海天

佛山市海天調味食品股份有限公司
FOSHAN HAITIAN FLAVOURING AND FOOD COMPANY LTD.

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

Stock Code : 3288

GLOBAL OFFERING

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

CICC 中金公司 | Goldman Sachs | Morgan Stanley

Joint Bookrunners and Joint Lead Managers

中銀國際 BOCI | ICBC 工银国际 | 交銀國際 BOCOM International | 招银国际 CMB INTERNATIONAL | 農銀國際 ABC INTERNATIONAL | 建银国际 CCB International

HSBC | 华泰国际 HUATAI INTERNATIONAL | CITIC SECURITIES | 富途證券 | 廣發証券(香港) GF SECURITIES (HONG KONG) | 中國銀河國際 CHINA GALAXY INTERNATIONAL

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

FOSHAN HAITIAN FLAVOURING AND FOOD COMPANY LTD.
佛山市海天調味食品股份有限公司

(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	**:**	**263,237,500 H Shares (subject to the Offer Size Adjustment Option and the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**15,794,300 H Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**247,443,200 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$36.30 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock code	**:**	**3288**

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HSBC　华泰国际 HUATAI INTERNATIONAL　CITIC SECURITIES　富途證券　廣發証券(香港) GF SECURITIES (HONG KONG)　中國銀河國際 CHINA GALAXY INTERNATIONAL

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" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, June 17, 2025 (Hong Kong time) and, in any event, not later than 12:00 noon Tuesday, June 17, 2025 (Hong Kong time). The Offer Price will not be more than HK$36.30 per Offer Share and is currently expected to be not less than HK$35.00 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by 12:00 noon Tuesday, June 17, 2025 (Hong Kong time) between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Overall Coordinators, for themselves and on behalf of the Underwriters, may, where considered appropriate and with the consent of our Company, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (being HK$35.00 per Offer Share to HK$36.30 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the website of our Company at **https://www.haitian-food.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** 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. For further details, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

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

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 otherwise transferred within the United States, except pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws in the United States. The Offer Shares may only be offered and sold (a) in the United States to "Qualified Institutional Buyer" in reliance on Rule 144A or another available exemption from registration requirements under the U.S. Securities Act, or in a transaction not subject to, registration under the U.S. Securities Act, with Qualified Institutional Buyer is also a "Qualified Purchaser" within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended, and (b) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S. No public offering of the Offer Shares will be made in the United States.

June 11, 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 the 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 https://www.haitian-food.com. You may download and print from these website addresses if you want a printed copy of the prospectus.

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

(1) apply online via the **HK eIPO White Form** service at **www.hkeipo.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 the 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 the prospectus is available online at the website addresses stated above.

Your application through the **HK eIPO White Form** service or the HKSCC EIPO channel must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares. If you are applying through the HKSCC EIPO channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
100	3,666.62	3,500	128,331.30	70,000	2,566,625.99	3,000,000	109,998,256.50
200	7,333.22	4,000	146,664.34	80,000	2,933,286.85	4,000,000	146,664,342.00
300	10,999.83	4,500	164,997.39	90,000	3,299,947.70	5,000,000	183,330,427.50
400	14,666.43	5,000	183,330.42	100,000	3,666,608.56	6,000,000	219,996,513.00
500	18,333.05	6,000	219,996.52	200,000	7,333,217.10	7,000,000	256,662,598.50
600	21,999.65	7,000	256,662.60	300,000	10,999,825.66	7,897,100(1)	289,555,743.81
700	25,666.27	8,000	293,328.69	400,000	14,666,434.20		
800	29,332.86	9,000	329,994.77	500,000	18,333,042.76		
900	32,999.48	10,000	366,660.85	600,000	21,999,651.30		
1,000	36,666.08	20,000	733,321.71	700,000	25,666,259.86		
1,500	54,999.13	30,000	1,099,982.56	800,000	29,332,868.40		
2,000	73,332.17	40,000	1,466,643.42	900,000	32,999,476.96		
2,500	91,665.22	50,000	1,833,304.28	1,000,000	36,666,085.50		
3,000	109,998.25	60,000	2,199,965.14	2,000,000	73,332,171.00		

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

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

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

*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Company's website at **https://www.haitian-food.com** and the website of the Stock Exchange at **www.hkexnews.hk**.*

Hong Kong Public Offering commences	9:00 a.m. on Wednesday, June 11, 2025
Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[2]	11:30 a.m. on Monday, June 16, 2025
Application lists open[3]	11:45 a.m. on Monday, June 16, 2025
Latest time to (a) complete payment of **HK eIPO White Form** applications by effecting Internet banking transfers(s) or PPS payment transfer(s) and (b) give **electronic application instructions** to HKSCC	12:00 noon on Monday, June 16, 2025

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

Application lists close[3]	12:00 noon on Monday, June 16, 2025
Expected Price Determination Date[5]	Tuesday, June 17, 2025
Announcement of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **https://www.haitian-food.com**[6] on or before	Wednesday, June 18, 2025

Announcement of results of allocations in the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (as described in the section headed "How to Apply for Hong Kong Offer Shares — B. Publication of Results" in this prospectus, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at **https://www.haitian-food.com**[6] and **www.hkexnews.hk**, respectively . . . . 11:00 p.m. on Wednesday, June 18, 2025

- from the "Allotment Results" page at the designated results of allocations website at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from . . . . 11:00 p.m. on Wednesday, June 18, 2025 to 12:00 midnight on Tuesday, June 24, 2025

- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from . . . . Thursday, June 19, 2025 to Tuesday, June 24, 2025 (excluding Saturday, Sunday and public holiday in Hong Kong)

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[7][9] . . . . Wednesday, June 18, 2025

HK eIPO White Form e-Auto Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price per Offer Share is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched on or before[8][9] . . . . Thursday, June 19, 2025

Dealings in H Shares on the Stock Exchange expected to commence at . . . . 9:00 a.m. on Thursday, June 19, 2025

Notes:

(1) All times and dates refer to Hong Kong local times and dates.

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

(3) If there is/are a tropical cyclone warning signal number 8 or above, Extreme Conditions and/or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Monday, June 16, 2025, the application lists will not open or close on that day. For further details, please see "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements" of this prospectus.

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

(5) The Price Determination Date is expected to be on or before Tuesday, June 17, 2025. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us by 12:00 noon on Tuesday, June 17, 2025, the Global offering will not proceed and will lapse.

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

(7) The H Share certificates are expected to be issued on Wednesday, June 18, 2025 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Thursday, June 19, 2025. Investors who trade H Shares on the basis of publicly available allocation details before the receipt of the H Share certificates and before they become valid do so entirely of their own risk.

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

(9) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" for details.

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

Any uncollected H Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies."

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" of this prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and Share certificates.

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

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by us 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 making, 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 Hong Kong 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 for purposes of a public offering and the offering and sale of the Hong Kong 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. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. 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 contained nor made in this prospectus must not be relied on by you as having been authorized by us, any of the Joint Sponsors, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering.

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This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus 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 the section headed "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are China's leading condiments company with long-standing heritage. We are dedicated to providing quality condiment products serving the seasoning needs for home cooking and dining experiences. Our main product categories include soy sauce, oyster sauce, flavored sauce, specialty condiment products and others.

We are the leader in China's condiments industry, ranking first in China's condiments market in terms of revenue in 2024, the market size of which reached RMB498.1 billion in 2024, and our market share thereof was 4.8% more than twice that of our closest competitor in the same year, according to Frost & Sullivan. We ranked fifth in the global condiments market in terms of revenue in 2024, the market size of which reached RMB2,143.8 billion in 2024, and our market share thereof was of 1.1% in the same year. We have been the largest condiment company in China for 28 consecutive years in terms of sales volume. Our soy sauce and oyster sauce products consistently hold the number one positions, while our flavored sauce, vinegar, and cooking wine products achieved leading market positions in China.

Specifically, in 2024:

- **Soy Sauce**: Ranked first in both global and China's markets in terms of revenue, with a market share of 13.2% in China and a global market share of 6.2%.
- **Oyster Sauce**: Ranked first in both global and China's markets in terms of revenue, with a market share of 40.2% in China and a global market share of 24.1%.
- **Flavored Sauce**: Ranked first in China's single-component flavored sauce market in terms of revenue with a market share of 4.6% in China.

OUR COMPETITIVE STRENGTHS

We believe the following strengths have driven our success and enable us to seize market opportunities and achieve sustainable growth:

- China's largest player in the condiments industry;
- Household products and portfolio that are familiar to a vast customer base;

- Optimized supply chain with industry-leading quality, efficiency and cost advantages;

- Distinguished nationwide market coverage and penetration through an omni-channel sales network;

- Commitment to R&D and technological advancement driving high-quality and sustainable development; and

- Pragmatic and open corporate culture and management team anchoring sustainable development.

OUR STRATEGIES

We will adhere to the customer-centric principle and carry out the following strategies:

- Excelling in technological leadership, driving value chain collaboration and unlocking greater supply chain advantage;

- Deepening channel penetration and enhancing customer engagement to solidify the competitiveness of our sales network;

- Iterating to enhance quality and efficiency, strengthen product leadership and build organizational excellence; and

- Venturing abroad, implementing localized strategies and driving global growth.

OUR BRAND AND PRODUCTS

"Haday" is a popular brand in China's consumer sector. We consistently provide quality condiment products to our customers. Our longstanding reputation has made "Haday" a household name with a penetration rate of over 80% of households in China, according to the 2024 Brand Footprint Report by Kantar Worldpanel. We ranked fourth among China's consumers' preferred brands and first among China's condiments brands.

Our comprehensive product portfolio includes soy sauce, oyster sauce, flavored sauce, vinegar, cooking wine, chicken essence, tomato sauce, chili sauce and other specialty condiment products. By offering over 1,450 SKUs, we provide our customers with extensive choices.

We have successfully incubated a portfolio of household bestsellers. We have seven product series with annual revenue exceeding RMB1 billion, making us the condiments company with the highest number of billion-annual-revenue bestsellers in China. We have 31 product series with annual revenue exceeding RMB100 million, which contributed 76.6% of our revenue generated from product sales in 2024.

The following table sets forth our key condiment product categories as of December 31, 2024.

Product Category	Product Picture	Number of SKUs
Soy sauce products		287
Oyster sauce products		80
Flavored sauce products		154
Specialty condiment products and others		956

The following table sets forth a breakdown of our revenue by product category, in absolute amounts and as percentages of our total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Product sales						
Soy sauce products	13,861,182	54.1	12,637,386	51.5	13,757,879	51.1
Oyster sauce products	4,416,535	17.2	4,251,221	17.3	4,615,205	17.2
Flavored sauce products	2,584,009	10.1	2,427,007	9.9	2,668,946	9.9
Specialty condiment products and others	2,932,177	11.5	3,499,473	14.2	4,085,756	15.2
Subtotal	**23,793,902**	**92.9**	**22,815,087**	**92.9**	**25,127,786**	**93.4**
Others(1)	**1,815,749**	**7.1**	**1,744,225**	**7.1**	**1,773,192**	**6.6**
Total	**25,609,652**	**100.0**	**24,559,312**	**100.0**	**26,900,978**	**100.0**

Note:

(1) Others primarily consist of (i) sales of raw materials, packaging materials, by-products and others, (ii) logistics and transportation services and (iii) rental income.

OUR SALES AND DISTRIBUTION NETWORK

As of December 31, 2024, we have established an extensive nationwide distribution network in China with virtually 100% coverage at the municipal level and nearly 90% coverage at the county-level. We proactively and efficiently manage our distribution network to be closer to distributors and points of sales. At the same time, we assign our sales teams to maintain close communication with our distributors to improve their distribution capabilities for building a comprehensive sales management system. We have established and maintained a number of long-term distributor partners, ensuring the delivery of quality products to end-customers.

We primarily sell our products through distributors, and through years of effort, we have built an extensive distribution network enabling us to effectively reach a broad customer base. We also conduct direct sales with catering businesses, food processing enterprises, corporate welfare programs and retail customers via self-operated stores on e-commerce platforms, among others. Our strategic approaches to distribution and direct sales networks not only enhance our market presence but also ensure that our products are reachable to end-customers across various regions, thereby driving our business growth and increasing market share.

The following table sets forth a breakdown of revenue from product sales by customer type in absolute amounts and as a percentage of our revenue from product sales for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Distributorship	23,384,100	98.3	22,366,817	98.0	24,531,583	97.6
Direct sales	409,802	1.7	448,270	2.0	596,203	2.4
Total	**23,793,902**	**100.0**	**22,815,087**	**100.0**	**25,127,786**	**100.0**

We have a dedicated sales team responsible for implementing our sales policies, expanding our sales and distribution network, and overseeing all sales and marketing activities, ensuring that our sales strategies are effectively implemented across all channels. Our sales team is also responsible for managing relationships with distributors, monitoring their performance, providing them with necessary support, and conducting thorough market research with distributors to stay ahead of market trends and preferences.

OUR PRODUCTION

We have established standardized and automated production processes, continually exploring and developing our production techniques to ensure our products remain flavorful and nutritious, staying at the forefront of market trends and customers preferences. The following table sets forth the details of the production capacities, production volume and utilization rates of our production facilities in operation by product categories for the years indicated, and also see “Business — Our Production — Our Production Bases”:

	Year ended December 31,								
	2022			2023			2024		
	Production Capacity	Production Volume	Utilization Rate	Production Capacity	Production Volume	Utilization Rate	Production Capacity	Production Volume	Utilization Rate
	('000 tons)	*('000 tons)*	*(%)*	*('000 tons)*	*('000 tons)*	*(%)*	*('000 tons)*	*('000 tons)*	*(%)*
Soy sauce products	2,600	2,469	95	2,650	2,383	90	2,860	2,584	90
Oyster sauce products	1,000	868	87	1,070	875	82	1,200	947	79
Flavored sauce products	400	283	71	400	294	73	400	324	81
Specialty condiment products and others	500	437	87	570	404	71	640	453	71
Overall	**4,500**	**4,057**	**90**	**4,690**	**3,956**	**84**	**5,100**	**4,308**	**84**

As of the Latest Practicable Date, we operated the following four key production bases in China:

- **Guangdong Gaoming Production Base (廣東高明生產基地)**, starting operations in September 2005, produces various condiment products such as soy sauce, oyster sauce, flavored sauce and specialty condiment products.

- **Jiangsu Suqian Production Base (江蘇宿遷生產基地)**, starting operations in March 2016, produces oyster sauce and specialty condiment products.

- **Guangxi Nanning Production Base (廣西南寧生產基地)**, starting operations in March 2022, produces soy sauce and oyster sauce products.

- **Hubei Wuhan Production Base (湖北武漢生產基地)**, starting operations in February 2024, produces oyster sauce and specialty condiment products.

RESEARCH AND DEVELOPMENT

Our R&D department is divided into five teams that focus on product development, production technology development, market research, new technology application, intelligent equipment design and food safety inspection. As of December 31, 2024, we had a total of 1,436 employees in our R&D and Technology department. We also collaborated with external academies, universities, and research institutions, focusing on the development and application of key technologies in the condiments industry.

In 2022, 2023, and 2024, our research and development costs amounted to RMB751.3 million, RMB715.4 million and RMB839.5 million, respectively, representing 2.9%, 2.9% and 3.1% of our revenue for the same years.

QUALITY CONTROL

We are dedicated to delivering safe and high-quality products to our customers. Our quality control team is responsible for formulating, managing, and supervising our comprehensive quality control system to ensure all products meet our stringent standards. We have established a quality center responsible for overall management of our quality control system. We also have a dedicated food regulations department researching on the latest domestic and international laws and regulations where we sell products in. Our quality control department is divided into several departments across the whole production processes, namely design quality control, procurement quality control, production quality control, service quality control and quality control rating.

OUR CUSTOMERS AND SUPPLIERS

Our customers are mainly distributors, who purchase and distribute our products, and other customers, such as catering businesses, food processing enterprises, corporate welfare programs and end-customers via self-operated stores on e-commerce platforms. Revenue generated from our five largest customers in each year during the Track Record Period was less than 3.0% of our total revenue of the respective year.

We cooperate with raw material providers and purchase raw materials from premium production regions to ensure high-quality and stable supplies. The raw materials that we procure for the production of our products are mainly soybean, oyster extracts, sugar and salt. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 20.2%, 17.2% and 17.4% of our total purchases for each respective year, respectively.

HOW WE CAPTURE GROWTH OPPORTUNITIES

There are vast opportunities for leading condiments companies in China, characterized by extensive market scale, strong consumer loyalty and stable demand. We have built an industry-leading and customer-centric business model to capture these opportunities and further enhance our competitiveness:

- **Long-term Development Commitment**: We focus on long-term value development and strengthening our presence in the condiments industry by strategically building market leadership positions in well-established categories and expanding into new categories. From urban to rural markets, from China to overseas markets, we continue to expand our market presence, enrich our offerings, and strengthen our brand assets.

- **Optimized Supply Chain Capabilities**: We are dedicated to providing quality products at competitive prices to our customers. Our optimized supply chain capabilities enable us to achieve leading quality, efficiency, and cost advantages. We strive for excellence across every link of the supply chain. Our production staff has achieved the highest per capita revenue among China's listed condiments companies.

- **Sales Network with Breadth and Depth**: We developed the broadest sales network coverage in the condiments industry in China, with virtually 100% coverage at the municipal level and nearly 90% coverage at the county level. Our sales force of over three thousand personnel works closely with our professional distributors to deeply penetrate food service channels, supermarkets, wholesale markets, specialized channels, e-commerce and community group purchase platforms, providing high-quality service to catering businesses, food processing enterprises and retail customers, among others.

- **Established Technological Advantage**: Decades of dedicated efforts in fermentation technology, key production equipment, nutrition, ingredients and formula have established technology barriers. As of December 31, 2024, we had been accumulatively granted over 1,000 patents covering product R&D, strain breeding and data-driven fermentation technology.

Leveraging these core capabilities, we continue to seize market opportunities and strengthen our position in the condiments industry. We are committed to further penetrating the domestic market by seizing more diversified market demand and enhancing the breadth and depth of our sales coverage. We also plan to bring our flavors to the world and incorporate global tastes into our portfolio. By doing so, we aim to steadily increase our market share and strengthen our market position.

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in "Risk Factors." You should carefully read that section in its entirety before you decide to invest in our Offer Shares. Some of the major risks we face include: (i) our business and future growth prospects rely on market's demand for our products, which is affected by changes in consumer tastes, preferences, and spending habits; (ii) we operate in a highly competitive industry; (iii) our success depends on market recognition of our brand, and any negative publicity concerning our brand or reputation, regardless of whether it is without merit or immaterial, could adversely affect our business and financial performance; (iv) we generate a vast majority of revenue from our distributors and rely on our distribution network and other sales channels to promote and sell our products; and (v) any adverse publicity involving our distributors, suppliers and other service providers, or the condiments industry in general, could adversely affect our business and financial performance.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our historical financial information for the periods or as of the dates indicated. This summary has been derived from our historical financial information set forth in the Accountants' Report in Appendix I to this prospectus. The summary historical financial data set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountants' Report in Appendix I to this prospectus, including the accompanying notes, and the information set forth in "Financial Information." Our historical financial information was prepared in accordance with IFRS.

Key Items of the Consolidated Statements of Profit or Loss

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

	Year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Revenue	25,609,652	24,559,312	26,900,978
Cost of sales[(1)]	(16,679,019)	(16,222,544)	(17,175,902)
Gross profit	**8,930,633**	**8,336,768**	**9,725,076**
Other revenue	894,358	748,533	712,801
Other net income	151,254	225,143	263,233
Selling and marketing expenses	(1,378,054)	(1,305,747)	(1,628,602)
Administrative expenses	(449,008)	(534,411)	(595,339)
Research and development costs	(751,339)	(715,418)	(839,532)
Provision for expected credit losses on trade and other receivables	(2,592)	(203)	(1,041)
Provision for impairment losses	(16,551)	(3,739)	(99,553)
Profit from operations	**7,378,701**	**6,750,926**	**7,537,043**
Finance costs	(14,496)	(11,888)	(23,961)
Profit before taxation	**7,364,205**	**6,739,038**	**7,513,082**
Income tax	(1,161,039)	(1,096,851)	(1,157,221)
Profit for the year	**6,203,166**	**5,642,187**	**6,355,861**
Attributable to:			
Equity shareholders of the Company	6,197,717	5,626,625	6,344,126
Non-controlling interests	5,449	15,562	11,735
Profit for the year	**6,203,166**	**5,642,187**	**6,355,861**

Note:

(1) Cost of sales primarily consisted of costs of raw materials and packaging materials.

