	Our Company	35	February 14, 2024	February 13, 2034

Patents

As at the Latest Practicable Date, our Group had registered the following patents in the PRC which are material to the business of our Group:

No.	Patent	Registered owner	Registration number	Date of registration
1.	A portable packaging box (一種手提式包裝盒)	Our Company	ZL201921464229.5	September 4, 2019
2.	A packaging box with exposed bottle body (一種露瓶身的包裝盒)	Our Company	ZL201921465181.X	September 4, 2019
3.	A packaging box structure (一種包裝盒結構)	Our Company	ZL201921275164.X	August 7, 2019
4.	A handle with an external cup (一種外帶杯提手)	Our Company	ZL201920918486.5	June 18, 2019
5.	A structure for beverage carriers (一種飲料提籃結構)	Our Company	ZL201920918579.8	June 18, 2019
6.	A new type of paper cup (一種新型紙杯)	Our Company	ZL201920817532.2	May 31, 2019
7.	A packaging box for drinks (一種飲品包裝盒)	Our Company	ZL201920481523.0	April 10, 2019
8.	A structure for food containers (一種餐盒的結構)	Our Company	ZL201920163281.0	January 29, 2019
9.	A diffuse reflective layer structure of packaging box and its manufacturing technique (一種包裝盒漫反射層結構及其生產工藝)	Our Company	ZL201410251787.9	June 9, 2014
10.	An antibacterial acaricidal printing base oil mother solution and a printing base oil prepared from mother solution and a preparation method thereof (一種抑菌驅蟎印刷底油母液和由母液製作的印刷底油及其製備方法)	Our Company	ZL201310058365.5	February 25, 2013
11.	A water-soluble cream-resistant printing ink and preparation method thereof (一種水溶耐奶油油墨及其製備方法)	Our Company	ZL201010294960.5	September 28, 2010

No.	Patent	Registered owner	Registration number	Date of registration
12.	Offset printing ink solvent and preparation method thereof (膠印油墨溶劑及其製備方法)	Our Company	ZL200910061354.6	March 27, 2009
13.	Aqueous plastic printing ink for food indirect contact and preparation method thereof (食品間接接觸水性塑料油墨及其製備方法)	Our Company	ZL200510120545.7	December 28, 2005
14.	A thermal insulated tote bag (一種保溫手提袋)	Our Company	ZL202120142541.3	January 19, 2021
15.	A leak-proof tote bag (一種防漏水手提袋)	Our Company	ZL202120142961.1	January 19, 2021
16.	A tote bag with handles (一種帶提手的手提袋)	Our Company	ZL202120143826.9	January 19, 2021
17.	A waterproof cup holder (一種防水杯托)	Our Company	ZL202120144252.7	January 19, 2021
18.	A packaging box (一種包裝盒)	Our Company	ZL202022510756.4	November 3, 2020
19.	A portable packaging (一種便携式包裝)	Our Company	ZL202022390578.6	October 23, 2020
20.	A pneumatic reversing lifting intelligent transfer platform (一種氣動換向升降智能轉運平台)	Zhengzhou Jikeyin	ZL202011518333.5	December 21, 2020
21.	An auxiliary regulating mechanism for express logistics packaging (一種快遞物流包裝輔助調節機構)	Zhengzhou Jikeyin	ZL202011428672.4	December 7, 2020

Copyrights

As at the Latest Practicable Date, our Group had registered the following copyrights in the PRC which are material to the business of our Group:

No.	Copyright	Registered owner	Registration number	Development completion date
1.	Bottles (twenty) of Guijiang Ling (貴醬令二十酒瓶)	Our Company	國作登字-2021-F-00198893	February 6, 2021
2.	Packing Boxes (twenty) of Guijiang Ling (貴醬令二十包裝盒)	Our Company	國作登字-2021-F-00198892	February 6, 2021
3.	Bottles of Guijiang Ling (貴醬令酒瓶)	Our Company	國作登字-2021-F-00198883	February 6, 2021
4.	Packing Boxes of Guijiang Ling (貴醬令包裝盒)	Our Company	國作登字-2021-F-00198886	February 6, 2021
5.	Bottles of Guizhou Chun Wine (貴州醇酒瓶)	Our Company	國作登字-2021-F-00198889	February 6, 2021
6.	Packing Boxes of Guijiang Chun Wine (貴醬醇包裝盒)	Our Company	國作登字-2021-F-00198896	February 6, 2021
7.	Bottles of Guijiang Yun Wine (貴醬韵酒瓶)	Our Company	國作登字-2021-F-00198885	February 6, 2021
8.	Standard Packaging Boxes of Guizhou Jiang Wine (貴州醬酒標準樣包裝盒)	Our Company	國作登字-2021-F-00198887	February 6, 2021
9.	Handbag Side Series of Guizhou Jiang Wine (貴州醬酒手提袋側面系列)	Our Company	國作登字-2021-F-00198888	February 6, 2021
10.	Packing Boxes of Guijiang Yun Wine (貴醬韵包裝盒)	Our Company	國作登字-2021-F-00198879	February 6, 2021

Software Copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we consider to be or may be material in relation to our Group's business:

No.	Copyright	Registered owner	Registration number	Place of Registration	Creation Date
1.	Product inventory prediction and analysis management system V1.0 (產品備貨預測分析管理系統V1.0)	Zhengzhou Jikeyin	2022SR0221866	PRC	August 10, 2021
2.	Mail intelligent analysis and management system V1.0 (郵件智能分析管理系統V1.0)	Zhengzhou Jikeyin	2022SR0221864	PRC	October 18, 2021
3.	Intelligent collection and statistics system of Internet-based advertising design material V1.0 (基於互聯網的廣告設計素材智能采集統計系統V1.0)	Zhengzhou Jikeyin	2022SR0221867	PRC	December 9, 2021
4.	AR-based advertising material collection system V1.0 (廣告素材AR採集系統V1.0)	Zhengzhou Jikeyin	2022SR0061893	PRC	November 24, 2021
5.	Warehouse inventory management system V1.0 (倉儲備貨管理系統V1.0)	Zhengzhou Jikeyin	2022SR0063547	PRC	November 19, 2021
6.	Cross-border e-commerce customer service email management system V1.0 (跨境電商客服郵件管理系統V1.0)	Zhengzhou Jikeyin	2022SR0061894	PRC	November 22, 2021

No.	Copyright	Registered owner	Registration number	Place of Registration	Creation Date
7.	Holo Shopping App with Android version V1.0 (Holo購物APP Android版V1.0)	Zhengzhou Jikeyin	2021SR0225458	PRC	December 24, 2020
8.	Holo Shopping App with iOS version V1.0 (Holo購物APP iOS版V1.0)	Zhengzhou Jikeyin	2021SR0224396	PRC	December 24, 2020
9.	Giikin Advertising and Marketing Intelligent Delivery Platform V1.0 (吉客印廣告營銷智能投放平台 V1.0)	Zhengzhou Jikeyin	2023SR1140306	PRC	December 16, 2022
10.	Big Data Precision Marketing Promotion Platform V1.0 (大數據精準營銷推廣平台V1.0)	Zhengzhou Jikeyin	2023SR0531608	PRC	December 16, 2022
11.	Giikin Talent Mapping System V1.0 (吉客印人才地圖系統V1.0)	Zhengzhou Jikeyin	2023SR0651672	PRC	April 22, 2022
12.	Giikin Indicator Monitoring System V1.0 (吉客印指標監控系統V1.0)	Zhengzhou Jikeyin	2023SR0691688	PRC	August 22, 2022
13.	Giikin Integrated Intelligent Management Network Platform V1.0 (吉客印綜合智能管理網絡平台 V1.0)	Xi'an Jikeyin	2018SR308408	PRC	April 1, 2018
14.	Intelligent Traffic Diversion Advertising Information Monitoring and Control System V1.0 (智慧引流廣告信息監管控制系統V1.0)	Xi'an Jikeyin	2023SR0348930	PRC	December 25, 2022

No.	Copyright	Registered owner	Registration number	Place of Registration	Creation Date
15.	Enterprise Internal Advertising Data Analysis System V1.0 (企業內部廣告數據分析系統V1.0)	Xi'an Jikeyin	2021SR1427707	PRC	January 11, 2021

Domain Names

As of the Latest Practicable Date, we had registered the following domain name which we consider to be or may be material in relation to our Group's business:

No.	Domain Name	Registrant	Date of Registration	Expiry Date
1.	jihong.cn	Our Company	May 30, 2010	May 30, 2026

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Disclosure of interest of Substantial Shareholders

For information on the persons (other than Directors, Supervisors and chief executive of our Company) who, immediately following the completion of the Global Offering, will or will be deemed or taken to have interests and/or short positions in our Company's Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other member of our Group, please see "Substantial Shareholders" in this Prospectus for details.