Our business, financial condition, results of operations and prospects are affected by a series of factors, such as (i) market demand for our products, (ii) our sales and distribution network, (iii) our product portfolio, (iv) our ability to effectively improve operating efficiency by investing in technological innovation and digitalization capabilities, and (v) our ability to manage costs of sales efficiently. The pandemic has accelerated the diversification of distribution channels for condiments in China and generated new demands that are specific to certain channels. We adopted a series of strategic adjustments in 2023, which included:

(i) the upgrade of our sales and distribution network by optimizing regional sales management organization with nationwide coverage to continuously strengthen our reach to end-customers. We manage the distribution network closely and effectively so as to be closer to distributors and points of sale and become more responsive to their demands. In particular, we ceased to collaborate with distributors in 2023, primarily because we have been refining our distributor network so as to optimize our sales efficiency, and some of our former distributors may not be able to meet our expectations regarding their distribution capability and service quality.

(ii) the accelerated upgrade and iteration of our existing products and the launch of new products based on our insights into customer needs. In 2024, our organic, reduced-salt and other better-for-you product lines achieved a year-on-year revenue growth of 33.6%. As of December 31, 2024, the cumulative sales of "easy-squeeze" bottle oyster sauce products have reached 460 million bottles. We have also strengthened our flexible production lines and agile R&D capabilities to adapt to evolving trends and enhance penetration of our products across sales channels. Specifically, eight and 13 additional production lines were upgraded to produce more than two product specifications in 2023 and 2024, respectively; and

(iii) the optimization of our internal management structure across product, production, sales and R&D by making it more streamlined, closer to customers and more agile in decision making, so as to improve operational efficiency.

See "Financial Information — Major Factors Affecting Our Results of Operations — Our Sales and Distribution Network" and "Business — Our Sales and Distribution Network — Movement of Our Distributors."

Such strategic adjustments had some short-term impacts on our operations, as a result, our revenue decreased by 4.1% from RMB25,609.7 million in 2022 to RMB24,559.3 million in 2023. Our gross profit decreased by 6.6% from RMB8,930.6 million in 2022 to RMB8,336.8 million in 2023. Our gross profit margin decreased from 34.9% in 2022 to 33.9% in 2023, primarily due to (i) our investments in production facilities, which led to an increase in depreciation; and (ii) a change in product mix. The decrease in gross profit margin was partially offset by a decrease in average procurement costs in light of a decrease in market prices of certain packaging materials. Our net profit decreased by 9.0% from RMB6,203.2 million in 2022 to RMB5,642.2 million in 2023, primarily due to the decrease in revenue and gross profit. As the aforementioned strategic adjustments gradually took effect, we recorded a revenue growth in 2024, facilitating our long-term development. Our revenue increased by 9.5% from RMB24,559.3 million in 2023 to RMB26,901.0 million in 2024. Our gross profit increased by 16.7% from RMB8,336.8 million in 2023 to RMB9,725.1 million in 2024. Our gross profit margin increased from 33.9% in 2023 to 36.2% in 2024, primarily due to (i) a decrease in the market prices of certain raw materials, and (ii) the adoption of technologies and digitalization tools to upgrade our production and logistics processes, enhancing supply chain flexibility and improving operational efficiency. Our net profit increased by 12.6% from RMB5,642.2 million in 2023 to RMB6,355.9 million in 2024, primarily due to the increase in revenue and gross profit.

See “Financial Information — Year-to-Year Comparison of Results of Operations.”

Selected Items from the Consolidated Statements of Financial Position

The following table sets forth summary information of our consolidated statements of financial position as of the dates indicated, which has been extracted from our historical financial information included in Appendix I to this prospectus.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Total current assets	26,973,588	30,774,419	32,842,109
Total non-current assets	7,085,587	7,649,098	8,016,326
Total assets	**34,059,175**	**38,423,517**	**40,858,435**
Total current liabilities	6,719,291	8,936,237	8,985,791
Total non-current liabilities	455,405	454,304	470,700
Total liabilities	**7,174,696**	**9,390,541**	**9,456,491**
Net current assets	**20,254,297**	**21,838,182**	**23,856,318**
NET ASSETS	**26,884,479**	**29,032,976**	**31,401,944**
CAPITAL AND RESERVES			
Share capital	4,633,834	5,560,601	5,560,601
Treasury shares	–	(249,998)	(563,842)
Reserves	21,763,843	23,220,009	25,898,650
Total equity attributable to equity shareholders of the Company	26,397,677	28,530,612	30,895,409
Non-controlling interests	486,802	502,364	506,535
TOTAL EQUITY	**26,884,479**	**29,032,976**	**31,401,944**

Our net current assets increased by 7.8% from RMB20,254.3 million as of December 31, 2022 to RMB21,838.2 million as of December 31, 2023, primarily due to an increase in cash and cash equivalents of RMB3,689.0 million, partially offset by (i) an increase in contract liabilities of RMB1,578.9 million, (ii) a decrease in other financial assets at FVPL of RMB240.7 million, and (iii) a decrease in term deposits and certificates of deposits of RMB209.7 million.

Our net current assets increased by 9.2% from RMB21,838.2 million as of December 31, 2023 to RMB23,856.3 million as of December 31, 2024, primarily due to (i) an increase in other financial assets at FVPL of RMB1,776.6 million, (ii) an increase in term deposits and certificates of deposits of RMB1,369.1 million, and (iii) decrease in contract liabilities of RMB191.7 million, partially offset by a decrease in cash and cash equivalents of RMB934.2 million.

Our net assets increased by 8.0% from RMB26,884.5 million as of December 31, 2022 to RMB29,033.0 million as of December 31, 2023, primarily due to the profit for the year of RMB5,642.2 million, partially offset by the dividends approved and paid in respect of the previous year of RMB3,243.7 million in 2023.

Our net assets increased by 8.2% from RMB29,033.0 million as of December 31, 2023 to RMB31,401.9 million as of December 31, 2024, primarily due to the profit for the year of RMB6,355.9 million, partially offset by the dividends approved and paid in respect of the previous year of RMB3,660.4 million in 2024.

Summary of the Consolidated Cash Flow Statements

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Net cash generated from operating activities	3,830,314	7,355,651	6,843,710
Net cash used in investing activities	(4,658,528)	(820,002)	(3,776,144)
Net cash used in financing activities	(4,017,763)	(2,850,630)	(4,002,395)
Cash and cash equivalents at the beginning of year	14,000,798	9,152,035	12,841,080
Effect of foreign exchange rate changes	(2,786)	4,026	580
Cash and cash equivalents at the end of year	9,152,035	12,841,080	11,906,831

Key Financial Ratios

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

	As of/For the Year ended December 31,		
	2022	2023	2024
Net profit margin	24.2%	23.0%	23.6%
Current ratio	4.0	3.4	3.7
Return on equity	24.9%	20.5%	21.4%
Debt-to-asset ratio	21.1%	24.4%	23.1%

See "Financial Information — Key Financial Ratios" for calculation of the above financial ratios.

RECENT DEVELOPMENT

We have maintained stable business operation and development since December 31, 2024. We experienced sales growth in the three months ended March 31, 2025 compared to the same period in 2024. In the three months ended March 31, 2025, we launched around 150 new SKUs across our main product categories, and we had 6,668 distributors as of March 31, 2025.

Unaudited Financial Information for the Three Months Ended March 31, 2025

Our revenue increased by 8.1% from RMB7,693.9 million for the three months ended March 31, 2024 to RMB8,315.4 million for the same period in 2025, primarily attributable to an increase in sales volume. Our cost of sales increased by 3.3% from RMB4,891.9 million for the three months ended March 31, 2024 to RMB5,055.7 million for the same period in 2025, in line with our business growth. As a result of the foregoing, our gross profit increased by 16.3% from RMB2,802.0 million for the three months ended March 31, 2024 to RMB3,259.7 million for the same period in 2025.

Our net profit increased by 14.5% from RMB1,928.1 million for the three months ended March 31, 2024 to RMB2,207.1 million for the same period in 2025. Our net profit margin remained relatively stable at 25.1% and 26.5% for the three months ended March 31, 2024 and 2025, respectively.

Our capital expenditures decreased by 29.3% from RMB336.3 million for the three months ended March 31, 2024 to RMB237.7 million for the same period in 2025, primarily due to a decrease in the purchases of property, plant and equipment, right-of-use assets and intangible assets.

Our total assets decreased by 1.9% from RMB40,858.4 million as of December 31, 2024 to RMB40,069.0 million as of March 31, 2025, primarily due to a decrease in inventories of RMB782.2 million. Our total liabilities decreased by 31.7% from RMB9,456.5 million as of December 31, 2024 to RMB6,460.5 million as of March 31, 2025, primarily due to a decrease in contract liabilities of RMB2,957.8 million. As a result of the foregoing, our net assets increased by 7.0% from RMB31,401.9 million as of December 31, 2024 to RMB33,608.5 million as of March 31, 2025.

For the three months ended March 31, 2025, our net cash flows used in operating activities amounted to RMB457.5 million.

Our unaudited interim financial information as of and for the three months ended March 31, 2025 has been reviewed by our Reporting Accountants in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. For details, see Appendix IA to this prospectus.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this prospectus there has been no material adverse change in our financial or trading position or prospects since December 31, 2024 and there has been no event since December 31, 2024 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE

Our Company has been listed on the Shanghai Stock Exchange since 2014. Our Directors confirmed that, as of the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisor advised us that during the Track Record Period and until the Latest Practicable Date, we have not been subject to any substantial administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to cast doubt on our Directors' confirmation with regard to the compliance record of the Company on the Shanghai Stock Exchange in any material respect.

CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, the total issued share capital of our Company was directly and indirectly (through Foshan Haipeng) held as to approximately 58.38% by Guangdong Haitian, in which the Concert Party Group held approximately 73.59% interest. The Concert Party Group is also directly interested in the total issued share capital of the Company as to approximately 13.75% in aggregate (with Mr. Pang, Ms. Cheng, Mr. Guan, Mr. Chen, Mr. Wen and Mr. Liao having approximately 9.57%, 3.17%, 0.61%, 0.21%, 0.16% and 0.03% interest in the total issued share capital of our Company, respectively). Together with Guangdong Haitian's interest in our Company, the Concert Party Group is interested in the total issued share capital of our Company as to approximately 72.12% in aggregate.

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised), Guangdong Haitian and the Concert Party Group will, directly and indirectly and by virtue of the Concert Party Agreement, be interested in the total issued share capital of our Company as to approximately 68.86%. Accordingly, Guangdong Haitian, Foshan Haipeng and the Concert Party Group will be regarded as a group of Controlling Shareholders upon Listing.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 263,237,500 H Shares are newly issued in the Global Offering, (ii) the Offer Size Adjustment Option and the Over-allotment Option for the Global Offering are not exercised, and (iii) 5,823,838,044 Shares are issued and outstanding following the completion of the Global Offering:

	Based on an Offer Price of HK$35.00 per H Share	**Based on an Offer Price of HK$36.30 per H Share**
Market capitalization of our Shares(1)	HK$278,695 million	HK$279,037 million
Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share(2)(3) . .	HK$7.35 (RMB6.73)	HK$7.40 (RMB6.78)

Notes:

(1) The calculation of market capitalization of our Shares is based on (i) 263,237,500 H Shares expected to be issued; and (ii) 5,560,600,544 A Shares in issue with a closing price of RMB44.40 (equivalent to approximately HK$48.46) per A Share as of the Latest Practicable Date, representing in aggregate 5,823,838,044 Shares expected to be in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised). For details, see "Share Capital — Upon Completion of the Global Offering" in this prospectus.

(2) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share is arrived at after the adjustments referred to in the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this document and are based on 5,808,548,553 Shares expected to be in issue (representing 5,823,838,044 total Shares to be in issue and excluding 10,289,491 treasury Shares and 5,000,000 Shares under the 2024 employee stock ownership plan), assuming that the Global Offering had been completed on December 31, 2024 but does not take into account of any Shares which may be allotted and issued by the Company pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option.

(3) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2024. In particular, the unaudited pro forma adjusted consolidated net tangible assets have not been taken into account the dividend of RMB4,768,968,000 (representing the total declared and paid dividend of RMB4,773,268,000 less the dividend of RMB4,300,000 in respect of 5,000,000 Shares under the 2024 employee stock ownership plan) approved in May 2025. Had the dividend of RMB4,768,968,000 been approved on December 31, 2024, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at December 31, 2024 would have been decreased by RMB4,768,968,000 and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company per Share as at December 31, 2024 would have been decreased by RMB0.82 or HK$0.90.

For the calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share, see the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this document.

USE OF PROCEEDS

Assuming an Offer Price of HK$35.65 per Offer Share (being the mid-point of the stated range of the Offer Price between HK$35.00 and HK$36.30 per Offer Share), we estimate that we will receive net proceeds of approximately HK$9,271.2 million from the Global Offering after deducting the underwriting commissions, fees and other estimated expenses in connection with the Global Offering and assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the following purposes:

- Approximately 20.0% of the net proceeds or approximately HK$1,854.2 million will be used for product development, as well as R&D of cutting-edge technologies and process upgrades.

- Approximately 30.0% of the net proceeds or approximately HK$2,781.4 million will be used for expansion of production capacity, adoption of new technologies and digitization upgrades of our supply chain.

- Approximately 20.0% of the net proceeds or approximately HK$1,854.2 million will be used for enhancing our global presence by establishing our global brand image, expanding sales channels and enhancing overseas supply chain capabilities.

- Approximately 20.0% of the net proceeds or approximately HK$1,854.2 million will be used for strengthening our sales network and enhancing its penetration capabilities.

- Approximately 10.0% of the net proceeds or approximately HK$927.1 million will be used for working capital and general corporate purposes.

See "Future Plans and Use of Proceeds."

DIVIDENDS AND DIVIDEND POLICY

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. Pursuant to our Articles of Association, our annual cash dividends shall not be less than 20% of the distributable profit realized in the current year. In 2022, 2023 and 2024, we paid dividends of RMB3,201.6 million, RMB3,243.7 million and RMB3,660.4 million, respectively. At our shareholders' general meeting held in May 2025, the declaration of dividends of approximately RMB4,773.3 million with respect to the year ended December 31, 2024 was approved, and as of the date of this prospectus, we have paid these dividends in full.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately RMB103.7 million (assuming an Offer Price of HK$35.65 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Offer Size Adjustment Option and the Over-Allotment Option), representing 1.2% of the gross proceeds (based on the mid-point of our indicative price range for the Global Offering and assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised) of the Global Offering. We expect to incur listing expenses of approximately RMB103.7 million, of which approximately RMB6.5 million is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and approximately RMB97.2 million is expected to be recognized as a deduction in equity directly upon the Listing. By nature, our listing expenses are composed of (i) underwriting commission of approximately RMB58.0 million and (ii) non-underwriting-related expenses of approximately RMB45.7 million, which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB23.1 million and other fees and expenses of approximately RMB22.7 million.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
"Accountants' Report"	the Accountants' report of our Company issued by the Reporting Accountants as set out in "Appendix I — Accountants' Report" of this prospectus
"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"	the Accounting and Financial Reporting Council
"Articles" or "Articles of Association"	the articles of association of our Company, adopted on December 30, 2024 with effect from the Listing Date, a summary of which is set out in Appendix V to this prospectus
"Audit Committee"	the audit committee of our Company, the details of which are described in "Corporate Information" in this prospectus
"Board" or "Board of Directors"	the board of directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"Capital Market Intermediary(ies)"	the capital market intermediaries as named in "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus
"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"CCTV"	China Central Television (中國中央電視台)

"China" or the "PRC"	The People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
"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", "our Company" or "the Company"	Foshan Haitian Flavouring and Food Company Ltd. (佛山市海天調味食品股份有限公司), a PRC company established on April 8, 2000, the A Shares of which have been listed on the Shanghai Stock Exchange (stock code: 603288)
"Compliance Advisor"	Somerley Capital Limited
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Guangdong Haitian, Foshan Haipeng, Mr. Pang, Ms. Cheng, Mr. Guan, Mr. Chen, Mr. Wen and Mr. Liao
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Experts"	the experts set out in "Appendix VI — Statutory and General Information — E. Other Information — 4. Qualifications of Experts" of this prospectus
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

"FINI"	"Fast Interface for New Issuance", the online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for the Listing
"Foshan Haipeng"	Foshan Haipeng Trade Development Co., Ltd. (佛山市海鵬貿易發展有限公司), a limited liability company established under the laws of the PRC on August 28, 2007, being a wholly-owned subsidiary of Guangdong Haitian and one of our Controlling Shareholders
"General Rules of HKSCC"	the terms and conditions regulating the use of HKSCC's services, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group," "our Group," "the Group," "we," "us" or "our"	the Company and its subsidiaries
"Guangdong Haitian"	Guangdong Haitian Group Co., Ltd. (廣東海天集團股份有限公司), a joint stock limited company established under the laws of the PRC on March 6, 2000, being one of our Controlling Shareholders
"Guide"	Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Haitian Commercial Factoring"	Guangdong Haitian Commercial Factoring Co., Ltd. (廣東海天商業保理有限公司), a limited liability company established under the laws of the PRC on April 27, 2021, being a wholly-owned subsidiary of Guangdong Haitian
"H Share(s)"	shares in the share capital of our Company with a nominal value of RMB1.00 each, to be listed and traded on the Hong Kong Stock Exchange
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website at **www.hkeipo.hk**

"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified on the designated website at **www.hkeipo.hk**
"HK$" or "HKD" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominee"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operation and functions of the systems, 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
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Offer Shares"	the 15,794,300 H Shares initially being offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in "Structure of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong, on the terms and subject to the conditions described in this prospectus as further described in "Structure of the Global Offering" in this prospectus
"H Share Registrar"	Tricor Investor Services Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 10, 2025 relating to the Hong Kong Public Offering and entered into by, among others, our Company, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters, as further described in "Underwriting — Underwriting Arrangements and Expenses" in this prospectus
"IFRS"	IFRS Accounting Standards issued by the International Accounting Standards Board
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected person(s) (within the meaning of the Listing Rules) of the Company
"International Offer Shares"	the 247,443,200 H Shares being initially offered for subscription under the International Offering
"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters with professional and institutional investors for cash at the Offer Price, and (i) to persons in the United States or to or for the account or benefit of, U.S. Persons, in each case that are both Qualified Institutional Buyers and Qualified Purchasers in transactions exempt from or not subject to the registration requirements the Securities Act in reliance on Rule 144A and the U.S. Investment Company Act in reliance on Section 3(c)(7) of that act; or (ii) outside the United States to investors that are not U.S. Persons nor persons acquiring for the account or benefit of U.S. Persons in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur, as further described in "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering

"International Underwriting Agreement"	the international underwriting agreement, expected to be entered into on or about the Price Determination Date, relating to the International Offering, by our Company, the Joint Sponsors, the Overall Coordinators and the International Underwriters, as further described in "Underwriting — Underwriting arrangements and expenses — International Offering" in this prospectus
"Jiaxing Haitian Small Loan"	Jiaxing Haitian Small Loan Company Limited (嘉興海天小額貸款有限公司), a limited liability company established under the laws of the PRC on August 31, 2023, being a subsidiary held as to 80% equity interest by Guangdong Haitian
"Joint Bookrunners"	the joint bookrunners as named in "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus
"Joint Global Coordinators"	the joint global coordinators as named in "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus
"Joint Lead Managers"	the joint lead managers as named in "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus
"Joint Sponsors"	the joint sponsors as named in "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus
"Latest Practicable Date"	June 3, 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 Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or around Thursday, June 19, 2025, on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange

"Listing Rules" or "Hong Kong 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
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"MOF"	the Ministry of Finance of the People's Republic of China (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Chen"	Mr. Chen Junyang (陳軍陽), one of our Controlling Shareholders
"Mr. Guan"	Mr. Guan Jianghua (管江華), our executive Director, president and one of our Controlling Shareholders
"Mr. Liao"	Mr. Liao Changhui (廖長輝), our executive Director and one of our Controlling Shareholders
"Mr. Pang"	Mr. Pang Kang (龐康), one of our Controlling Shareholders
"Mr. Wen"	Mr. Wen Zhizhou (文志州), our executive Director and one of our Controlling Shareholders
"Ms. Cheng"	Ms. Cheng Xue (程雪), our executive Director, chairwoman of our Board and one of our Controlling Shareholders
"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)
"Nomination Committee"	the nomination committee of our Company, the details of which are described in "Corporate Information" in this prospectus

"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) of not more than HK$36.30 and expected to be not less than HK$35.00, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined in the manner further described in "Structure of the Global Offering — Pricing and Allocation" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares, being the Shares of the Company
"Offer Size Adjustment Option"	the option expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters), pursuant to which the Company may issue and allot up to an aggregate of 15,794,200 additional H Shares (representing approximately 6.0% of the Offer Shares initially being offered under the Global Offering assuming the Over-allotment Option is not exercised) at the Offer Price to cover any excess demand in the International Offering, without being subject to any reallocation mechanism
"Ordinary Shares" or "Shares"	ordinary shares in the share capital of the Company
"Overall Coordinators"	the overall coordinators as named in "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus

"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 39,485,600 additional H Shares (representing not more than 15.0% of the Offer Shares initially available under the Global Offering assuming the Offer Size Adjustment Option is not exercised at all) or up to an aggregate of 41,854,700 additional H Shares (representing not more than 15.0% of the Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full) at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Legal Advisor"	Jingtian & Gongcheng, the PRC legal advisor to our Company
"Price Determination Date"	the date on which the Offer Price is to be determined, namely on or before Tuesday, June 17, 2025 and, in any event, not later than 12:00 noon on Tuesday, June 17, 2025 unless otherwise determined between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company
"QIBs" or "Qualified Institutional Buyers"	qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act
"QPs" or "Qualified Purchasers"	qualified purchasers, as defined in Section 2(a)(51) of the U.S. Investment Company Act and Rule 2a51-1 thereunder
"Regulation S"	Regulation S under the Securities Act
"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of our Company, the details of which are described in "Corporate Information" in this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

"Rule 144A"	Rule 144A of the Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR", or formerly known as "SAIC"	the 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), formerly known as State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of our Shares
"Sponsor-Overall Coordinators"	the sponsor-overall coordinators as named in "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
"Stabilizing Manager"	China International Capital Corporation Hong Kong Securities Limited
"State Council"	the PRC State Council (中華人民共和國國務院)
"Strategy and Sustainability Committee"	the strategy and sustainability committee of our Company, the details of which are described in "Corporate Information" in this prospectus
"subsidiary(ies)"	has the meaning ascribed to it under the Companies Ordinance
"Supervisor(s)"	member(s) of Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company

"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the three years ended December 31, 2022, 2023 and 2024
"Underwriters"	the Hong Kong Underwriters and International Underwriters, as named in the Hong Kong Underwriting Agreement and International Underwriting Agreement respectively
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Investment Company Act"	the U.S. Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder
"U.S. Persons"	the U.S. persons as defined in Regulation S under the Securities Act
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency for the time being of the United States
"Vinegar Group"	Haitian Vinegar Industry Group Limited (海天醋業集團有限公司), a limited liability company established under the laws of the PRC on March 25, 2014, formerly known as Foshan Haitian (Jiangsu) Flavouring Food Co., Ltd (佛山市海天(江蘇)調味食品有限公司), being a wholly-owned subsidiary of the Company

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 Hong Kong 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.

For the ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

This glossary of technical terms contains explanations of certain technical terms used in this prospectus in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"AI"	artificial intelligence
"Better-for-you products"	products designed to meet customers' demand for health-conscious lifestyle
"billion-annual-revenue"	with annual revenue over RMB1 billion
"BRC"	brand reputation through compliance, a globally recognized standard for ensuring food safety, quality and operational criteria in the supply chain
"CAGR"	compound annual growth rate
"Central Region"	our sales region, consisting of Anhui Province, Jiangxi Province, Henan Province and other sales regions for purposes of this prospectus
"consumer reach points"	the metric used in Brand Footprint Report to measure brand selection frequency by consumers considering factors, such as penetration, population and consumer choice
"COVID-19"	outbreaks of coronavirus disease 2019, an infectious disease caused by the recently discovered coronavirus (severe acute respiratory syndrome coronavirus 2, SARS-CoV-2)
"digital lean factory"	factory model that leverages digital technology to maximize resource utilization, improve efficiency, and reduce costs so as to eliminate waste while maintaining quality
"disk koji propagation"	the process of cultivating soy sauce fermentation strains using soybeans, wheat or wheat flour and other ingredients on a disk-shaped equipment

"Eastern Region"	our sales region, consisting of Shanghai, Jiangsu Province, Zhejiang Province and other sales regions for purposes of this prospectus
"ERP system"	enterprise resource planning system
"FSSC 22000"	FSSC 22000 food safety management system, an internationally accepted system that contains a complete certification scheme and provides a certification model for the whole food supply chain
"g"	gram
"HACCP"	a quality management system which identifies and evaluates points during production in order to set up measures and control hazards to ensure product safety
"Haday Aspergillus"	our proprietary strain used in the fermentation process of our production
"highly intelligent lights-out factory"	factory model with minimal human involvement, where most processes are handled by automated equipment supported by digital systems
"intelligent flexible factory"	factory model that integrates advanced information technology, automated equipment, and management software to achieve flexibility and automation in production
"INS system"	intelligent near-infrared spectroscopy analysis system
"ISO22000"	ISO22000 food safety management system, an internationally accepted food safety management system implemented by the International Organization for Standardization
"ISO9001"	ISO9001 quality management system, an internationally accepted quality management system implemented by the International Organization for Standardization
"IT"	information technology
"kg"	kilogram, equals to 1,000 grams

"koji"	a substance used as a fermentation starter, produced from the brewing process of raw materials such as soybeans, wheat or wheat flour
"L" or "litre"	a metric unit of liquid volume capacity, equals to 1,000 mL
"mL" or "milliliter"	a metric unit of liquid volume capacity, equals to one-thousandth of a litre
"Non-GMO"	non-genetically modified organisms, which have not been altered using genetic engineering techniques
"Northern Region"	our sales region, consisting of Shandong Province, Hebei Province, Jilin Province and other sales regions
"PLM system"	product lifecycle management system
"Province"	a province or, where the context requires, a provincial level autonomous region or a provincial-level city under the direct supervision of the central government of the PRC
"PV"	a method of converting solar energy into direct current electricity using semiconducting materials that exhibit the photovoltaic effect, a phenomenon commonly studied in physics, photochemistry and electrochemistry
"R&D"	research and development
"Sanjiang Plain"	a plain located in Northeast China with thick and fertile soil and extensive amounts of arable land
"SKU"	stock keeping unit for our Company's inventory management, reflecting a distinct type of product which is distinguished from other product types by its technique and attributes
"Southern Region"	our sales region, consisting of Guangdong Province, Guangxi Province, Hainan Province and other sales regions for purposes of this prospectus
"sq.m."	square meter, a unit of area measurement in the metric system

"SRM system"	supplier relationship management system
"ton" or "tons"	metric ton or metric tons, 1,000 kilograms equal to 1 ton
"UHT"	ultra high temperature
"Western Region"	our sales region, consisting of Yunnan Province, Sichuan Province, Ningxia Province and other sales regions for purposes of this prospectus

We have included in this prospectus forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This prospectus contains certain forward-looking statements relating to our Company, our subsidiaries and consolidated affiliated entities that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to successfully implement our business plans, strategies, objectives and goals;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- changes in our customers' demands and expectations;
- changes in the competitive landscape of the industries where we operate;
- our ability to protect our reputation and brand image, as well as trademarks, technologies, know-how, patents and other intellectual property rights;
- changes in local economic and political conditions and changes in compliance with international laws and regulations in the countries and regions where we operate; and
- developments in technology and our ability to successfully keep up with technological advancement.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. These risks could materially and adversely affect our business, financial condition and results of operations. The trading price of our Shares could decrease due to any of these risks, and 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."

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business and future growth prospects rely on market's demand for our products, which is affected by changes in consumer tastes, preferences, and spending habits.

Our business performance is affected by changes in customers' tastes, preferences and spending habits, and our success depends on our ability to continually offer new products that satisfy changing market demand. The demand for condiment products continually evolves due to various factors, including changes in lifestyles, diversified use scenarios and consumption patterns, changing demographics, social trends, concerns or perceptions regarding food safety and healthy eating, and the economic environment. Such factors are beyond our control and may change from time to time. With the trend of urbanization and the increase of disposable income per capita, the demand for condiment products has been continually growing in recent years. Besides, with the continually growing awareness in respect of healthy eating, certain condiment products with health-conscious concept have gained increasing attention and market popularity. Failure to respond to such changes and to continually upgrade existing products and develop new products could impact our business and financial performance.

In addition, the global condiments market is increasingly influenced by evolving consumer preferences toward healthier dietary choices, including demand for products with reduced sodium, sugar, artificial additives or functional nutritional benefits. This shift in demand may lead to decreased consumption of traditional condiment products that do not align with these evolving preferences. If we cannot innovate and introduce new offerings that cater to these evolving preferences, we may not be able to resonate with customers or capture sufficient market share. Regulatory authorities and industry standards may also impose further labeling requirements, amplifying the need for adaptation. If we fail to anticipate or respond effectively to these trends, our products may become less competitive, resulting in reduced sales and market share.

We cannot guarantee that our product portfolio will always lead or capture market trends. If we do not effectively anticipate and respond to the changing market trends and customers' preferences, our sales and growth could be adversely affected. There are also inherent risks associated with new products, including uncertainties about market acceptance of newly launched products or potential impacts on our existing product offerings. We may need to increase expenditure for new product development.

We operate in a highly competitive industry.

We operate in the condiments industry, which is and will continue to be highly competitive with respect to brand recognition, product quality, price and innovation. There is also the possibility of consolidation trends within the condiments industry, including the integration of upstream and downstream operations or alliances among competitors, which could allow our competitors to gain substantial market share. Furthermore, new competitors may emerge from time to time, which may further intensify competition. Any of these factors could adversely affect our market share, business and financial performance.

Our effective operation depends on several factors, including our ability to enhance existing products, develop and launch new offerings, successfully maintain and expand our sales and distribution network and to improve our production capacity and operational efficiency. Failure to compete successfully may materially and adversely affect our market share, business growth and profitability. Moreover, competition could compel our competitors to significantly increase their advertising and promotional efforts or to engage in more aggressive pricing strategies. We cannot assure you that our marketing and pricing initiatives will be sufficient to compete effectively with our competitors. Intensified competition may require us to continually raise our selling and marketing expenses and may limit our discretion on pricing strategy, which may be adverse to our results of operations and thus affect our profitability.

We consider multiple factors and carefully tailor our pricing strategy to meet the diverse needs of our customer base. However, we cannot guarantee the adoption of a consistent pricing strategy for our products. If we are unable to stay competitive or compete successfully with our competitors, we may have to reduce our prices or make other concessions, thereby adversely affecting our business, financial condition and results of operations. Our market research and analysis for pricing strategy may not accurately reflect market trends or consumer preferences, leading to a misalignment between our pricing strategy and market trends. This misalignment may adversely affect our profit margin, sales volume and revenue. Furthermore, even if our initial pricing strategies are appropriate, we may need to implement promotional activities or price adjustments to maintain market share, which could impact our profitability.

If we are unable to sustain our brand's presence in existing markets or effectively compete in new markets, our market share, profit margins and revenue growth may be materially and adversely affected.

Our success depends on market recognition of our brand, and any negative publicity concerning our brand or reputation, regardless of whether it is without merit or immaterial, could adversely affect our business and financial performance.

Our business performance depends on the awareness, recognition, popularity and reputation of our brand. We have successfully built our brand, which we believe is critical to our continued success and growth. To sustain and expand our customer base, it is crucial to maintain and enhance the awareness, recognition and reputation of our brand. This will incentivize ongoing customer purchases and, in turn, will facilitate our business growth and consolidate our market position.

However, our brand could be harmed by ineffective customer service, customer complaint and product liability. Negative publicity or media reports, including defamation, regardless of their merit or significance, could materially and adversely affect customers' recognition and trust in our products. Claims regarding product, environmental impact and the sustainability of our operations, even if false or unfounded, could tarnish our brand image and might cause customers to choose alternative products. Furthermore, our brand image or customers' perceptions of product quality and food safety could be adversely affected by litigation, unfavorable reports by third parties (such as customer organizations) in the media, studies in general and regulatory or other governmental inquiries, and proposed or new legislation on related products. Negative postings or comments on social media or networking websites about our Company or our brand, even if inaccurate or malicious, could generate negative publicity that might damage our reputation.

We generate a vast majority of revenue from our distributors and rely on our distribution network and other sales channels to promote and sell our products.

We rely on our distribution network to ensure smooth deliveries of our products to customers. As of December 31, 2024, our extensive distribution network consisted of 6,707 distributors. In 2022, 2023 and 2024, our sales to distributors amounted to RMB23,384.1 million, RMB22,366.8 million and RMB24,531.6 million, respectively. See "Business — Our Sales and Distribution Network — Distributorship."

Our success relies on effective management and coordination of our distribution network. If our distributors fail to market and sell our products effectively, our market reputation and ability to grow our business may be adversely affected. In addition, we may not be successful in managing our distributors' sales activities, nor may we be successful in identifying or preventing any non-compliance with the terms of our existing distribution agreements by any of our distributors. We designate distribution regions and/or channels for each distributor under the terms of our distribution agreements and establish effective communication with our distributors to avoid market cannibalization. See "Business — Our Sales and Distribution Network — Distributorship." However, we may not always be able to effectively manage and control our distributors' sales activities. If any distributor does not comply with the terms of our distribution agreements, such as expanding their sales regions and/or channels without authorization, our relationships with other distributors could be negatively impacted.

In addition, we need to effectively expand our distribution and sales network to facilitate stable and continual business growth. Any failure to effectively manage and maintain the existing distributor network or to expand our distribution network and other sales channels could adversely affect our business and financial performance. Our ability to expand distribution coverage is also affected by changes in the relevant regulatory requirements and competitive landscape, and customers' tastes, preferences and spending habits. Failure to effectively respond to such changes may result in an adverse effect on our business and prospects.

In addition, our direct sales customers mainly include catering businesses, food processing enterprises, corporate welfare programs and end-customers via self-operated stores on e-commerce platforms. In 2022, 2023 and 2024, the revenue generated from direct sales amounted to RMB409.8 million, RMB448.3 million and RMB596.2 million, respectively. Failure to maintain business relationships with our direct sales customers or failure to develop relationships with new direct sales customers could adversely affect our brand, business and financial performance.

Any adverse publicity involving our distributors, suppliers and other service providers, or the condiments industry in general, could adversely affect our business and financial performance.

Any claims regarding our distributors, suppliers of raw materials and packaging materials, even if false or unfounded may cause customers to choose alternative products. Negative public opinion, studies or allegations about the health impacts of our raw materials or packaging materials, whether unfounded or not, could lead to a detrimental shift in customers' perception of our products, all of which may decrease demand for our products and reduce our market appeal. The demand for our products could also significantly diminish if we or our distributors, suppliers, logistics service providers or customers themselves fail to preserve the quality of our products, or act or are perceived to act in an unethical, illegal or socially irresponsible manner. Furthermore, any unfavorable attention directed at the condiments industry in general, whether aimed specifically at us or not, may lead to a negative perception of our brand, thereby influencing customers' demand for our products and materially impacting our business and financial performance.

Any price fluctuations, quality change, shortage or other risks associated with raw materials and packaging materials could adversely affect our business and financial performance.

We depend on a stable and sufficient supply of high-quality raw materials and packaging materials. It is crucial for our business to procure raw materials and packaging materials at competitive prices in a timely manner. We need a consistent and sufficient supply of raw materials and packaging materials for our production. In 2022, 2023 and 2024, the cost of raw materials and packaging materials amounted to RMB12,554.8 million, RMB12,208.7 million and RMB12,778.0 million, respectively. The prices of key raw materials and packaging materials are subject to volatility due to market supply and demand, climate, environmental conditions, commodity price fluctuations, currency fluctuations, changes in governmental policies and natural disasters.

We can give no assurance that we will not encounter raw materials and packaging materials shortages or substantial procurement cost hikes if a significant number of our suppliers for any given raw material or packaging material are unable or unwilling to meet our needs. Suppliers may fail to deliver these materials for various reasons, including natural disasters, manufacturing issues, epidemics, crop failures, strikes, transportation disruptions or regulatory changes, as well as financial difficulties such as bankruptcy. These materials are also subject to price fluctuations driven by external market changes, supply and demand dynamics, logistics costs, our bargaining power with suppliers, inflation and government policies. Consequently, our production and costs are heavily influenced by our ability to maintain stable and sufficient raw materials and packaging materials supplies at competitive prices.

Our procurement team formulates plans on an annual basis with reference to sales projections and the anticipated price fluctuation of raw materials and packaging materials. We monitor and adjust our procurement plans with regard to orders we have received, the market demand for our products, and the price trend of raw materials in a timely manner. If we cannot secure raw materials and packaging materials in expected quantities, quality, or at acceptable prices, our production, product quality and profit margins could be affected, and we cannot guarantee that we will be able to include these costs in the selling prices of our products in a timely manner, if at all, which could adversely affect our business and financial performance.

Product quality and food safety issues related to our products, or concerns about the safety and quality of our products, may adversely affect our business and financial performance.

Our ability to maintain an effective quality control system is essential to the success of our business. During the Track Record Period and up to the Latest Practicable Date, we have not encountered any material product liability claims or product recall incidents. Any product defects, product contamination, and other product quality or food safety issues could lead to liability claims, product recalls, damage to our reputation, or penalties from regulatory authorities, all of which may adversely affect our business and financial performance.

Additionally, we may face actual or perceived failures, to meet our food safety standards, for reasons such as allegations regarding product defects or production defects that arise from our raw materials and packaging materials suppliers, even if some issues are not our fault in the first instance. Such issues could cause significant disruptions, including costly production delays, product recalls, market withdrawals and negative publicity. In addition, unfavorable reports in some media regarding the use of additives in condiment products or the adoption of different products' standard to meet local requirements, even if inaccurate or unfounded, could generate negative publicity that might damage the reputation of our brands or our Company.

This may also lead to the destruction of inventory, loss of sales due to product unavailability, fines from regulatory agencies, and higher-than-expected return rates. We may also need to engage in negotiations or litigation with our raw material and packaging material suppliers and customers regarding losses stemming from product defects or production defects. Such legal proceedings could incur substantial costs, further affecting our reputation, business and financial performance. Even if we prevail in any related litigation, we might struggle to enforce the judgments and remedies granted by the court. Furthermore, these remedies may fall short in compensating us for our actual or expected losses, whether they are tangible or intangible. Any of these events could damage the goodwill linked to our brand, which might adversely affect our business, reputation and long-term financial performance.

We recognized a certain scale of goodwill during the Track Record Period. If we determine our goodwill to be impaired, it would adversely affect our financial condition.

Goodwill is measured at cost less accumulated impairment losses. As of December 31, 2022, 2023 and 2024, our goodwill amounted to RMB210.4 million, RMB210.4 million and RMB112.9 million, respectively. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss and the impairment loss in respect of goodwill is not reversed. See "Financial Information – Material Accounting Policy Information – Goodwill."

Due to the adverse change in the market in 2024, management expected the selling price of Honghe Hongbin's products would decrease, which had a negative impact on the relevant products' gross profit. When preparing the consolidated financial statements for the nine months ended September 30, 2024, management consider there is an indicator of goodwill impairment, and performed the goodwill impairment test in September 2024. The carrying amount of the Honghe Hongbin CGU was determined to be higher than its recoverable amount. Accordingly, goodwill allocated to the Honghe Hongbin CGU of RMB97.5 million was fully impaired and the relevant impairment loss was recognized in "provision for impairment losses" for the year ended December 31, 2024. We cannot assure you that there will not be further impairment losses on the Group's remaining goodwill, which could affect our reported earnings in the periods when recognized. In addition, impairment charges would negatively affect our financial ratios which may limit our ability to obtain external financings.

Our business may be adversely affected by delays in the construction of our new production bases or insufficient supply of utilities.

As of December 31, 2024, we owned and operated a number of production bases in China, mainly located in Guangdong Province, Jiangsu Province, Guangxi Province and Hubei Province. We continually maintain our existing production facilities and bases, expand production capacity through upgrading our existing facilities and bases, purchase new equipment and establish new production bases, and improve production technologies, to ensure smooth operation and drive our business growth. We may face risks in the construction of production bases, such as labor shortages, delays in the supply of construction materials and equipment, cost overruns, natural disasters, accidents, or other unforeseen events. The delay in construction could incur additional costs and affect our business expansion plan.

Moreover, our production and operations rely on a consistent and sufficient supply of utilities, including electricity, water, and gas. Any disruptions in the supply of electricity, water, or gas could halt our production and potentially lead to the loss of our products. This, in turn, could impair our ability to meet sales orders and negatively affect our business operations. Any mechanical failures or even mechanical maintenance could disrupt our production process and lead to additional costs for repairs or replacements. There is no guarantee that we could always maintain the efficient operation of our production. Any such disruptions could adversely affect our business and financial performance. Events such as stoppages, fires, earthquakes, natural disasters, pandemics, extreme weather conditions, force majeure or other calamities at or near our facilities could significantly disrupt our operations. Any failure to implement adequate measures to mitigate the impact caused by these unforeseen events, or to effectively respond to such events, could harm our business, financial stability, and operational results.

We may not be able to accurately track our distributors' sales and inventory levels of our products, which could cause us to predict sales trends incorrectly. Our financial performance relies on our ability to timely and effectively manage our inventory.

We implement a set of management measures to track our distributors' sales, and we require them to report to us regularly. We have developed an information system, namely the Xiaokang Maimai platform, through which we can monitor the inventory and sales data of our distributors. However, we still rely on distributors to voluntarily provide us with this information on that platform on a regular basis. Our distributors may not always be able or willing to provide us with accurate and precise information in relation to their sales and inventory levels of our products in a timely manner. As a result, our ability to accurately track our distributors' sales and the inventory levels of our products may be limited. Our sales to distributors may not be reflective of actual sales to end-customers, and we may not be able to timely collect sufficient information and data regarding market demand for our products. Failure to accurately track the sales and inventory levels of our distributors and timely gather market information may cause us to incorrectly predict sales trends and affect our ability to quickly adjust our marketing and product strategies to respond to market changes.

It may be difficult to accurately forecast demand and determine appropriate levels of inventory we maintain. Any change in customer demand for our products or the occurrences of force majeure events may have an adverse impact on our product sales, which may in turn lead to declines in inventory value or inventory write-offs. In the case of overestimation of customer demand, we may be subject to overstocking, resale of the inventories on less favorable terms, or even write-downs of inventories. In the case of underestimation of customer demand, we may not be able to maximize our revenue. In addition, if we are required to lower sale prices in order to reduce inventory levels, our profit margins might be negatively affected. Any of the above may materially and adversely affect our business and financial performance.

We are subject to various risks relating to the Third-Party Payment Arrangements.

During the Track Record Period, some of our customers settled payments with us through accounts belonging to parties other than the contractual counterparties under the corresponding sales and purchase agreements or relevant parties who assumed unlimited personal liabilities for the payment obligations thereunder. During the Track Record Period, the settlement amounts under the Third-Party Payment Arrangements were RMB8,737.7 million, RMB8,911.6 million and RMB5,325.5 million for the years ended December 31 2022, 2023 and 2024, respectively. We have been managing and rectifying the Third-Party Payment Arrangements. See "Business — Our Customers — Third-Party Payment Arrangements." We faced various risks related to these Third-Party Payment Arrangements during the Track Record Period, including: (i) third-party payers who are not contractually obligated debtors may seek to reclaim funds from us; (ii) potential risks arising from our limited understanding of the source and use of funds by third-party payers; and (iii) claims that may be made by the liquidators of third-party payers. If any claims are made by third-party payers or their family members, creditors or liquidators, or if any legal proceedings are initiated or brought against us regarding any third-party payments, we may need to allocate additional financial and management resources to address these claims or legal proceedings, which could adversely affect our business and financial performance.

Our ability to protect our intellectual property rights may affect our operation.

We believe that our trademarks, patents, copyrights, domain names, trade secrets and other intellectual property are crucial to our success. At present, we have been granted a number of trademark registrations and patents covering our brand and products, and have filed several applications seeking to protect newly developed trademarks and patents.

We may face the risk of intellectual property infringement by third parties. There can be no assurance that there will be no unauthorized use of our intellectual property rights in the market. Infringers may produce similar products using our intellectual property without our authorization. However, it is often difficult to detect or effectively prevent such incidents in a timely manner. The occurrence of such events may adversely affect our sales and brands. Our brand and reputation are critical to our profitability and competitiveness, and any damage thereof could adversely affect our business and financial performance.

Moreover, our measures to enforce or defend our intellectual property may not always be successful. We may initiate legal proceedings against third-party infringement to protect our intellectual property rights, which could incur significant costs and time, and the outcome may be uncertain. If we fail to adequately protect or safeguard our intellectual property, our business, financial condition, operating results and prospects may be adversely affected.

At the same time, we face the risk of claims for intellectual property infringement or misappropriation by third parties in the course of our operations. Defending against any such claims could be costly and time-consuming, and any adverse judgment could expose us to liability, thereby disrupting our business operations, damaging our reputation and brands, and adversely affecting our business and financial performance.

The execution of our investment, maintenance or upgrades related to production equipment, facilities, technologies and other operational aspects may not always be carried out successfully.

We continually maintain our existing production facilities and aim to optimize our production capacity by upgrading existing equipment and facilities, purchasing new facilities and improving production techniques. As our business grows we may need to expand our production capacity through various measures, including constructing new production bases and expanding existing ones. See "Business — Our Production — Production Expansion Plan."

We anticipate that we will continuously make efforts to upgrade our facilities and production bases. If these upgrade plans are not successfully implemented it could have an adverse impact on our business growth. Our new production bases may not commence production in time, and our production expansion plan may not be successful. Several factors may delay our expansion plans and increase our costs, including: (i) failure to obtain regulatory approvals, permits or licenses from the relevant government authorities in a timely manner; (ii) shortage, late delivery or increased prices of building materials and production equipment, as well as various other factors affecting construction progress, resulting in delay in the construction of the new production bases; and (iii) technological changes, capacity expansion or other changes to our plans for our new production bases necessitated by changes in market conditions.

If market demand declines in the future, or if the upgrade plans do not generate the expected returns on investment, our financial condition may be adversely affected.

Our R&D requires long-term and substantial investments, which may incur significant expenses without necessarily generating the expected outcomes.

We continually invest in R&D to develop new products and techniques and to improve existing production technologies and techniques to maintain our competitiveness and support the further expansion of our business. Our R&D team seeks to improve our products' formulas, launch new products, upgrade our existing production techniques and develop new technologies. Such R&D efforts may incur significant expenses, and our efforts in these areas may not be as effective as expected in the near future. In 2022, 2023 and 2024, our R&D costs amounted to RMB751.3 million, RMB715.4 million and RMB839.5 million, respectively.

Our existing and future R&D activities may not be successful, or our new technologies or products may not be favored by customers. As market trends and customer tastes, preferences and consumption habits evolve, we cannot guarantee that our investments in R&D will always yield the expected results, or any results at all. If we fail to achieve the expected results, it may adversely affect our business and financial performance.

We may incur significant expenses in connection with our selling and marketing activities, and the results of such activities may not be as effective as expected.

We continually invest in selling and marketing activities to raise recognition of our brand. We utilize tailored and creative selling and marketing activities such as advertising placements, live streaming and onsite events. All these initiatives may incur substantial costs and expenses. We incurred selling and marketing expenses of RMB1,378.1 million, RMB1,305.7 million and RMB1,628.6 million, respectively, in 2022, 2023 and 2024. We expect to continue investing in selling and marketing to further enhance our market recognition and customer awareness. However, we cannot assure you that we will achieve the expected results of such activities, nor can we assure you that we will effectively retain existing customers or attract new customers. Our selling and marketing activities require support from relevant professionals. If we fail to hire, train and retain our dedicated sales and marketing personnel, or if our new sales and marketing personnel fail to meet expected performance levels, we may not be able to execute our selling and marketing strategies or achieve our goals.

Moreover, marketing conditions and trends in the condiments industry are continually evolving, requiring us to constantly optimize our selling and marketing strategies and try new methods to keep up with evolving market trends and customer preferences. If our selling and marketing activities do not meet our expectations or fail to conduct in a cost-effective approach, it may negatively impact our business and financial performance.

We plan to grow our presence in overseas markets and thus bear the risks associated with sales in those overseas markets.

Development and expansion in the overseas markets have been part of our long-term strategy. During the Track Record Period, substantially all of our revenue was generated from domestic markets, while we plan to steadily explore and capture opportunities in overseas markets. Our sales activities and expansion plans in overseas markets are subject to certain risks relating to specific regions, including:

- economic and political conditions;
- different tax rates, and import and export licensing requirements;
- fluctuations in foreign currencies' exchange rates;
- costs associated with understanding local market trends;
- difficulties and costs associated with obtaining or maintaining intellectual property rights in different regions;
- difficulties and costs associated with complying with, and enforcing remedies under a wide variety of complex domestic and international laws, treaties and regulations; and
- changes in international trade policies and regulations, including economic sanctions, export controls, import restrictions and the imposition of tariffs and other trade barriers.

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

In conducting our business, we rely on certain services provided by third parties to support various aspects of our operations, such as logistics service providers and marketing service providers. These third parties face risks similar to ours, such as business interruption, system failure and human error, risks related to cybersecurity and data protection, as well as their own legal, regulatory and market risks. Our third-party service providers may not be able to fulfill their respective commitments and responsibilities in a timely manner and in accordance with the terms agreed with us or applicable laws and regulations.

Additionally, we may not be able to control the business operations or governance and compliance systems, business practices, and operating procedures of our third-party service providers. If we are unable to effectively manage our relationships with third-party service providers, or if our third-party service providers fail to satisfactorily fulfill their commitments and responsibilities for any reason, our business, operating results and financial condition will be affected. There can be no assurance that we can continue or extend relationships with our current third-party service providers on terms acceptable to us, or that we will be able to establish relationships with new third-party service providers to ensure accurate, timely and cost-efficient delivery of such services. When existing contracts with third-party service providers expire, we may not be able to renew them on terms favorable to us or find suitable replacements in a timely manner, which could adversely affect our business and financial performance.

Our business performance largely relies on our dedicated management team and other key personnel. If we are unable to retain them and cannot timely find appropriate candidates to replace them, our business may be adversely affected.

Our business performance is dependent, to a significant extent, on the continuing efforts of our dedicated management team and other key individuals with industry expertise, technical skills or experience in the industry. Our future success depends on the continuing services of our key personnel to successfully implement our business strategy. If our key personnel are unable to work together successfully, or if our key personnel are unable to effectively implement our business strategy, our business may not grow at the pace expected. If any key personnel are unable or unwilling to continue in their present positions and we may not be able to locate suitable or qualified replacements, our results of operations may be materially and adversely affected. In addition, if any of our key personnel joins a competitor or forms a competing business, we may lose business secrets and know-how. Any failure to attract, retain and motivate such key personnel may harm our business performance and result in a loss of business.

Furthermore, our ability to continually produce high-quality products partly depends on skilled employees who are familiar with and proficient in our production techniques and R&D personnel who keep us abreast of cutting-edge technologies and developments in the market. We also rely on sales personnel to effectively manage our sales and distribution network. As our business expands, we may not be able to retain these skilled production and sales personnel at a reasonable cost, which could significantly and adversely affect our business and financial performance.

We may face risks relating to workplace safety, production safety, labor disputes, labor shortages and increases in labor costs.

Our success depends on our ability to hire, train, retain and motivate our employees. Any deterioration in labor relations with our employees could lead to labor disputes, which may disrupt our production and operations, adversely affecting our business and financial performance.

Our production process may associate with risks of accidents and we may face liability claims, negative publicity and government investigations or interventions related to workplace safety or production safety. Such incidents could result in a deterioration of our labor relations with employees and damage our reputation. Additionally, with the growth of the economy, average wages of our employees are expected to increase. Any significant increase in labor costs could adversely affect our profitability, business and financial performance.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. During the Track Record Period and up to the Latest Practicable Date, we had no received any material administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. There can be no assurance that any new laws and regulations will not require us to settle any outstanding amount within a specified time limit, which may adversely affect our results of operations and financial condition.

If any fraud, bribery or other misconduct is committed by our employees, suppliers, customers or other third parties, we may be subject to economic losses and reputational damage.

We may face fraud, bribery or other misconduct committed by employees, suppliers, customers or other third parties, which could lead to financial losses and penalties from government authorities. Our internal control procedures may not always be able to promptly identify all non-compliance, suspicious transactions, fraud, corruption, bribery or other misconduct, nor prevent or stop such occurrences. Our risk management systems and internal control capabilities are limited by the information and risk management tools and technologies available to us. Our ability to implement and maintain strict internal controls may be affected by the continual expansion of our business scale. Any misconduct by third parties that harms our interests could result in negative publicity, damage our reputation and lead to litigation and other legal proceedings, as well as administrative or criminal penalties, thereby adversely affecting our business and financial performance.

Our historical results of operations may not be indicative of our future performance.

Our revenue decreased by 4.1% from RMB25,609.7 million in 2022 to RMB24,559.3 million in 2023. Our revenue subsequently increased by 9.5% from RMB24,559.3 million in 2023 to RMB26,901.0 million in 2024. In 2022, 2023 and 2024, we recorded net profits of RMB6,203.2 million, RMB5,642.2 million, and RMB6,355.9 million, respectively, and our net profit margin was 24.2%, 23.0%, and 23.6%, respectively, in the same years. We may be unable to sustain the same level of results of operations and financial performance, or our revenue, gross profit and net profit may decline for reasons such as decreased customer demand for our products, cost fluctuations of input materials, supply chain disruptions, increased competition in the industry, or damage to our reputation or brand image. We may also encounter unforeseen difficulties in operations. Failure to address these risks and challenges may affect our business and financial performance. You should therefore not rely on our historical results of operations as indication of our future performance.

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

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

Failures or security breaches of our information technology systems could affect our business.

Information technology is an important part of our business operations, and we increasingly rely on our information technology systems to monitor and manage all aspects of our business including procurement, production, quality control, warehousing and logistics, sales and distribution, and marketing. Our information technology systems may be vulnerable to a variety of interruptions, including natural disasters, telecommunications failures, computer viruses, cyber-attacks, hackers, unauthorized access attempts and other security breaches. The technology security initiatives and disaster recovery plans we have implemented to address these may not be adequate. Any significant failure of our systems, including failures that prevent our systems from functioning as intended could cause transaction errors, processing inefficiencies and loss of customers and sales, resulting in a negative impact on our operations or business reputation.

We process customers' personal information in our daily operations, but only to the extent necessary for the sale and delivery of our products and services in conformity with the relevant laws and regulations. The laws and regulations regarding privacy and data protection are generally complex and evolving. If we are unable to comply with the applicable data protection and information security laws, or to address any data privacy and protection concerns, such actual or alleged failure could damage our reputation, impair our brand image and could subject us to significant legal, financial and operational consequences. If our network security is compromised, and such information is stolen or obtained by unauthorized persons or used inappropriately, we may be subject to litigation and other proceedings brought by customers and relevant authorities. Any such proceedings could divert our management's attention, result in significant financial losses and expenses, and negatively affect customers' perception of our brand.

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

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

Our business and financial performance may be adversely affected by the uncertainties around economic conditions, or a downturn in disposable income per capita.

As some of the most commonly used products in daily food consumption, the demand for our products is stable, and of strong anti-cyclical characteristics. However, our business could be affected by the overall economic conditions and disposable income level of the public. Any adverse development in the global economy, whether as a result of a recession, credit and capital markets volatility, economic or financial crises, public health incidents or otherwise, may cause market demand for our products to decrease, or force us to reduce the price of our products.

Our success also depends, to a significant extent, on disposable income per capita, which is influenced by general economic conditions. Accordingly, we may experience declines in sales during economic downturns or prolonged periods of high unemployment. Any material decline in the amount of discretionary spending of the residents of the places where our products are primarily sold may have a material adverse effect on our business, results of operations and financial condition.

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

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

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

Meanwhile, we may be unable to achieve the anticipated effects or returns from our investments and recover such investments in time. An acquisition could also impair our results of operations by causing us to incur debt or amortize acquired intangible assets. For example, certain goodwill in relation to our previous investment was fully impaired in 2024. See "— We recognized a certain scale of goodwill during the Track Record Period. If we determine our goodwill to be impaired, it would adversely affect our financial condition." We may also discover deficiencies in internal controls, data adequacy, integrity and security, service quality, regulatory compliance and liabilities in acquired businesses which we did not uncover prior to such acquisitions. Consequently, we may be subject to penalties, lawsuits or other liabilities. Any difficulties in the integration of acquired businesses or products, or unexpected penalties, lawsuits or liabilities in connection with such businesses or products could adversely affect our business and financial performance.

We may not be able to fulfill our obligations in respect of contract liabilities, which may adversely affect our business, financial condition and results of operations.

As of December 31, 2022, 2023 and 2024, we had contract liabilities of RMB2,948.1 million, RMB4,527.0 million and RMB4,335.3 million, respectively. Our contract liabilities represent advance payments made by customers while the underlying goods are yet to be provided. See "Financial Information — Discussion of Key Items of Consolidated Statements of Financial Position — Contract Liabilities." If we fail to fulfill our obligations under our contracts with customers, we may be unable to convert such contract liabilities into revenue, and our customers may require us to refund the prepayments they have made, which may in turn adversely affect our financial condition. Furthermore, our inability to perform our obligations under our contracts with customers may cause our relationships with customers to deteriorate, which may in turn adversely affect our business and results of operations.

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

During the Track Record Period, we received certain government grants and preferential tax treatment according to relevant policies. During the Track Record Period, government grants mainly included subsidies in relation to our contributions to the local economy. In 2022, 2023 and 2024, our government grants amounted to RMB143.9 million, RMB73.7 million and RMB91.4 million, respectively. See "Financial Information — Description of Major Components of Our Results of Operations — Other Revenue." Meanwhile, certain subsidiaries of the Company were eligible for certain preferential corporate income tax rates and tax concessions during the Track Record Period. Government grants are recognized when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. The government grants we received during the Track Record Period represented various forms of incentives and subsidies granted to our Group by local government authorities in the PRC. These government grants were mainly non-recurring in nature, and the amounts of these grants were subject to the discretion of local governments. We cannot guarantee that we will receive such government grants and preferential tax treatment in the future, and our financial condition and results of operations may be adversely affected if we fail to obtain such government grants in the future.

We are exposed to fair value changes in our other financial assets through profit or loss ("FVPL").

Our other financial assets at FVPL as of the end of each year during the Track Record Period mainly included wealth management products, which were issued by commercial banks in China. The wealth management products were issued by banks with variable investment income and can be redeemed on demand or within a certain period of time. We had other financial assets at FVPL of RMB6,081.8 million, RMB5,841.1 million and RMB7,617.7 million as of December 31, 2022, 2023 and 2024, respectively. The fair values of wealth management products included in other financial assets at FVPL have been estimated using the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. Factors beyond our control, including but not limited to, general economic conditions, changes in market interest rates and stability of the capital markets, can influence and cause adverse changes to the estimates we use, and thereby affect the fair value. If there is a decrease in the fair value of our other financial assets at FVPL, our results of operations and financial conditions may be adversely affected.

Our business model involves substantial capital expenditures, which may not generate returns or achieve intended economic benefits in the short term.