Save as disclosed in the section headed "Substantial Shareholders" in this Prospectus, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering, having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of any member of our Group or had option in respect of such capital.

The substantial Shareholders of our Company does not have interests in any member of our Group (other than our Company).

(b) Disclosure of interest of Directors and Supervisors in the registered capital of our Company or associated corporations of our Company

Immediately following the completion of the Global Offering, the interests or short positions of our Directors, Supervisors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Issuers (contained in Appendix C3 of the Listing Rules) to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, will be as follows:

Interests in the Shares of our Company

Name of Director/ Supervisor	Nature of interest	Class	Number of Shares directly and indirectly held immediately following the completion of the Global Offering(1)	Approximate percentage of shareholding in the relevant class of Shares immediately following the completion of the Global Offering(1)	Approximate percentage of shareholding in the total issued share capital immediately following the completion of the Global Offering(1)
Ms. Zhuang Hao	Beneficial interest	A Shares	69,623,082	18.09	15.38
	Interest of person acting in concert(2)	A Shares	53,866,003	14.00	11.89
Mr. Zhuang Shu	Beneficial interest	A Shares	34,671,025	9.01	7.66
	Interest of person acting in concert(2)	A Shares	88,818,060	23.08	19.61
Mr. Zhang Heping	Beneficial interest	A Shares	6,236,125	1.62	1.38
	Interest of person acting in concert(2)	A Shares	117,252,960	30.47	25.89

Name of Director/ Supervisor	Nature of interest	Class	Number of Shares directly and indirectly held immediately following the completion of the Global Offering[(1)]	Approximate percentage of shareholding in the relevant class of Shares immediately following the completion of the Global Offering[(1)]	Approximate percentage of shareholding in the total issued share capital immediately following the completion of the Global Offering[(1)]
Mr. Lu Tashan	Beneficial interest	A Shares	875,000[(3)]	0.23	0.19
	Interest of person acting in concert[(2)]	A Shares	122,614,085	31.86	27.08
Mr. Wang Yapeng	Beneficial interest	A Shares	12,179,900[(4)]	3.16	2.69

Notes:

(1) The calculation is based on the total number of 384,769,288 A Shares and 452,679,288 Shares in issue immediately following the completion of the Global Offering.

(2) Ms. Zhuang Hao, Mr. Zhuang Shu, Ms. He Jingying, Mr. Zhang Heping, Mr. Zhuang Zhenhai, Mr. Lu Tashan and Tibet Yongyue are parties acting in concert and are our Single Largest Group of Shareholders. Please refer to "History and Corporate Structure – Our Shareholders Acting in Concert" for further details.

(3) The relevant Shares held by Mr. Lu Tashan consisted of (i) 306,250 A Shares granted under the 2023 Restricted Share Incentive Plan which were released from lock-up in accordance with the 2023 Release Mechanism on October 23, 2024; and (ii) 568,750 restricted A Shares granted under the 2023 Restricted Share Incentive Plan. Please refer to "History and Corporate Structure – Our Corporate History – Adoption of the 2023 Restricted Share incentive Plan" for further details.

(4) The relevant Shares held by Mr. Wang Yapeng include 260,000 restricted A Shares granted under the 2023 Restricted Share Incentive Plan which shall only become saleable upon the expiration of the corresponding lock-up periods. Please refer to "History and Corporate Structure – Our Corporate History – Adoption of the 2023 Restricted Share Incentive Plan" for further details.

2. Particulars of service contracts

We have entered into a contract with each of our Directors and Supervisors. The principal particulars of these service contracts include (i) the term of service, and (ii) termination mechanism in accordance with their respective term. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of the Directors or Supervisors has entered into any service contracts as a director or supervisor 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)).