Our business model involves substantial capital expenditures, including payment for purchase of property, plant and equipment, right-of-use assets and intangible assets in connection with the growth of our business. In 2022, 2023 and 2024, our capital expenditures amounted to RMB1,517.9 million, RMB1,924.2 million and RMB1,575.7 million, respectively. Substantial capital expenditures are associated with certain inherent risks. The amount and timing of capital expenditures depend on various factors, including, among other things, the projected growth in our sales volume. We must estimate our sales volume and the corresponding requirements for production infrastructure, and make capital commitments for production expansion plans based on these projections years before they are actually needed. Missing our projections could result in too much or too little capacity relative to our sales volume. Overcapacity could lead to a negative impact on our profit margins, while under-capacity could limit our business growth. As a result, we may lose market share or business opportunities to our competitors, and our business, financial condition and results of operations may be adversely affected.

RISKS RELATED TO THE LOCAL LAWS AND REGULATIONS OF THE JURISDICTIONS WHERE WE CONDUCT BUSINESS

We may need to devote additional efforts and resources to ensure our compliance with relevant laws or regulations, including current or new laws and governmental regulations relating to the condiments industry, and to obtain or maintain required government permits, licenses and approvals for our business or renewals thereof in a timely manner.

Our business is subject to various compliance and operational requirements under applicable laws and regulations. Complying with laws, rules and regulations may require investments of various related resources, and any material non-compliance may expose us to liability or penalty. In case of any material non-compliance, we may have to incur significant expenses and divert substantial management time to rectifying such non-compliance incidents. We may also experience adverse publicity arising from such non-compliance with government regulations that could negatively impact our brand.

In addition, some of these approvals, permits, licenses and certificates are subject to periodic renewal and reassessment by the relevant authorities, and the standards of such renewal and reassessment may change in the future. While we undertake to apply for the renewal and reassessment of these approvals, permits, licenses and certificates when required by applicable laws and regulations, we cannot guarantee that we will be able to successfully maintain or renew existing permits, licenses or any other regulatory approvals or obtain permits, licenses or other approvals needed for the operation of our business in the future on a timely basis. If we fail to obtain the necessary renewals or otherwise fail to maintain all approvals, licenses, permits and certificates required to carry out our business at any time, our business could be severely disrupted, which could have a material adverse effect on our business, financial condition and results of operations. We cannot assure you that the government authorities with jurisdiction over our business activities will not revoke or significantly alter our licenses, permits or approvals or that our licenses, permits or approvals will not be challenged or impugned in the future.

Changes to the existing regulatory regime relating to the sectors where we operate our business may limit our ability to provide product offerings, thereby materially and adversely affecting our business, financial condition and results of operations.

The operations of our business are subject to various laws, rules and regulations at the regional and national levels of the condiments industry in China. See "Regulatory Overview — Food Safety and Production." New laws, rules or regulations and revisions to any existing laws, rules and regulations can impose additional compliance costs, reduce our revenue, and require us to change our operations to ensure compliance or otherwise change our business. We may need to devote additional efforts and resources to ensure our compliance with relevant laws, rules and regulations due to changes in any applicable laws, rules and regulations that might be beyond our control.

In recent years, the PRC government has, on many occasions, promoted the development of food and condiment product safety. Nevertheless, new laws, rules and regulations relevant to our businesses may be introduced in the future, or the current applicable regulations may otherwise be amended or replaced, requiring us to conduct business with additional oversight and regulatory compliance. As a result, we may not be aware in a timely manner that we have violated certain policies and rules. There can be no assurance that we can adapt to the evolving regulatory environment swiftly enough or in a cost-efficient manner, failure of which may adversely affect our operations and lead to substantial compliance costs. Meanwhile, we may need to implement changes in our facilities, equipment, personnel or services to comply with the latest laws and regulations, and such may increase our capital expenditures and operating expenses, thereby adversely affecting our business, financial condition and results of operations.

We are subject to the environmental protection laws and regulations as well as the complex and evolving ESG requirements, which require us to devote substantial time and resources for compliance and could adversely affect our business and financial performance.

Our business is subject to extensive and increasingly stringent environmental protection laws and regulations. There is an increasing focus on corporate responsibility and a number of regulations and requirements on ESG performance pose reputational, regulatory and other risks to us. We believe that it is our responsibility to devote substantial time and resources to develop technology and products designed to reduce carbon footprint and maintain environmentally friendly business operations. The process of developing new production technologies and enhancing existing production technologies to mitigate climate change is often complex, costly and uncertain, and we may pursue strategies or make investments that do not prove to be commercially successful in the time frames expected, or at all. Moreover, not all of our competitors may seek to establish climate or other ESG targets and goals, or at a comparable level to ours, which could adversely affect our competitiveness in the relevant market.

Compliance with these ESG requirements and relevant environmental protection laws and regulations requires additional investments of resources, and failure to comply could subject us to, among other things, legal liability, fines, suspension of production, a loss of licenses to operate certain facilities and other sanctions, interruptions to operations, securities litigation and a general loss of investor confidence, any one of which could have a material adverse impact on our business and financial performance. If we are unable to satisfy such new criteria or are unable to respond or perceived to be inadequately responding to sustainability concerns, investors may conclude that our policies with respect to corporate responsibility are inadequate and choose to invest in our competitors. We risk damage to our brand and our reputation in the event that our corporate responsibility procedures or standards do not meet the standards set by various third parties. In addition, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. Any of these circumstances could cause negative publicity, and our business operations could be adversely impacted.

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

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

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

The conversion of RMB into foreign currencies should be in compliance with relevant laws and regulations. We receive substantially all of our revenue in RMB, and undertake certain transactions denominated in foreign currencies. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions can be made in foreign currencies without prior approval of the SAFE by complying with certain procedural requirements. However, the laws, regulations and governmental policies regarding currency conversion are generally complex and developing. If we cannot obtain sufficient foreign currencies to satisfy our foreign currency demands via the foreign exchange regulation system, we may not be able to pay dividends in foreign currencies to our Shareholders. Foreign exchange transactions under our capital account are subject to the relevant foreign exchange regulations and policies and may need approval from the SAFE or its local branches. These regulations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

Certain judgments obtained against us by our Shareholders may be difficult to enforce.

We are a company incorporated under the laws of the PRC, and nearly all of our assets and subsidiaries are located in the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. Judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met. Nonetheless, it may be difficult for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or other laws. In addition, it may be difficult for you to bring an original action against us or our PRC resident officers and Directors in a PRC court based on the liability provisions of non-PRC securities laws.

Although we will be subject to the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong upon the listing of our Shares on the Stock Exchange, the holders of the Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong do not have the force of law in Hong Kong.

We are a mainland China enterprise and we are subject to mainland China tax on our global income and any gains on the sales of H Shares and dividends on the H Shares may be subject to mainland China income taxes.

Under the PRC EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between mainland China and a non-mainland China investor's jurisdiction of residence that provides for a different income tax arrangement, mainland China withholding tax at the rate of 10% is normally applicable to dividends from mainland China sources payable to investors that are non-mainland China resident enterprises which do not have an establishment or place of business in mainland China, or which have an establishment or place of business in mainland China but the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of Shares by such investors are subject to a 10% mainland China income tax rate if such gains are regarded as income from sources within mainland China unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within mainland China paid to foreign individual investors who are not mainland China residents are generally subject to a 20% mainland China withholding tax rate, and gains from mainland China sources realized by such investors on the transfer of shares are generally subject to a 20% mainland China income tax rate, in each case, subject to any reduction or exemption under applicable tax treaties and laws in mainland China.

Pursuant to the Notice on the Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發 [1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-mainland China resident individual holders of H Shares are generally subject to the individual income tax of mainland China at a withholding tax rate of 10%, depends on whether there are tax arrangements between the jurisdictions where the individual holders reside, as well as the tax arrangements between mainland China and Hong Kong. Non-mainland China resident individual holders who reside in jurisdictions that have not entered into tax treaties with mainland China are subject to a 20% withholding tax on dividends received from us.

If mainland China income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-mainland China resident investors, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with mainland China may not qualify for benefits under such tax treaties or arrangements.

RISKS RELATING TO THE GLOBAL OFFERING

We will be concurrently subject to listing and regulatory requirements of mainland China and Hong Kong.

As we are listed on the Shanghai Stock Exchange and will be listed on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in complying with both sets of listing rules in the two jurisdictions.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the Global Offering, our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be traded on the Stock Exchange. Under current laws and regulations of mainland China, without approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. The H Share and A Share markets have different trading characteristics with divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, 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 H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating your investment decision regarding our H Shares.

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

Prior to the Global Offering, there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and maintain following completion of the Global Offering. In addition, the Offer Price of our H Shares is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us, and may not be an indication of the market price of our H Shares following completion of the Global Offering. If an active public market for our H Shares does not develop following completion of the Global Offering, the market price and liquidity of our H Shares may be materially and adversely affected.

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

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions for securities in Hong Kong and elsewhere in the world. The Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, the shares of other companies listed on the Hong Kong Stock Exchange have experienced price volatility in the past, and the price of our H Shares may change that is not directly related to our performance.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The market price of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market, especially by our Directors, executive officers and Controlling Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue Shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or share-linked securities issued by us may also confer rights and privileges that take priority over those conferred by our H Shares. Certain amounts of the

Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which our Shares commence trading on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of substantial amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sales of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our Shares. In addition, while investors, except for cornerstone investors, subscribing shares in the Global Offering are not subject to any restrictions on the disposal of the H Shares they subscribed, they may have existing arrangements or agreements to dispose of part or all of the H Shares they hold immediately or within a certain period following completion of the Global Offering for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or at any time or period after the Listing Date. Any sale of the H Shares subscribed by such investors pursuant to such arrangement or agreement could adversely affect the market price of our H Shares, and any sizeable sale could have a material and adverse effect on the market price of our H Shares and could cause substantial volatility in the trading volume of our H Shares.

The interests of our Controlling Shareholders may not be aligned with the interests of other Shareholders.

Immediately following completion of the Global Offering and assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, our Controlling Shareholders will hold approximately 68.86% of the issued share capital of our Company. This concentration of ownership 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 in the course of a sale of our Company and might reduce the price of our H Shares. The aforementioned potential events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

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.

We protect our Shareholders' interest by ensuring a consistent dividend policy. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of mainland China, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including, but not limited to, our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to approval at the general meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of mainland China. See "Financial Information — Dividends and Dividend Policy." No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Under the existing foreign exchange regulations of mainland China, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural provisions. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of mainland China to pay capital expenditure such as the repayment of loans denominated in foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

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

As our A Shares are listed on the Shanghai Stock Exchange, 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 Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on the regulatory requirements of the securities authorities, industry standards and market practices in mainland China, which are different from those applicable to the Global Offering. The presentation of financial and operational information for the Track Record Period disclosed on the Shanghai Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective investors in our H Shares should be 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 document. By applying to purchase our 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 document and any formal announcements made by us in Hong Kong with respect to the Global Offering.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters. The words "aim," "anticipate," "believe," "could," "predict," "potential," "continue," "expect," "intend," "may," "might," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Consequently, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and investors should not place undue reliance on them.

Certain facts, forecasts and other statistics in this document are derived from various publicly available official sources and independent third-party sources, including the industry experts reports.

This document, particularly the section headed "Industry Overview" contains information and statistics relating to the condiments industry in China and globally, as well as other economic data. Such information and statistics are derived from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We believe that the sources of the information are appropriate, and we have taken reasonable care in extracting and reproducing such information. However, the information derived from official government sources has not been independently verified by us, any of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their respective affiliates or advisors, and no representation is given as to its accuracy. Collection methods of such information may be ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. In all cases, our investors should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

You should read the entire document carefully and only rely on the information included in this document to make your investment decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage regarding us, our Shares or the Global Offering.

We strongly caution our investors not to rely on any information contained in press articles or other media regarding us, our Shares and the Global Offering. Prior to the publication of this document, there may be press and media coverage regarding the Global Offering and us. Such press and media coverage may include references to certain information that does not appear in this document, 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 document, we disclaim responsibility for it and our investors should not rely on such information.

In preparation for the Listing, we have sought the following waivers and exemption from strict compliance with certain provisions of the Listing Rules.

Rules	Subject matter
Rules 8.12 and 19A.15 of the Listing Rules	Management presence in Hong Kong
Rules 3.28 and 8.17 of the Listing Rules . . .	Appointment of joint company secretaries
Chapter 14A of the Listing Rules	Continuing connected transactions
Rule 10.04 and Paragraph 5(2) of Appendix F1 to the Listing Rules	Allocation of H Shares to Existing Minority Shareholders and their close associates
Paragraph 26 of Appendix D1A to the Listing Rules	Particulars of any alterations in the capital of any member of our Group
Rules 8.08(1)(b) and 19A.13A of the Listing Rules	Minimum public float of H Shares
Paragraph 4.2 of Practice Note 18 of the Listing Rules	Clawback Mechanism

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that requirement in Rule 8.12 may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

Our principal business operations are primarily located, managed, and conducted in the PRC and will continue to be based in the PRC, and our Company’s head office is located in Foshan, Guangdong Province, the PRC. Our executive Directors and senior management members ordinarily reside in the PRC and play important roles in our Company’s business operations, principally responsible for the overall management, corporate strategy, planning, business development and control of our Group’s business, it is important for them to remain in close proximity to the Group’s operations located in the PRC. We consider that it would be practically difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by relocation of our existing executive Directors or by appointment of additional executive Directors. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

(i) we have appointed Mr. Liao and Ms. Zhang Xiao (張瀟) ("**Ms. Zhang**") as the authorized representatives of our Company (the "**Authorized Representatives**") for purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Stock Exchange and will be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. Our Company will provide contact details of the Authorized Representatives to the Stock Exchange and will inform the Stock Exchange as soon as practicable in respect of any changes in Authorized Representatives. Accordingly, our Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. See "Directors, Supervisors and Senior Management" for further biographical details of our Authorized Representatives;

(ii) to facilitate communication with the Stock Exchange, we have provided our Authorized Representatives and the Stock Exchange with the contact details (including mobile phone number, office phone number and/or email address) of each of our Directors. When the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact our Directors;

(iii) to the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request by the Stock Exchange; and

(iv) our Company has appointed Somerley Capital Limited as our Compliance Advisor with effect from the Listing in accordance with Rule 3A.19 of the Listing Rules. The Compliance Advisor will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of the Company with the Stock Exchange during the period from the Listing Date to the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the Listing. The Compliance Advisor will act as the additional and alternative channel of communication with the Stock Exchange when the Authorized Representatives are not available and its representatives will be readily available to answer enquiries from the Stock Exchange.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

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

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

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

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

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, the Stock Exchange will consider the following factors in assessing the individual's "relevant experience":

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

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

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

(iv) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time but in any event not exceeding three years from the date of listing and on the following conditions: (i) the relevant company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the waiver period; and (ii) the waiver can be revoked in the event of a material breach of the Listing Rules by the Company.

We have appointed Ms. Ke Ying (柯瑩) ("**Ms. Ke**") and Ms. Zhang, a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, as the joint company secretaries of our Company. Since July 2008, Ms. Ke has served as office director, deputy director of talent development department, deputy director of public relations department, director of marketing human resources department and director of legal department of our Company successively, and has served as our Secretary to the Board since November 2024. By virtue of Ms. Ke's substantial experience in corporate governance and her experience and familiarity with our Group, we believe that appointment of Ms. Ke as our company secretary would be beneficial for our Company. See "Directors, Supervisors and Senior Management" for further biographical details of Ms. Ke and Ms. Zhang. Furthermore, given that the key operations of our Group are located in the PRC, we believe that it would be in the interest of our Company and our corporate governance to have Ms. Ke, who possesses the relevant background and experience in the PRC, to act as our joint company secretary.

Accordingly, while Ms. Ke personally does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us with, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Ke will act as our joint company secretary. The waiver has been granted for a three-year period commencing from the Listing Date (the "**Waiver Period**"), on the condition that:

(i) Ms. Ke will endeavor to attend relevant training courses to enhance her knowledge of the Listing Rules during the Waiver Period, and comply with the annual professional training requirement under Rule 3.29 of the Listing Rules;

(ii) Ms. Zhang, as a joint company secretary of our Company, will provide assistance to, and work closely with, Ms. Ke in the discharge of her duties and responsibilities as our company secretary during the Waiver Period;

(iii) Ms. Zhang is a suitably qualified person who possesses the qualifications as required under Rule 3.28 of the Listing Rules to render assistance to Ms. Ke so as to enable her to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) throughout the Waiver Period;

(iv) before the expiry of the Waiver Period, our Company will evaluate Ms. Ke's experience in order to determine if she has acquired the relevant experience required under Rule 3.28 of the Listing Rules, and whether ongoing assistance should be arranged so that Ms. Ke's appointment as the company secretary of the Company satisfies the requirements under Rules 3.28 and 8.17 of the Listing Rules; and

(v) the waiver will be revoked if there are material breaches of the Listing Rules by our Company or if Ms. Zhang ceases to provide assistance to Ms. Ke during the Waiver Period.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us with, a waiver from strict compliance with Rule 3.28 and 8.17 of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the completion of the Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirements and independent shareholders' approval requirements (where applicable) under the Listing Rules. For further details in this respect, see the section headed "Connected Transactions."

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 the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of the issuer either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled. It is provided in Rule 10.03(1) of the Listing Rules that no securities may be offered to existing shareholders on a preferential basis and no preferential treatment may be given to them in the allocation of the securities; and in Rule 10.03(2) that the minimum prescribed percentage of public shareholders required by Rule 8.08(1) must be achieved.

Paragraph 5(2) of Appendix F1 to the Listing Rules provides that no allocations will be permitted to the existing shareholders of the applicant or their close associates, whether in their own names or through nominees, in the Global Offering unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled. Chapter 4.15 of the Guide provides that the Stock Exchange will consider giving consent and granting waiver from Rule 10.04 of the Listing Rules to an applicant's existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Prior to the Listing, our Company's share capital comprises entirely A Shares listed on the Shanghai Stock Exchange. We have a large and widely dispersed public A Share shareholder base.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 10.04 and 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 total number of A Shares in issue of 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 "**Existing Minority Shareholders**"), subject to the conditions as follows:

(i) each Existing Minority Shareholder to whom our Company may allocate the H Shares in the International Offering holds less than 5% of the total number of A Shares in issue of our Company before Listing;

(ii) each Existing Minority 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;

(iii) none of the Existing Minority Shareholders have the right to appoint a Director and/or have any other special rights;

(iv) allocation to the Existing Minority Shareholders or their close associates will not affect our ability to satisfy the public float requirement as prescribed by the Stock Exchange under Rule 8.08 of the Listing Rules or otherwise approved by the Stock Exchange;

(v) the Joint Sponsors will confirm to the Stock Exchange that based on (a) their discussions with our Company and the Overall Coordinators; and (b) the confirmations provided to the Stock Exchange by our Company and the Overall Coordinators (confirmations (vi) and (vii) mentioned below), and to the best of their knowledge and belief, they have no reason to believe that the Existing Minority Shareholders or their close associates received any preferential treatment, either as cornerstone investors or as placees by virtue of their relationship with our Company, other than, in the case of participation as cornerstone investors, the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide, and details of allocation to the Existing Minority Shareholders holding more than 1% of the issued share capital of our Company immediately prior to the completion of the Global Offering will be disclosed in this prospectus and/or the allotment results announcement, as the case may be;

(vi) our Company will confirm to the Stock Exchange in writing that:

(a) in the case of participation as cornerstone investors, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders or their close associates by virtue of their relationship with our Company, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide, nor is the Existing Minority Shareholder in a position to exert influence on the Company to obtain actual or perceived preferential treatment, and the Existing Minority Shareholders or their close associates' cornerstone investment agreements do not contain any material terms which are more favorable to the Existing Minority Shareholders or their close associates than those in other cornerstone investment agreements; or

(b) in the case of participation as placees, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders or their close associates, nor is the Existing Minority Shareholder in a position to exert influence on the Company to obtain actual or perceived preferential treatment, by virtue of their relationship with our Company in any allocation in the placing tranche;

(vii) 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 the Existing Minority Shareholders or their close associates by virtue of their relationship with our Company in any allocation in the placing tranche.

WAIVER IN RESPECT OF ALTERATION IN SHARE CAPITAL

Paragraph 26 of Appendix D1A to the Listing Rules requires this prospectus to include the particulars of any alterations in the share capital of any member of our Group within the two years immediately preceding the issue of this prospectus.

As of the Latest Practicable Date, we have more than 60 subsidiaries. It would be unduly burdensome for us to disclose the required information in respect of all of its subsidiaries as our Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material nor meaningful to investors. The non-disclosure of such information will not prejudice the interests of our Shareholders or potential investors.

We have identified nine subsidiaries (collectively, the "**Major Subsidiaries**" and each a "**Major Subsidiary**") that we consider are material to our operations and/or contributed significantly to our financial performance during the Track Record Period. By way of illustration, without intercompany eliminations, as of December 31, 2022, 2023 and 2024, the aggregate assets of the Company and its Major Subsidiaries represent 92.6%, 90.2% and 84.6% of our total assets, and for each of the financial years ended December 31, 2022, 2023 and 2024, and the aggregate revenue of the Company and its Major Subsidiaries (without intercompany eliminations) represents 89.7%, 86.2% and 83.2% of our total revenue respectively; and the aggregate net profits of the Company and its Major Subsidiaries (without intercompany eliminations) represent 98.2%, 97.5% and 97.1% of the Group's total net profits for each of the financial years ended December 31, 2022, 2023 and 2024. None of the other subsidiaries of our Company that are not Major Subsidiaries individually contributes to 5% or more of our Group's total assets as of December 31, 2022, 2023 or 2024, or 5% or more of our Group's revenue or net profits for each of the financial years ended December 31, 2022, 2023 and 2024. In addition, during the Track Record Period, our Company and the Major Subsidiaries hold all the material assets, intellectual property rights and other major proprietary technologies of the Group for its operation. Accordingly, the remaining subsidiaries of our Group which are not Major Subsidiaries are relatively insignificant to the overall results of our Group.

We have disclosed the particulars of the changes in the share capital of our Company and the Major Subsidiaries in the section headed "Statutory and General Information – A. Further Information About Our Group" in Appendix VI to this prospectus.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Listing Rules, in respect of disclosing the particulars of any alteration in the capital of any member of our Group within the two years immediately preceding the issue of this prospectus.

WAIVER IN RESPECT OF MINIMUM PUBLIC FLOAT OF H SHARES

Rule 8.08(1)(a) and (b) of the Listing Rules states that there must be an open market in the securities for which listing is sought. This will normally mean that: (a) at least 25% of the issuer's total number of issued shares (excluding treasury shares) must at all times be held by the public; (b) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares (excluding treasury shares). However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares (excluding treasury shares), having an expected market capitalization at the time of listing of not less than HK$125,000,000. Rule 19A.13A further provides that Rule 8.08 of the Listing Rules is amended by adding the following provision to sub-paragraph (1)(b): Where a PRC issuer has shares apart from the H shares for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares (excluding treasury shares). However, the issuer's H shares (for which listing is sought) must represent at least 15% of its total number of issued shares (excluding treasury shares), having an expected market capitalisation at the time of listing of not less than HK$125,000,000.

We have applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1)(b) and Rule 19A.13A of the Listing Rules, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.08(1)(b) and Rule 19A.13A of the Listing Rules that the minimum percentage of the H Shares of the Company to be held by the public from time to time shall be 4.52% of the Company's total issued share capital (excluding treasury Shares), subject to the following:

(i) our Company will comply with the public float requirement under Rule 8.08 of the Listing Rules where at least 25% of the Company's total number of issued shares (A Shares and H Shares in aggregate, excluding treasury shares) must be held by the public from time to time;

(ii) our Company will announce the percentage of H Shares held by the public immediately after the completion of the Global Offering (before any exercise of the Offer Size Adjustment Option and/or the Over-allotment Option) and upon any exercise of the Offer Size Adjustment Option and/or the Over-allotment Option;

(iii) our Company will confirm the compliance with the public float requirements prescribed by the Stock Exchange in successive annual reports after the Listing (with respect to the Rule 8.08(1)(a) only); and

(iv) our Company will implement appropriate measures and mechanisms to ensure continual maintenance of 4.52% minimum public float of H Shares as detailed above (or such higher percentage upon the completion of any exercise of the Offer Size Adjustment Option and/or the Over-allotment Option).

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

It is expected that after the Listing, our Company may consider implementing H Shares share option scheme or other share incentive initiatives involving issuance of new H Shares, which may increase the total number and size of our H Shares and enhance the public float and liquidity of our H Shares upon Listing.

WAIVER IN RESPECT OF CLAWBACK MECHANISM

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

Subject to the Stock Exchange granting the waiver described below, the Hong Kong Public Offering and the International Offering will initially account for 6.0% and 94.0% of the Global Offering, respectively, subject to the clawback mechanism described below. We have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements of Paragraph 4.2 of Practice Note 18 to the Listing Rules such that the allocation of the Offer Shares in the Hong Kong Public Offering will be adjusted as follows:

(a) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 10 times or more but less than 30 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 26,323,800 Offer Shares, representing approximately 10.0% of the Offer Shares initially available under the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised);

(b) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 30 times or more but less than 60 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 39,485,700

Offer Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised); and

(c) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 60 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 55,279,900 Offer Shares, representing approximately 21.0% of the Offer Shares initially available under the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

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

An investment in our H Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to invest in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the market price of our H Shares could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

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.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) 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.

CSRC FILING

We have filed the required documents with the CSRC, and we have received a filing notice from the CSRC dated April 28, 2025, confirming our completion of the filing procedures pursuant to the new filing regime introduced by the new regulations on filing for the Global Offering and the application for listing of the H Shares on the Stock Exchange.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of 15,794,300 H Shares initially offered and the International Offering of

247,443,200 H Shares initially offered (subject, in each case, to reallocation on the basis under the section headed "Structure of the Global Offering" in this prospectus and, in case of the International Offering, to any exercise of the Offer Size Adjustment Option and the Over-allotment Option).

The Listing of our H Shares on the Stock Exchange is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the Offer Price being agreed between the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and us. The International Offering is expected to be fully underwritten by the International Underwriters pursuant to the terms of the International Underwriting Agreement which is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price. Further details of the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

The 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 the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Capital Market Intermediaries, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

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

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

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

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation for subscription in any jurisdiction or in any circumstances in which such an offer or invitation for subscription is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. 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. In particular, the Hong Kong Offer Shares have not been publicly offered, directly or indirectly, in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option). Dealings in the H Shares on the Stock Exchange are expected to commence on Thursday, June 19, 2025. Except for the A Shares that have been listed on the Shanghai Stock Exchange 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 Hong Kong 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.

The H Shares will be traded in board lot of 100 H Shares. The stock code of the H Shares is 3288.

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

OFFER SIZE ADJUSTMENT OPTION, OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Offer Size Adjustment Option, the Over-Allotment Option and stabilization are set out under the sections headed "Underwriting" and "Structure of the Global Offering" in this prospectus.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

H SHARE REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

All of the H Shares issued pursuant to applications made in the Hong Kong Public Offering will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar, Tricor Investor Services Limited. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares registered in our H Share register will be subject to Hong Kong stamp duty.

Unless otherwise determined by our Board, dividends will be paid to Shareholders whose names are listed on our H Share register of members in Hong Kong, by ordinary post, at the Shareholders' risk in Hong Kong dollars to the registered address of each Shareholder.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the H Shares or exercising rights attached to them. It is emphasized that none of us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, 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, disposal of, or dealing in, the H Shares or exercising any rights attached to them.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. However, the translated English names of PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations (including the Company's subsidiaries) and the like included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures, such as share ownership and operating data, included in this prospectus may have been subject to rounding adjustments, or have been rounded to one or two decimal places. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

EXCHANGE RATE CONVERSION

Solely for your convenience, this document contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. Unless otherwise specified, this document contains certain translations for convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HK$1.00 to RMB0.9162, Renminbi into U.S. dollars at the rate of US$1.00 to RMB7.1869 and Hong Kong dollars into U.S. dollars at the rate of US$1.00 to HK$7.8445. No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rate or any other rates or at all.

For further information on our Directors and Supervisors, please refer to the section headed "Directors, Supervisors and Senior Management" of this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. Cheng	Room 1101, Unit 1 Building 20, Poly Garden Nanhai Guicheng, Foshan Guangdong Province, PRC	Chinese
Mr. Guan	Room 403 No. 6, Shidongshang Road Chancheng District, Foshan Guangdong Province, PRC	Chinese
Mr. Huang Wenbiao (黃文彪)	Room 601 No. 13 Meigui Street Chancheng District, Foshan Guangdong Province, PRC	Chinese
Mr. Wen	Room 1601, Building 2, Zone 1 No. 33 Gangkou Road Chancheng District, Foshan Guangdong Province, PRC	Chinese
Mr. Liao	Room 1502, Building 6 No. 23 Heyuan Road Chancheng District, Foshan Guangdong Province, PRC	Chinese
Mr. Dai Wen (代文)	Unit 1, Building 24 No. 139 Ji Hua Road Chancheng District, Foshan Guangdong Province, PRC	Chinese

Independent non-executive Directors

Mr. Zhang Kechun (張科春)	C2-2-1001 No. 600 Dunyu Road Xihu District, Hangzhou Zhejiang Province, PRC	Chinese
Mr. Qu Wenzhou (屈文洲)	Room 401 No. 645 Hexiang West Road Siming District, Xiamen Fujian Province, PRC	Chinese
Mr. Ding Bangqing (丁邦清)	Room D, 10/F, Kam Fung Court No. 18 Tai Uk Street, Tsuen Wan Hong Kong	Chinese (Hong Kong)

SUPERVISORS

Name	Address	Nationality
Ms. Chen Min (陳敏)	Room 2201, Building 5 Lanyu Garden, Vanke Jinyu Lanwan Nanhai District, Foshan Guangdong Province, PRC	Chinese
Mr. Huang Shuliang (黃樹亮)	Room 801, Building 4 No. 23 Heyuan Road Chancheng District, Foshan Guangdong Province, PRC	Chinese
Mr. He Tao (何濤)	Room 1904, Building 4 Lvyin Garden, Vanke Jinyu Lanwan Nanhai District, Foshan Guangdong Province, PRC	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Goldman Sachs (Asia) L.L.C. 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong
	Morgan Stanley Asia Limited 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Goldman Sachs (Asia) L.L.C. 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong
	Morgan Stanley Asia Limited 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong

Joint Bookrunners and Joint Lead Managers	**BOCI Asia Limited** 26/F, Bank of China Tower 1 Garden Road Central Hong Kong
	ICBC International Securities Limited 37/F, ICBC Tower 3 Garden Road Hong Kong
	BOCOM International Securities Limited 9/F, Man Yee Building 68 Des Voeux Road Central Central Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong
	ABCI Capital Limited *(acting as Joint Bookrunner only)* 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	ABCI Securities Company Limited *(acting as Joint Lead Manager only)* 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road
Central
Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway
Admiralty
Hong Kong

GF Securities (Hong Kong) Brokerage Limited
27/F, GF Tower
81 Lockhart Road
Wan Chai
Hong Kong

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

Capital Market Intermediaries

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

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

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

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

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Central
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

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

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road
Central
Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway
Admiralty
Hong Kong

GF Securities (Hong Kong) Brokerage Limited
27/F, GF Tower
81 Lockhart Road
Wan Chai
Hong Kong

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

Legal Advisors to the Company

As to Hong Kong and U.S. laws:

Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law:

Jingtian & Gongcheng
34/F, Tower 3
China Central Place
77 Jianguo Road, Beijing
PRC

Legal Advisors to the Joint Sponsors and the Underwriters

As to Hong Kong and U.S. laws:

Paul Hastings
22/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

	As to PRC law: **Jia Yuan Law Offices** F408, Ocean Plaza 158 Fuxing Men Nei Avenue Xicheng District Beijing PRC
Auditor and Reporting Accountants	**KPMG** *Certified Public Accountants* *Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504-2505 Wheelock Square 1717 Nanjing West Road Shanghai, PRC
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered Office, Headquarters and Principal Place of Business in the PRC	No. 16, Wensha Road Foshan City Guangdong Province PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company's Website	**https://www.haitian-food.com** *(The information contained in this website does not form part of this prospectus)*
Joint Company Secretaries	**Ms. Ke Ying (柯瑩)** No. 16, Wensha Road Foshan City Guangdong Province PRC **Ms. Zhang Xiao (張瀟)** *(associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Authorized Representatives	**Mr. Liao** Room 1502, Building 6 No. 23 Heyuan Road Chancheng District, Foshan Guangdong Province PRC **Ms. Zhang Xiao (張瀟)** 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong

Audit Committee	Mr. Qu Wenzhou (屈文洲) *(Chairperson)* Mr. Zhang Kechun (張科春) Mr. Ding Bangqing (丁邦清)
Remuneration and Evaluation Committee	Mr. Qu Wenzhou (屈文洲) *(Chairperson)* Mr. Zhang Kechun (張科春) Mr. Ding Bangqing (丁邦清) Ms. Cheng Mr. Guan
Nomination Committee	Mr. Zhang Kechun (張科春) *(Chairperson)* Mr. Qu Wenzhou (屈文洲) Mr. Ding Bangqing (丁邦清) Ms. Cheng Mr. Dai Wen (代文)
Strategy and Sustainability Committee	Ms. Cheng *(Chairperson)* Mr. Guan Mr. Huang Wenbiao (黃文彪) Mr. Wen Mr. Liao
Compliance Advisor	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong
H Share Registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

Principal Banks

Industrial and Commercial Bank of China
Foshan Shengping Sub-Branch
1st floor, No. 197 Wenhua North Road
Chancheng District, Foshan
Guangdong Province
PRC

Agricultural Bank of China
Foshan Huaqing Sub-Branch
1st floor, Fuxing Building B
No. 68 Fulu Road
Chancheng District, Foshan
Guangdong Province
PRC

Bank of China Foshan Branch
No. 2, Renmin West Road
Chancheng District, Foshan
Guangdong Province
PRC

China Construction Bank
Foshan Jinlong Garden Sub-Branch
1st floor, No. 90, Jinhua Road
Chancheng District, Foshan
Guangdong Province
PRC

Bank of Communications
Foshan Hujing Sub-Branch
1st and 2nd floors of Tianhu Lidu
Hujing Road
Chancheng District, Foshan
Guangdong Province
PRC

China Merchants Bank Foshan Branch
No. 12, Denghu East Road
Nanhai District, Foshan
Guangdong Province
PRC

The information and statistics set out in this section and other sections of this prospectus were extracted from official government publications and other publicly available sources as well as from the independent industry report prepared by Frost & Sullivan (the "F&S Report"). The Company engaged Frost & Sullivan to prepare the F&S Report in connection with the Global Offering. The information from official government sources has not been independently verified by us, any of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy. For discussion of risks related to the Group's industry, see "Risk Factors — Risks Relating to Our Business and Industry" in this prospectus.

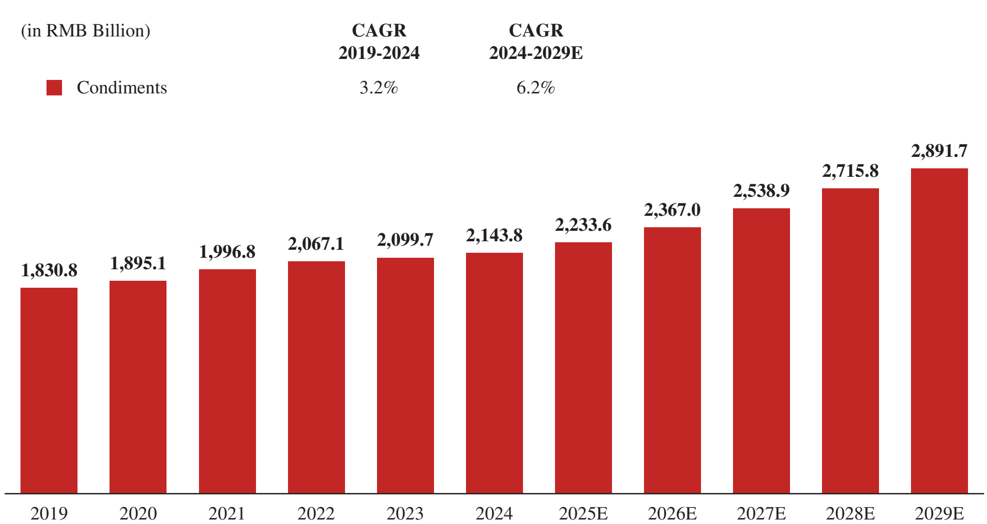
GLOBAL CONDIMENTS INDUSTRY

Market Overview and Competitive Landscape

Condiments are widely used in diet, cooking, and food processing to enhance flavors, improve aroma and neutralize odors. As a key component of daily dining, condiments have stable demand and exhibit low sensitivity to the changes in the economic environment, resulting in strong anti-cyclical characteristics.

The global condiments market is enormous. According to Frost & Sullivan, the global condiments market size in terms of revenue reached RMB2,143.8 billion in 2024, with a CAGR of 3.2% from 2019 to 2024. Driven by factors such as post-pandemic recovery, steady growth in consumer demand, and increasing diversification of condiment categories, the global condiments market size is expected to grow to RMB2,891.7 billion by 2029, representing a CAGR of 6.2% from 2024 to 2029.

Market Size of Global Condiments Industry, by Revenue, 2019-2029E



Source: Frost & Sullivan

The United States, Europe and China are the three largest regions in the global condiments market, with market sizes reaching RMB534.1 billion, RMB519.4 billion and RMB498.1 billion in 2024, respectively. Between 2024 and 2029, the Southeast Asian and the Latin American markets are expected to experience the fastest growth among major global markets, with CAGRs of 9.1% and 7.8%, respectively.

Market Size and Growth Rate of Major Global Condiments Markets, by Revenue

Regions	Market Size in 2024	2024-2029E CAGR
	(in RMB billion)	
United States	534.1	5.6%
Europe	519.4	5.3%
China	**498.1**	**7.0%**
Latin America	190.8	7.8%
Japan	118.9	4.8%
Southeast Asia	121.7	9.1%
Global Total	2,143.8	6.2%

Source: Frost & Sullivan

According to Frost & Sullivan, we ranked fifth in the global condiments industry in terms of revenue in 2024.

Top Five Companies in the Global Condiments Industry, by Revenue (2024)

Rank	Company	Main condiments categories	Country of headquarters	Market share	2013-2024 revenue CAGR
1. . .	Company A	Bouillon, recipe sauces, chicken essence	United Kingdom	3.3%	2.5%
2. . .	Company B	Ketchup, mayonnaise, salad dressings	United States	3.0%	4.6%
3. . .	Company C	Chicken essence, liquid chicken concentrate, recipe sauces	Switzerland	2.5%	0.0%
4. . .	Company D	Salad dressings, spices, recipe sauces	United States	2.2%	4.5%
5. . .	**Our Company**	**Soy sauce, oyster sauce, flavored sauces, vinegar, cooking wine and others**	**China**	**1.1%**	**10.0%**

Source: Frost & Sullivan, public information or filings of respective companies

Notes: Revenue refers to that generated from condiments business.

(1) Company A: A listed company incorporated in 1930 in the United Kingdom and listed on the New York Stock Exchange. The company mainly provides condiments, beauty products, personal care products, home care products and other products.

(2) Company B: A listed company incorporated in 2015 in the United States and listed on the Nasdaq Stock Exchange. The company mainly provides condiments, cheese and dairy, and other food products.

(3) Company C: A listed company incorporated in 1905 in Switzerland and listed on the Swiss Stock Exchange. The company mainly provides condiments, water, beverages, milk products and other products.