3. Remuneration of Directors and Supervisors

For each year of the Track Record Period, the aggregate remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses but excluding the restricted A Shares granted under the 2023 Restricted Share Incentive Plan, as further explained in "E. 2023 Restricted Share Incentive Plan" below) paid to our Directors and Supervisors were approximately RMB 8.1 million, RMB11.9 million and RMB 19.0 million, respectively.

Save as disclosed above, no other payments have been made or are payable, for each year of the Track Record Period, by any of member of our Group to any of our Directors or Supervisors.

4. Directors' Competing Interests

None of our Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

5. Disclaimers

Save as disclosed in this Appendix and in sections headed "Directors, Supervisors and Senior Management" and "Substantial Shareholders" in this Prospectus:

(a) none of our Directors or Supervisors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken 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 in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors;

(b) so far as is known to any Director or Supervisors or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested 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 other member of our Group;

(c) none of our Directors or Supervisors nor any of the persons listed in "E. Other Information – 7. Qualification of experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this Prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors or Supervisors nor any of the persons listed in "E. Other Information – 7. Qualification of experts" below is materially interested in any contract or arrangement with our Group subsisting at the date of this Prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group as a whole;

(e) save in connection with Underwriting Agreements, none of the persons listed in "E. Other Information – 7. Qualification of experts" below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) none of our Directors or Supervisors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) none of our Directors or Supervisors or their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers.

D. 2022 EMPLOYEE SHARE OWNERSHIP PLAN

Our Company adopted the 2022 Employee Share Ownership Plan on October 10, 2022. The terms of the 2022 Employee Share Ownership Plan are not subject to the provisions of Chapter 17 of the Listing Rules as there are no outstanding shares under the 2022 Employee Share Ownership Plan and no further shares or options will be granted by our Company after Listing. Given that all the underlying restricted A Shares had already been granted in 2022, there will not be any dilution effect to the issued Shares under the 2022 Employee Share Ownership Plan. No further awards will be granted after Listing.

The purpose of the 2022 Employee Share Ownership Plan was to attract, retain and motivate the talents of our Company, and to align the interest of our Company and our personnel.

Eligible participants of the 2022 Employee Share Ownership Plan include the management members and other employees of our Company. Under the 2022 Employee Share Ownership Plan, 6,075,307 restricted A Shares of our Company (constituting 1.61% of the total registered share capital of our Company at the time of grant), which were repurchased by our Company during November 10, 2020 to August 27, 2021, were granted and transferred to a single securities account opened in the name of the 2022 Employee Share Ownership Plan on November 22, 2022 (the "**Transfer Completion Date**"). The grant price was RMB6.5 per restricted A Share. Upon grant of the restricted A Shares, Mr. Wu Minggui (the finance director) and Ms. Gong Hongying (director of three subsidiaries of our Company and a supervisor of six subsidiaries of our Company) were granted 80,000 restricted A Shares and 100,000 restricted A Shares, respectively. The other 169 management members and employees of our Company were granted 5,895,307 restricted A Shares in total. The terms and conditions of the 2022 Employee Share Ownership Plan provide that, among other things, the participating employees will be entitled to only the economic rights attached to such Shares whereas the power of dealing of such Shares (including the exercise of voting rights attached to such Shares) will be delegated to a committee, as elected by and among the participating employees. As of the Latest Practicable Date, the committee comprised of Ms. Guo Weiwei (郭維維), Ms. Xu Wenxiu (許文秀) and Ms. Gong Hongying, all of whom are employees of our Company, and they collectively control and exercise the power of dealing in the Shares granted under the 2022 Employee Share Ownership Plan. A decision is taken at a meeting of the committee by a majority of the votes of the committee members. As of the Latest Practicable Date, a total of 3,949,007 Shares were held in the name of the 2022 Employee Share Ownership Plan and there was no outstanding shares to be granted under the 2022 Employee Share Ownership Plan.

The grantees of the restricted A Shares under the 2022 Employee Share Ownership Plan are subject to lock-up periods which will be released in the following manner (together the "**2022 Release Mechanism"):**

(a) 35% of the restricted A Shares are allowed to be sold upon 12 months after the Transfer Completion Date;

(b) a further 35% of the restricted A Shares are allowed to be sold upon 24 months after the Transfer Completion Date; and

(c) the remaining 30% of the restricted A Shares are allowed to be sold only upon 36 months after the Transfer Completion Date.