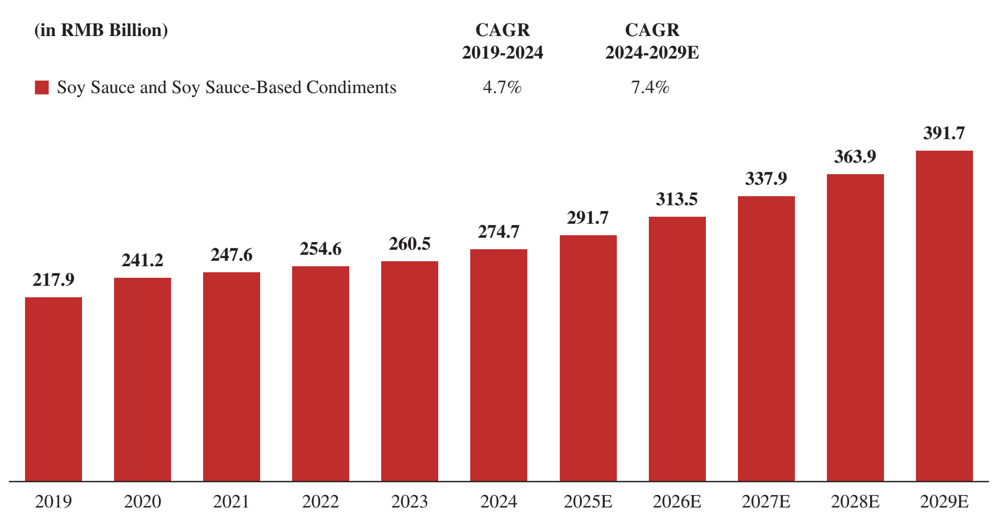
(4) Company D: A listed company incorporated in 1889 in the United States and listed on the New York Stock Exchange. The company mainly provides condiment products.

Overview of Global Soy Sauce and Soy Sauce-Based Condiments Industry

Soy sauce is a liquid condiment made from soybeans and/or defatted soybeans, etc., as the major raw material, blended with water, salt, and other ingredients to create its distinctive color, aroma, and taste. Soy sauce can also serve as a base for various compound condiments such as teriyaki sauce, barbecue sauce, poaching sauce, salad sauce and vinaigrette. The growing global popularity of Asian Cuisine has boosted demand for soy sauce and soy sauce-based condiments globally. In 2024, soy sauce and soy sauce-based condiments accounted for approximately 12.8% of the global condiments market, with a size of RMB274.7 billion, and is expected to grow at a CAGR of 7.4% from 2024 to 2029.

In terms of sub-regional market, Asian countries including China, Japan, South Korea and others in Southeast Asia, dominate both production and consumption of soy sauce and soy sauce-based condiments. With the blending of dietary cultures, consumers in regions such as North America and Europe are increasingly incorporating soy sauce and soy sauce-based condiments into their daily diets, further driving market growth.

Market Size of Global Soy Sauce and Soy Sauce-Based Condiments Industry, by Revenue, 2019-2029E



Source: Frost & Sullivan

According to Frost & Sullivan, we ranked first globally in terms of revenue in the soy sauce market in 2024, with a market share of 6.2%.

Top Three Companies in the Global Soy Sauce Industry, by Revenue (2024)

Rank	Company	Market Share
1	**Our Company**	**6.2%**
2	Company E	4.5%
3	Company B	1.8%

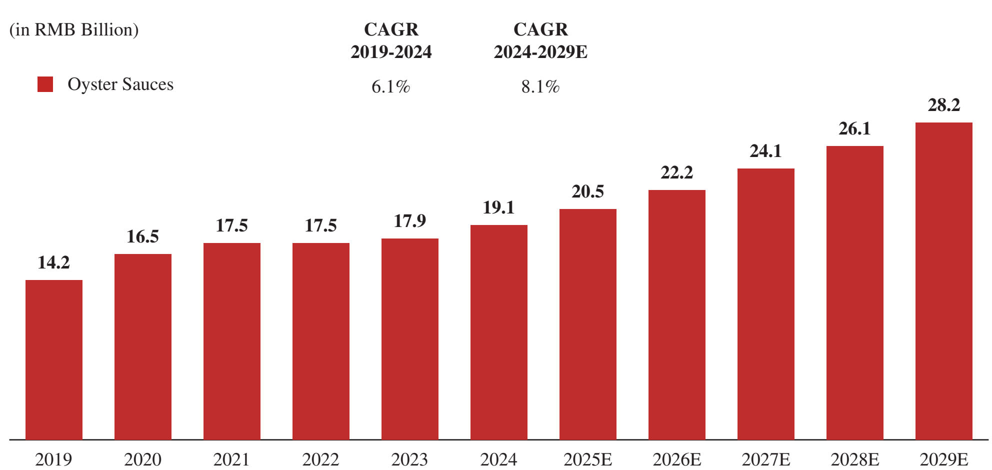
Source: Frost & Sullivan, public information or filings of respective companies

Note: Company E: A listed company incorporated in 1917 in Japan and listed on the Tokyo Stock Exchange. The company mainly provides condiments, food products, beverages and other products.

Overview of Global Oyster Sauce Industry

Oyster sauce is a condiment made by concentrating steamed and boiled oyster extracts or directly enzymatically hydrolyzing the oyster meat, with sugar, salt and other ingredients. Originated from Guangdong Province, China, oyster sauce market has rapidly developed both in China and overseas. In 2024, the global oyster sauce market size reached RMB19.1 billion, with an expected CAGR of 8.1% from 2024 to 2029.

Market Size of Global Oyster Sauce Industry, by Revenue, 2019-2029E



Source: Frost & Sullivan

According to Frost & Sullivan, we ranked first globally in terms of revenue in the oyster sauce market in 2024, with a market share of 24.1%.

Top Three Companies in the Global Oyster Sauce Industry, by Revenue (2024)

Rank	Company	Market Share
1	**Our Company**	**24.1%**
2	Company F	9.0%
3	Company C	4.0%

Source: Frost & Sullivan, public information or filings of respective companies

Note: Company F: A private company incorporated in 1888 in China. The company mainly provides condiments including soy sauce, oyster sauce, sweet and sour sauce, poaching sauce and others.

CHINA'S CONDIMENTS INDUSTRY

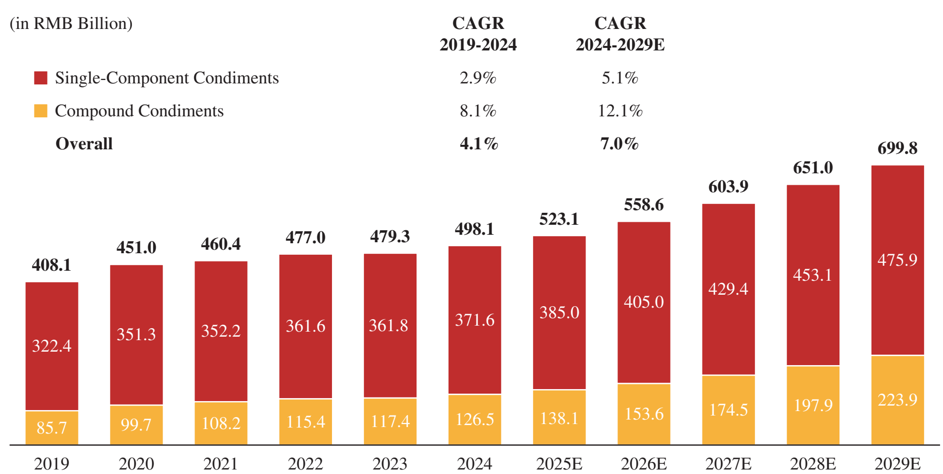
Market Overview and Competitive Landscape

China's condiments industry has experienced rapid growth and has become the second largest country market in the global condiments industry. According to Frost & Sullivan, China's condiments market size reached RMB498.1 billion in 2024 by revenue. However, China's per capita condiments consumption was RMB354 per year, which is approximately one-fifth of that in the United States and one-third of that in Japan, respectively. From 2023, the growth of China's condiments market slowed down due to factors such as relatively slow recovery in consumption needs, ongoing pandemic related impacts on channel sales, and broader market conditions. Over the longer term, driven by increasing per capita disposable income, rising urbanization, diversification of condiment categories and sales channels, and improving market concentration, China's condiments market size is expected to increase to RMB699.8 billion by 2029, with an estimated CAGR of 7.0% from 2024 to 2029.

China's diverse culinary landscape fosters a wide range of condiments preferences, offering significant opportunities for various condiment categories. Condiments are mainly divided into (i) single-component condiments, which are made from one ingredient as the major raw material, with other ingredients added to enhance flavor. Examples of single-component condiments include soy sauce, single-component flavored sauces, vinegar, cooking wine, oyster sauce, salt, sugar, and monosodium glutamate (MSG); and (ii) compound condiments, which are made from two or more ingredients as the major raw materials, with other ingredients added to enhance flavor. Examples of compound condiments include compound flavored sauces such as Chu Hou Paste and pasta sauce; liquid compound condiments such as teriyaki sauce and poaching sauces; and solid compound condiments such as hot pot condiments and chicken essence.

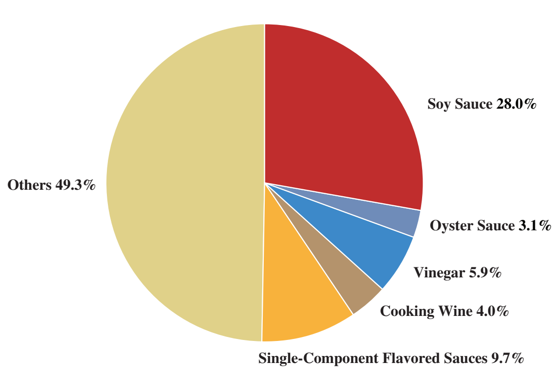
Single-component condiments, with their long history and broad applications, have been a significant part of China's condiments industry, sustaining steady growth. Among them, soy sauce is the largest sub-category, with a market size of RMB104.1 billion in 2024, accounting for approximately 28.0% of single-component condiments and approximately 20.9% of the overall condiments industry. In recent years, with the increase in households' income and consumption power, compound condiments have grown rapidly due to their convenience, among which compound flavored sauces accounted for approximately 19.9% of compound condiments in 2024, and soy sauce-based products made up approximately 15.9% of compound condiments. The chart below provides an overview of China's condiments market by category from 2019 to 2029, as well as the breakdown of the China's single-component condiments market and compound condiments market in 2024.

Market Size of China's Condiments Industry, by Revenue, Breakdown by Product Category, 2019-2029E

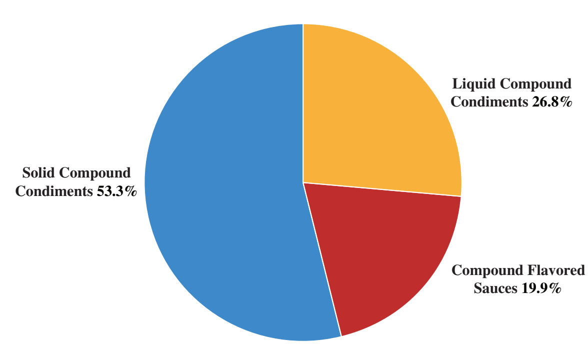


Source: Frost & Sullivan

Market Share of China's Single-Component Condiments Industry, by Revenue, Breakdown by Product Category, 2024



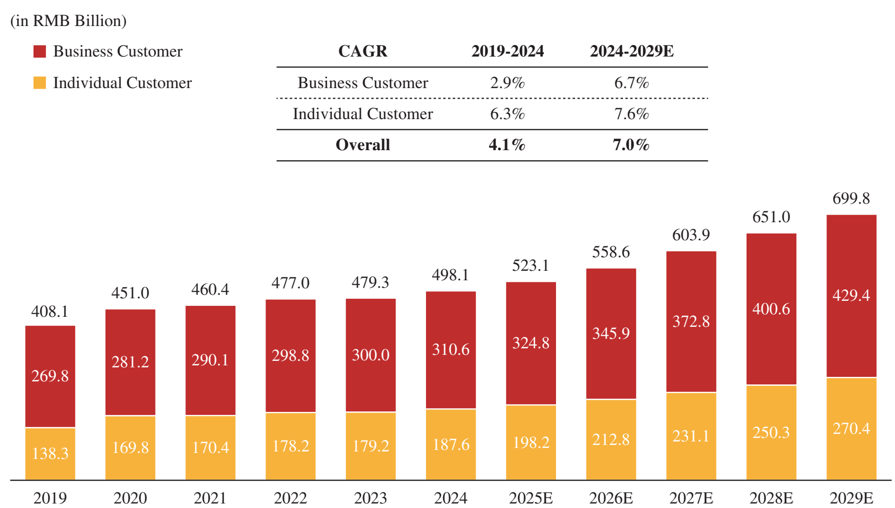
Market Share of China's Compound Condiments Industry, by Revenue, Breakdown by Product Category, 2024



Source: Frost & Sullivan

The main customer types in China's condiments industry include business customers and individual customers. Business customers, including catering businesses and food processing enterprises, have high consumption volumes and relatively stable demand, accounted for approximately 62.3% of China's condiments market in 2024. Individual customers are more focused on meeting household cooking demand and personal taste preferences. Compared with business customers, they pay more attention to product diversity and personalization.

Market Size of China's Condiments Industry, by Revenue, Breakdown by Customer Type, 2019-2029E



Source: Frost & Sullivan

According to Frost & Sullivan, we have maintained our leading position with the highest sales volume in China's condiments industry for 28 consecutive years. In terms of revenue in 2024, we accounted for a market share of 4.8%. The table below shows the main product categories and market share in terms of revenue of the top three companies in China's condiments industry in 2024.

Top Three Companies in China's Condiments Industry, by Revenue (2024)

Rank	Company	Main Condiments Categories	Market Share
1	**Our Company**	**Soy sauce, oyster sauce, flavored sauces, vinegar, cooking wine and others**	**4.8%**
2	Company G	MSG	2.2%
3	Company F	Soy sauce, oyster sauce, sweet and sour sauce, poaching sauce	1.4%

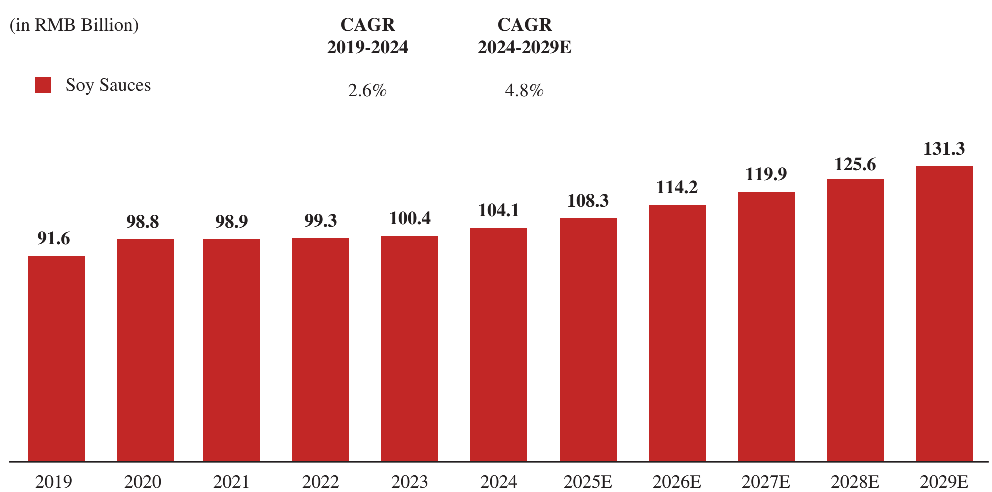
Source: Frost & Sullivan, public information or filings of respective companies

Note: Company G: A listed company incorporated in 1999 in China and listed on the Hong Kong Exchanges. The company mainly provides monosodium glutamate and other food additives, amino acid and other products.

Overview of China's Soy Sauce Industry

In China, there is a stable and substantial consumer demand for soy sauce. According to Frost & Sullivan, China's soy sauce market size was RMB104.1 billion in terms of revenue in 2024, with a CAGR of 2.6% from 2019 to 2024, and the CAGR from 2024 to 2029 is expected to be 4.8%. The chart below shows the market size of China's soy sauce market from 2019 to 2029.

Market Size of China's Soy Sauce Industry, by Revenue, 2019-2029E



Source: Frost & Sullivan

According to Frost & Sullivan, we have maintained the leading position with the highest sales volume in China's soy sauce market for twenty-eight consecutive years. In terms of revenue in 2024, we accounted for a market share of 13.2%. The table below shows details of the top three companies in China's soy sauce market in terms of revenue in 2024.

Top Three Companies in China's Soy Sauce Industry, by Revenue (2024)

Rank	Company	Market Share
1	**Our Company**	**13.2%**
2	Company H	3.3%
3	Company F	3.2%

Source: Frost & Sullivan

Note: Company H: A private company incorporated in 1992 in China. The company mainly provides condiments including soy sauce, flavored sauces, vinegar, and other products.

Structural Opportunities in the Soy Sauce Industry

China's soy sauce market is relatively fragmented, with market concentration far lower than that in Japan and the United States. In terms of revenue in 2024, the concentration ratio of the top five companies in the soy sauce market in China, Japan and the United States was 25.1%, 44.1% and 40.6%, respectively, indicating significant potential for China's leading soy sauce companies to increase their market share.

Furthermore, regional disparities in China offer distinct growth opportunities. The annual per capita condiments expenditure in third-tier and lower-tier cities in China through retail channels is less than half of that in first-tier cities, suggesting a substantial growth potential in lower-tier cities, where demand for soy sauce is still developing. Additionally, coupled with a shift in consumer taste preferences from "salty" to "umami", soy sauce is poised to benefit from an expanding presence in these regions, further driving market penetration and growth.

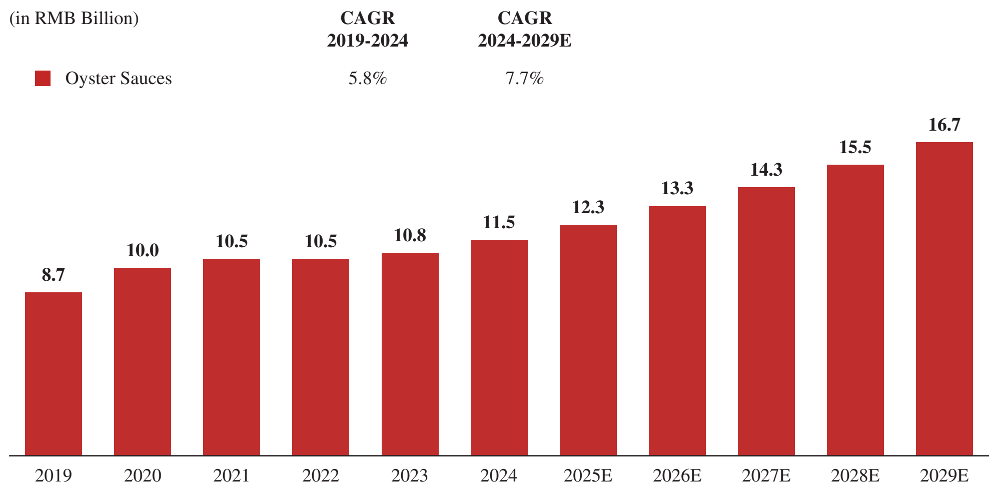
There is a growing consumer demand for healthier and more natural food products, with increasing emphasis on safety, health, and naturalness. This trend presents new market opportunities for soy sauce industry, particularly with the rising popularity of organic and reduced-salt soy sauce options, which cater to consumers' evolving dietary preferences.

With busy lifestyles driving the trend of convenient in-home dining, soy sauce-based condiments such as poaching sauces, salad sauces and vinaigrette, are gaining popularity. These products, which reduce cooking time and complexity, present a significant growth opportunity for the soy sauce market as households increasingly seek convenience-driven culinary solutions.

Overview of China's Oyster Sauce Industry

As dietary habits from various regions in China gradually emerge, oyster sauce has expanded beyond its traditional southern origins to become a nationwide staple. Its accelerated penetration into everyday dining has significantly contributed to the rapid expansion of its market size. According to Frost & Sullivan, China's oyster sauce market size in terms of revenue was RMB11.5 billion in 2024, with a CAGR of 5.8% from 2019 to 2024, and the CAGR from 2024 to 2029 is expected to be 7.7%. The chart below shows the market size of China's oyster sauce market from 2019 to 2029.