The 2022 Release Mechanism and the extent of permitted disposal of the restricted A Shares are subject to satisfaction of the profit growth targets in cross-border e-commerce business of our Company.

E. 2023 RESTRICTED SHARE INCENTIVE PLAN

Our Company adopted the 2023 Restricted Share Incentive Plan, which was of a one-off nature and did not involve any option over the Shares of our Company. The terms of the 2023 Restricted Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules as there are no outstanding shares under the 2023 Restricted Share Incentive Plan and no further shares or options will be granted by our Company after Listing. Given that all the underlying restricted A Shares had already been granted in 2023, there will not be any dilution effect to the issued Shares under the 2023 Restricted Share Incentive Plan. No further awards will be granted after Listing.

The purpose of the 2023 Restricted Share Incentive Plan was to attract, retain and motivate the talents of our Company, and to align the interest of our Company and our personnel.

Eligible participants of the 2023 Restricted Share Incentive Plan include the Directors, management members and other employees of our Company. Independent Directors and Supervisors of our Company, Shareholders or ultimate controllers who then individually or collectively held more than 5% of our Company's A Shares, their spouses, parents and children were not eligible.

Under the 2023 Restricted Share Incentive Plan, 6,600,000 restricted A shares of our Company (constituting 1.74% of the total registered share capital of our Company at the time of grant) were granted on September 25, 2023 and were listed on the SZSE on October 27, 2023. The grant price was RMB9.51 per restricted A Share. Upon grant of the restricted A Shares, Mr. Lu Tashan (an executive Director), Mr. Wang Yapeng (the chairman of Board of Directors and an executive Director) and Mr. Wu Minggui (the finance director) were granted 875,000 restricted A Shares, 400,000 restricted A Shares and 50,000 restricted A Shares, respectively. The other 200 management members and employees of our Company were granted 5,275,000 restricted A Shares in total. As at the Latest Practicable Date, there was no outstanding shares under the 2023 Restricted Share Incentive Plan.

The grantees of the restricted A Shares under the 2023 Restricted Share Incentive Plan are subject to lock-up periods which will be released in the following manner (together the "**2023 Release Mechanism**"):

(a) 35% of the restricted A Shares are allowed to be sold only between (i) the first trading day of SZSE 12 months after the registration completion date of the restricted A Shares, being October 23, 2023 (the "**Registration Completion Date**") and (ii) the last trading day of SZSE within 24 months from the Registration Completion Date (both trading days inclusive);

(b) 35% of the restricted A Shares are allowed to be sold only between (i) the first trading day of SZSE 24 months after the Registration Completion Date and (ii) the last trading day of SZSE within 36 months from the Registration Completion Date (both trading days inclusive); and

(c) the remaining 30% of the restricted A Shares are allowed to be sold only between (i) the first trading day of SZSE 36 months after the Registration Completion Date and (ii) the last trading day of SZSE within 48 months from the Registration Completion Date (both trading days inclusive).

The 2023 Release Mechanism and the extent of permitted disposal of the restricted A Shares are subject to performance targets including (i) the profit growth targets of 10.0%, 21.0% and 33.1% as compared to the year ended 31 December 2022 in cross-border e-commerce business of our Company for each of the years ended 31 December 2023, 2024 and 2025, respectively and (ii) performance assessment of each grantee, whereby the portion of shares permitted to be sold (i.e. 100.0%, 80.0%, 60.0% and 0.0%) by a grantee in each unlocking period is adjusted based on a clawback mechanism depending on the performance bracket (i.e. excellent, good, satisfactory and unsatisfactory) in which such grantee is assessed to belong for that unlocking period.

F. 2023 SHARE REPURCHASE PLAN

On August 30, 2023, our Board of Directors resolved a plan to repurchase, in the next 12 months, A shares from the secondary market using our internal capital, with a total budget between RMB40 million to RMB60 million and a target price of not more than RMB25.00 per A Share (the "**2023 Share Repurchase Plan**"), for the purpose of granting such repurchased A Shares under any future employee incentive plan or restricted share incentive plan. On February 5, 2024, after considering our future prospects, financial condition and the interest of our Shareholders, our Board of Directors resolved to increase the total budget of the 2023 Share Repurchase Plan for the repurchase of A Shares from the secondary market from between RMB40 million and RMB60 million, to between RMB60 million and RMB120 million. Other terms of the 2023 Share Repurchase Plan remain unchanged.

Any future employee incentive plan or restricted share incentive plan to be established in connection with the 2023 Share Repurchase Plan will not have any dilutive effect to the interests held by the Shareholders. Such future employee incentive plan or restricted share incentive plan and the terms thereof shall comply with the relevant provisions of Chapter 17 of the Listing Rules.

All such repurchased A Shares have been held in a single securities account opened for the purpose of the 2023 Share Repurchase Plan. The 2023 Share Repurchase Plan was completed on August 30, 2024, and as at the date of its completion, 6,025,700 A Shares were repurchased and held in such relevant account, representing approximately 1.57% of our Shares.

G. 2024 SHARE REPURCHASE PLAN

On November 4, 2024, our Board of Directors resolved a plan to repurchase, in the next 12 months, A shares from the secondary market using our internal capital, with a total budget between RMB60 million to RMB100 million and a target price of not more than RMB18.20 per A Share (revised on December 16, 2025 to RMB18.02 per A Share with effect from December 17, 2024, and further revised to RMB17.86 per A Share on May 15, 2025 with effect from May 20, 2025) (the "**2024 Share Repurchase Plan**"), for the purpose of granting such repurchased A Shares under any future employee incentive plan or restricted share incentive plan.

Any future employee incentive plan or restricted share incentive plan to be established in connection with the 2024 Share Repurchase Plan will not have any dilutive effect to the interests held by the Shareholders. Such future employee incentive plan or restricted share incentive plan and the terms thereof shall comply with the relevant provisions of Chapter 17 of the Listing Rules.

All such repurchased A Shares have been and will be held in a single securities account opened for the purpose of the 2024 Share Repurchase Plan. As at the Latest Practicable Date, 744,200 A Shares were repurchased and held in such relevant account, representing approximately 0.19% of our Shares.

As of the Latest Practicable Date, the Company has no outstanding future employee incentive plan or restricted share incentive plan that may be subject to the provisions of Chapter 17 of the Listing Rules.

H. 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

As at the Latest Practicable Date, our Company is not involved in any material litigation, arbitration or administrative proceedings. So far as we are aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, our H Shares. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

Each of the Joint Sponsors satisfies the independence criteria as set out in Rule 3A.07 of the Listing Rules.

The total amount of fees paid and payable to each of the Joint Sponsors is US$1 million and US$1 million, respectively, in respect of their services as joint sponsors for the proposed listing.

4. Preliminary expenses

Our Company has not incurred any material preliminary expense.

5. Promoter

The promoters of our Company were Yongyue Investment, Jinrunyue, Zhuang Hao, Zhuang Shu, He Jingying and Zhang Heping. Within the two years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this Prospectus.

6. Taxation of holders of Shares

(a) Hong Kong SAR

The sale, purchase and transfer of H Shares registered with our Hong Kong SAR branch register of members will be subject to Hong Kong SAR stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of the H Shares being sold or transferred. For further details in relation to taxation, please refer to Appendix III to this Prospectus.

(b) Consultation with professional advisors

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Sponsor-Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our Shares.

7. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Prospectus:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO
CMB International Capital Limited	A licensed corporation to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified public accountants Registered Public Interest Entity Auditor
Beijing Kangda Law Firm	PRC Legal Advisor to our Company
JunHe LLP	Legal advisor of our Company as to PRC data compliance matters
Lee and Li, Attorneys-at-Law	Legal advisor of our Company as to local law of Taiwan
Robertsons	Legal advisor to our Company as to local Hong Kong SAR law
Dentons Rodyk & Davidson LLP	Legal advisor to our Company as to Singapore law
Al Tamimi & Company	Legal advisor of our Company as to the law of the Kingdom of Saudi Arabia
Shin & Kim LLC	Legal advisor of our Company as to the law of Korea
Anderson Mori & Tomotsune	Legal advisor of our Company as to Japanese law

Name	Qualifications
SyCip Salazar Hernandez & Gatmaitan	Legal advisor of our Company as to Philippines law
Christopher & Lee Ong	Legal advisor of our Company as to Malaysian law
Weerawong, Chinnavat & Partners Ltd.	Legal advisor of our Company as to the law of Thailand
China Insights Industry Consultancy Limited	Industry consultant
Ernst & Young (China) Advisory Limited	Tax Advisor to our Company

8. Consents of experts

Each of the experts as referred to in "G. Other Information – 7. Qualification of Experts" in this Appendix has given and has not withdrawn their respective written consents to the issue of this Prospectus with the inclusion of their reports and/or letters and/or legal opinion (as the case may be) and references to their names included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

9. Bilingual Prospectus

The English language and Chinese language versions of this Prospectus are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

This Prospectus is written in the English language and contains a Chinese translation for information purpose only. Should there be any discrepancy between the English language of this Prospectus and the Chinese translation, the English language version of this Prospectus shall prevail.

10. Binding effect

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Miscellaneous

Save as disclosed in this Prospectus:

(a) within the two years preceding the date of this Prospectus, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) we have no outstanding convertible debt securities or debentures;

(e) within the two years immediately preceding the date of this Prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of our Company;

(f) there is no arrangements under which future dividends are waived or agreed to be waived;

(g) there has been no interruptions in our business which may have or have had a significant effect on the financial position in the last 12 months;

(h) save for the A Shares of our Company that are listed on the SZSE, none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought. We currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-Foreign Joint Venture Law; and

(i) our Directors confirm that, save for the expenses in connection with the Global Offering, up to the date of this Prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2023, and there had been no events since December 31, 2023 which would materially affect the information shown in our consolidated financial statements included in the Accountant's Report.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this Prospectus delivered to the Registrar of Companies in Hong Kong SAR for registration were, among other documents:

(a) the written consents referred to in "Statutory and General Information – G. Other Information – 8. Consents of Experts" in Appendix VI; and

(b) a copy of each of the material contracts referred to in "Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts" in Appendix VI.

B. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.jihong.cn** up to and including the date which is 14 days from the date of this Prospectus:

(a) the Articles of Association;

(b) the Accountants' Report, the report on the reviewed financial information of the Group for the three months ended 31 March 2025 and the report on the unaudited pro forma financial information of our Group from Ernst & Young, the texts of which are set out in Appendices IA, IB and II, respectively;

(c) the audited consolidated financial statements of our Group for each of the three years ended December 31, 2022, 2023 and 2024;

(d) the material contracts referred to in the section headed "Appendix VI – Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts" in this Prospectus;

(e) the service contracts referred to in the section headed "Appendix VI – Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders – 2. Particulars of Service Contracts" in this Prospectus;

(f) the written consents referred to in the section headed "Appendix VI – Statutory and General Information – G. Other Information – 8. Consents of Experts" in this Prospectus;

(g) the industry report prepared by China Insights Industry Consultancy Limited, our industry consultant;

(h) the legal opinion issued by Beijing Kangda Law Firm, our legal advisor as to PRC laws, in respect of certain aspects of our Group and our property interests in Mainland China;

(i) the legal opinion issued by JunHe LLP, our legal advisor as to PRC data compliance, in respect of certain PRC data compliance matters of our Group;

(j) the legal opinion issued by Lee and Li, Attorneys-at-Law, our legal advisor as to local law of Taiwan;

(k) the legal opinion issued by Robertsons, our legal advisor as to local Hong Kong SAR law;

(l) the legal opinion issued by Dentons Rodyk & Davidson LLP, our legal advisor as to Singapore law;

(m) the due diligence report issued by Al Tamimi & Company, our legal advisor as to the law of the Kingdom of Saudi Arabia;

(n) the legal opinion issued by Shin & Kim LLC, our legal advisor as to Korean law;

(o) the legal opinion issued by Anderson Mori & Tomotsune, our legal advisor as to Japanese law;

(p) the legal opinion issued by SyCip Salazar Hernandez & Gatmaitan, our legal advisor as to Philippines law;

(q) the legal opinion issued by Christopher & Lee Ong, our legal advisor as to Malaysian law;

(r) the legal opinion issued by Weerawong, Chinnavat & Partners Ltd., our legal advisor as to the law of Thailand;

(s) the direct and indirect tax reports issued by Ernst & Young (China) Advisory Limited, our tax advisor; and

(t) the Company Law, the PRC Securities Law and the Trial Measures together with their unofficial English translations.