Market Size of China's Oyster Sauce Industry, by Revenue, 2019-2029E



Source: Frost & Sullivan

According to Frost & Sullivan, we have maintained our leading position with the largest sales volume in China's oyster sauce industry for twelve consecutive years. In terms of revenue in 2024, we accounted for a market share of 40.2%. The table below shows details of the top three companies in China's oyster sauce market in terms of revenue in 2024.

Top Three Companies in China's Oyster Sauce Industry, by Revenue (2024)

Rank	Company	Market Share
1	**Our Company**	**40.2%**
2	Company F	10.9%
3	Company I	2.4%

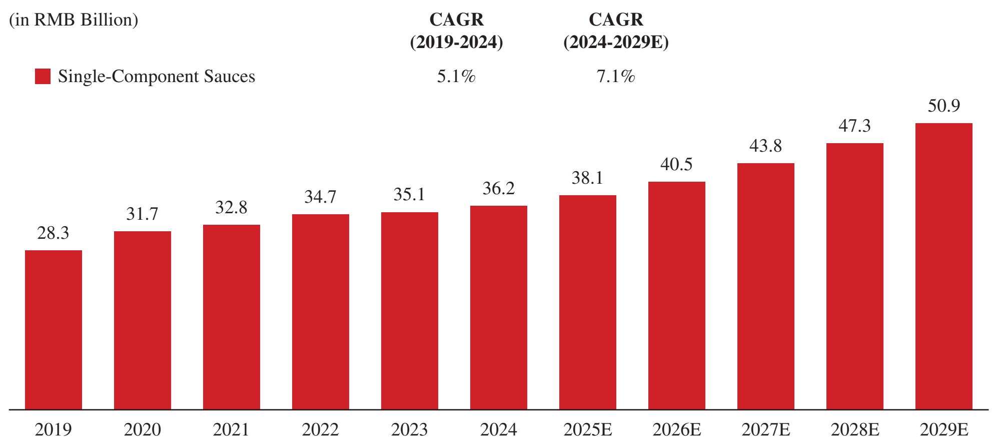
Source: Frost & Sullivan, public information or filings of respective companies

Note: Company I: A listed company incorporated in 1993 in China and listed on the Shanghai Stock Exchanges. The company mainly provides condiments including soy sauce, oyster sauce, vinegar and others.

Overview of China's Single-Component Flavored Sauces Industry

Flavored sauces mainly comprise of single-component flavored sauces and compound flavored sauces. Single-component flavored sauces are made from one ingredient as the major raw material, with other ingredients added to enhance flavor. Examples include bean sauce, wheat sauce, etc., which have a large consumer base and consumer demand. According to Frost & Sullivan, the market size of China's single-component flavored sauces industry in terms of revenue was RMB36.2 billion in 2024, with a CAGR of 5.1% from 2019 to 2024, and an expected CAGR of 7.1% from 2024 to 2029. The chart below shows the market size of China's single-component flavored sauces market from 2019 to 2029.

Market Size of China's Single-Component Flavored Sauces Industry, by Revenue, 2019-2029E



Source: Frost & Sullivan

According to Frost & Sullivan, we ranked first in China's single-component flavored sauces market in terms of revenue in 2024, with a market share of 4.6%. The table below shows details of the top three players in China's single-component flavored sauces market in terms of revenue in 2024.

Top Three Companies in China's Single-Component Flavored Sauces Industry, by Revenue (2024)

Ranking	Company	Market Share
1	**Our Company**	**4.6%**
2	Company H	3.4%
3	Company F	2.3%

Source: Frost & Sullivan

Overview of China's Vinegar and Cooking Wine Industry

Vinegar is a liquid acidic condiment produced with ingredients including starch, sugar or edible alcohol, either individually or as a mixture. As a commonly used condiment in daily cooking in China, vinegar has a long history and consistent demand. According to Frost & Sullivan, China's vinegar market size in terms of revenue was RMB22.1 billion in 2024, with a CAGR of 0.1% from 2019 to 2024, and the CAGR from 2024 to 2029 is expected to be 3.3%. According to Frost & Sullivan, in terms of revenue in 2024, we ranked second in China's vinegar market.

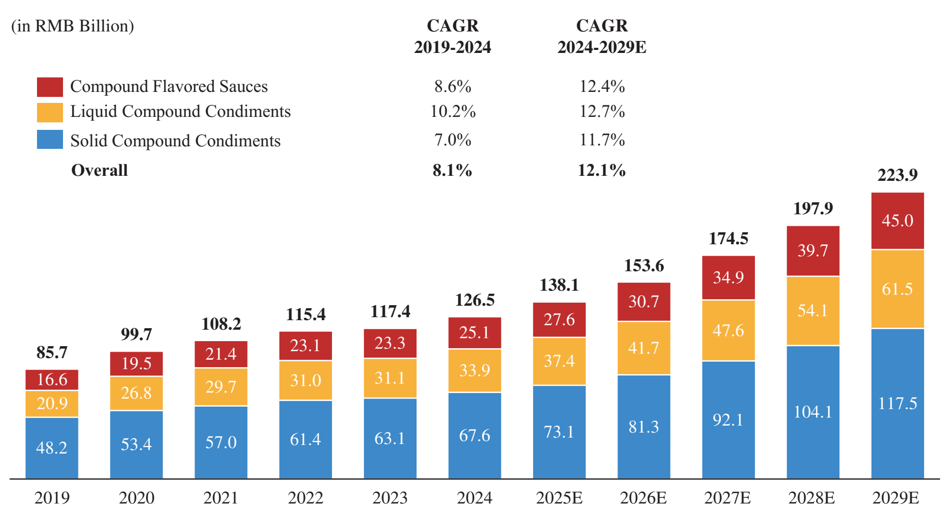
Cooking wine is usually made from yellow rice wine or rice wine as the major raw material and blended with spices, salt, sugar and other ingredients. In recent years, with the continuing increase in meat consumption, cooking wine has been widely used to remove odors and enhance flavor. It has gradually replaced other types of odor-removing wines and has become one of the most commonly used condiments in Chinese households. According to Frost & Sullivan, China's cooking wine market size in terms of revenue was RMB14.7 billion in 2024, with a CAGR of 4.4% from 2019 to 2024, and the CAGR from 2024 to 2029 is expected to be 6.1%. According to Frost & Sullivan, in terms of revenue in 2024, we ranked first in China's cooking wine market.

Overview of China's Compound Condiments Industry

Compound condiments are made from two or more ingredients as the major raw materials, added with other ingredients. As income and consumption levels rise, along with growing awareness of and demand for healthy eating, compound condiments are becoming increasingly popular for their versatility and convenience, positioning them for rapid growth.

According to Frost & Sullivan, the market size of compound condiments in China in terms of revenue was RMB126.5 billion in 2024, and is expected to grow at a CAGR of 12.1% to reach RMB223.9 billion by 2029. The chart below shows the market size breakdown of the compound condiments market by category from 2019 to 2029.

Market Size of China's Compound Condiments Industry, Breakdown by Product Category, by Revenue, 2019-2029E



Source: Frost & Sullivan

The table below shows details of the top three players in China's compound condiments market in terms of revenue in 2024.

Top Three Companies in China's Compound Condiments Industry, by Revenue (2024)

Ranking	Company	Market Share
1	Company C	4.7%
2	Company J	3.9%
3	Company K	3.7%

Source: Frost & Sullivan, public information or filings of respective companies

Notes:

Company J: A listed company incorporated in 2005 in China and listed on the Hong Kong Exchanges. The company mainly provides compound condiments and other food products.

Company K: A private company incorporated in 1997 in China. The company mainly provides condiments including flavored sauces, compound condiments, and other products.

INDUSTRY DRIVERS AND FUTURE TRENDS

- **Condiment Variety Driven by Culinary Culture and Consumer Demand.** China's vast territory fosters a rich and diverse culinary culture, resulting in varied taste preferences across regions. This diversity in culinary traditions and cooking habits provides a broad foundation for the development and diversification of condiments. At the same time, as living standards improve, consumers' needs for healthy food, taste, and packaging are becoming increasingly refined. For example, during cooking, consumers often select condiments tailored to specific dishes to enhance their flavor, such as specialized soy sauce for cold dishes or steamed fish. Additionally, the growing focus on healthy eating has driven demand for organic and reduced-salt condiments, encouraging the industry's shift towards healthier options. All these factors are fueling the creation of new condiment categories that align with the trend of diversification.

- **Rising Penetration of Restaurants Chains Driving Demand for Condiments.** The proportion of restaurant chains in China increased from 13.3% in 2019 to 22.0% in 2024. While still lower than in developed markets, this figure is expected to continue to rise. Restaurant chains generate significant demand for condiments, which directly drives the expansion of condiments companies and boosts product sales. Restaurant chains require seasoning solutions to ensure consistent taste and increasingly request customized products tailored to their needs. Therefore, in order to help restaurant chains maintain flavor consistency and operational efficiency, condiments companies, that offer comprehensive solutions by providing standardized condiments while swiftly meeting customization demands, are better positioned to strengthen their competitiveness and gain more market shares.

- **Diversification of Distribution Channels Unlocks Consumption Potential.** Offline channels will continue to dominate condiments sales due to their convenience and extensive geographic coverage. Meanwhile, the development of emerging channels such as community group purchase platform, fresh food e-commerce and online shopping platforms provides consumers with more diverse ways to access products. Condiments companies are increasingly leveraging emerging channels to reach a broader consumer base. For business customers such as catering businesses and food processing enterprises, dedicated online procurement platforms provide a more convenient procurement process. Combined with new media marketing, these diversified channels have brought potential for increased consumption to the condiments market.

- **Increasing Demand for Compound Condiments.** With the increasing pace of modern life and longer working hours, there is a growing demand for convenience in daily living. Compound condiments address this need for consumers with limited cooking experience. Their user friendly application, space-saving packaging, and ability to reduce cooking time align with the efficiency-driven lifestyle of today's consumers. Furthermore, restaurant chains, which require high levels of standardization and specialization in their condiments, are driving the demand for compound condiments that deliver consistent quality and cooking efficiency. This trend has also contributed to the rising demand for soy sauce, which is a key ingredient in many compound condiments.

KEY FACTORS FOR SUCCESS IN THE CONDIMENTS INDUSTRY

- **Trustworthy Brand Image.** As living standards improve and the concept of quality-first consumption prevails, brand recognition becomes a key factor for consumers when choosing condiments. Establishing consumer confidence in a brand is a time-consuming process. An established, professional and trustworthy brand image can differentiate themselves from competitors and maintain a long-term competitive advantage.

- **R&D Capability and Unique Taste Memory.** The brewing process and fermentation technology of major condiment categories such as soy sauce and vinegar are relatively complex. Established condiments companies invest significant funds and manpower in product R&D, creating unique product flavors. As condiments are essential components in consumers' meals every day, long-term flavor memories create consumer loyalty, leading to repeat purchases and brand trust, forming a unique competitive barrier.

- **Multi-Category Layout, Product Iteration and Innovation Capabilities.** The structure of China's condiments market is diverse. A multi-category layout helps condiments companies to meet consumers' diversified needs, strengthen brand awareness, thereby enhancing the overall market competitiveness of the company. A multi-category layout also covers a wider range of consumer groups and increase the attractiveness to distributors. In addition, condiments companies also need to quickly capture market trends and carry out product iterations and updates to meet changing consumer needs and maintain brand vitality.

- **Diverse and Extensive Sales Network.** The coverage rate and stability of sales network are crucial for condiments companies. Leading condiments companies have built large sales networks, professional teams, mature channel management capabilities and extensive operating experience through years of channel resource accumulation, enabling them to cover the national market with breadth and depth. At the same time, a comprehensive sales channel layout can enable condiments companies to capture changes in channel trends in a timely manner and seize sales opportunities for rapid growth in channels or regions.

- **Efficient Supply Chain and Strong Production Capabilities.** The condiments industry is characterized by its capital-intensive nature, featuring prolonged input-output cycles. Substantial capital investment is required for capacity building, and the development of production technology necessitates long-term accumulation. Leading condiments companies have long invested in upgrading production equipment, R&D and talent recruitment, gaining significant advantages from economies of scale. Additionally, by building an end-to-end supply chain system from procurement to sales, and creating a flexible production system, condiments companies can further improve production efficiency, meet diverse market demand with flexibility and enhance operational efficiency.

ENTRY BARRIERS OF THE CONDIMENTS INDUSTRY

- **Capital Investment.** The condiments industry is capital-intensive, with leading companies investing heavily in production upgrades, R&D, and talent recruiting. Newcomers, especially the ones with smaller business scale, often face challenges to sustain the substantial long-term investments needed, which can significantly hinder their growth and competitiveness.

- **Industry Know-how and Core Technologies.** The production of many condiments rely on industry know-how and core technologies that serve as a key competing factor. Leading companies excel at identifying and adapting to evolving consumer taste preferences, consistently introducing products that align with market trends while maintaining distinct characteristics. Their ability to innovate helps them stay ahead in a competitive landscape. In contrast, newcomers often lack sufficient know-hows and Core Technologies, making it difficult for them to gain traction and establish a strong foothold.

- **Advanced Production Capability.** Leading condiments companies invest heavily in R&D to enhance production efficiency and optimize flavor profiles. Processes like microbial fermentation require substantial investment in specialized equipment and skilled personnel. Additionally, integrating traditional recipes with modern production technologies is complex, posing a significant challenge for newcomers. Without the necessary expertise and technology resources, newcomers often struggle to establish their advantaged technologies, quality control and cost management, making it challenging to develop market-ready products, limiting their competitiveness.

CHALLENGES IN THE CONDIMENTS INDUSTRY

- **Competition**. Historically, due to strong regional characteristics and the presence of numerous local brands, China's condiments industry has been highly fragmented, leading to intense market competition and categorization as a highly competitive industry. In recent years, condiment consumption channels have been developing towards emerging and fragmented directions, with a significant increase in the diversification of consumer demands. Different condiment companies need to compete in areas such as product innovation, technology, sales networks and supply chains to expand their market share.

- **Innovation**. As consumer preferences become more diverse, condiments companies must continuously develop new products to meet evolving market demands. The rising interest in unique and exotic flavors makes product innovation a key competitive factor. However, developing new flavors that appeal to a broad audience requires significant investment in R&D, market research, and talent. Companies that rely solely on existing products and fail to adapt to shifting trends risk losing relevance in this rapid changing industry.

- **Raw Material Costs**. Raw material prices in the condiments industry are volatile, influenced by factors such as market supply and demand, international trade policies, and local regulations. Key ingredients, such as soybeans, salt, and sugar, along with packaging materials, contribute significantly to the production costs of condiments. When prices of these raw material rise, companies are forced to absorb the costs, reducing profitability, which may affect sales.

GLOBALIZATION TREND OF CONDIMENTS COMPANIES

Deliciousness and health are universal pursuits for consumers worldwide, driving consistent demand for better-tasting, higher-quality condiments. Certain categories, such as soy sauce, oyster sauce and chicken essence, have demonstrated flexibility in adapting to diverse regional eating habits and possess broad cross-cultural appeal. This has led to the emergence of cross-regional brands and global condiments companies. In addition, the high proportion of overseas revenue generated by global leading condiments companies also supports the globalization trend of condiments companies.

With the integration of global culinary cultures and increasingly mobile population, Chinese condiments companies are witnessing unprecedented development opportunities. On one hand, as population mobility increases, Chinese cuisine is spreading globally, and Asian flavors are becoming more popular, accelerating the global spread of condiments commonly used in Asian cuisines, resulting in rapidly increasing penetration rates. On the other hand, Chinese condiments companies have accumulated extensive expertise in technology, product development, supply chain management and production operations through long-term production experience. By leveraging their experience with China's diverse culinary traditions, these companies can adapt products to local tastes and cooking habits. Furthermore, a global layout also enables companies to adopt advanced technologies and source local raw materials for production in a more economical way.

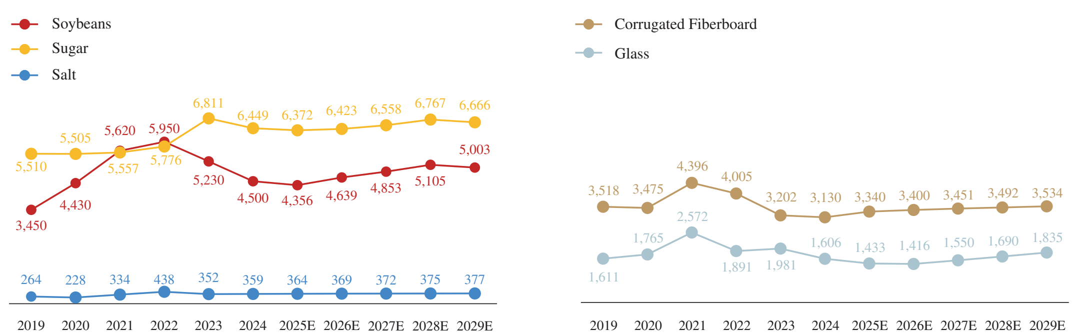
HISTORICAL PRICE TRENDS OF MAJOR RAW MATERIALS AND PACKAGING MATERIALS

Various raw materials are used in the production of condiments. For example, in the production of soy sauce, flavored sauces and some compound condiments, soybeans are the major raw materials, with ingredients such as sugar and salt added. In addition, corrugated fiberboard and glass are the major packaging materials for condiments. The chart below shows the price trends of these raw materials from 2019 to 2029.

Price Trends of Major Raw Materials and Packaging Materials
RMB/Tonne, 2019-2029E

CAGR	2019-2024	2024-2029E
Soybeans	5.5%	2.1%
Sugar	3.2%	0.7%
Salt	6.3%	1.0%

CAGR	2019-2024	2024-2029E
Corrugated Fiberboard	-2.3%	2.5%
Glass	-0.1%	2.7%



Source: Frost & Sullivan, National Bureau of Statistics, Ministry of Agriculture and Rural Affairs of PRC

The prices of soybeans, sugar and salt in China showed an upward trend from 2019 to 2024, with CAGRs of 5.5%, 3.2% and 6.3%, respectively. As the major packaging materials for condiments, the prices of corrugated fiberboard and glass in China were on a downward trend with a CAGR of -2.3% and -0.1% respectively from 2019 to 2024.

Since 2020, due to various factors such as rising fertilizer prices, agricultural costs have increased, resulting in higher soybean prices. Soybean prices have generally declined from 2023 due to the excessive soybean production in the United States and Brazil. Prices of commodities, including sugar and salt, have been rising since 2020 due to the volatile economic environment. In 2023, sugar prices increased further due to the reduced production capacity and the price declined in 2024 due to the increased production capacity. In contrast, salt prices declined in 2023 due to the excessive production capacity and ample supply in the market. From 2024, due to the enlarged demand in the domestic market, the salt prices have begun to increase. From 2019 to 2021, due to global economic volatility, the increase in the cost of raw materials for glass and corrugated fiberboard has resulted in a short term increase in the prices of these products. With the economy stabilizing and production capacity restored, the prices of glass and corrugated fiberboard stabilized gradually. As the social and economic environment recovers and develops steadily, prices of soybean and sugar will resume regular cyclical fluctuations in 2025-2029. Prices of salt, glass and corrugated fiberboard are expected to grow at a stable pace from 2025 to 2029.

SOURCE OF INFORMATION

In connection with the Global Offering, we engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of and prepare a report on the condiments industry in China and globally. Frost & Sullivan is an independent global consulting firm, founded in 1961 in New York. It offers industry research and market strategies, and provides growth consulting and corporate training. In connection with the market research services provided, we have paid a fee of RMB550,000 to Frost & Sullivan, which we believe to be consistent with market rates.

In compiling and preparing its report, Frost & Sullivan adopted the following assumptions: (i) the global social, economic and political environment is likely to remain stable in the five years from 2025 to 2029 (the "Forecast Year"), (ii) purchasing power is expected to continue to rise rapidly in emerging regions and to grow steadily in developed regions, (iii) the impact of public health incidents is phased and temporary against the backdrop of accelerated vaccination, China's economy shows long-term positive fundamentals, and (iv) related industry drivers such as growing purchasing power and others are likely to drive the condiments industry in the Forecast Year.

Except as otherwise noted, all the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Frost & Sullivan has prepared its report based on detailed primary research, which involved discussing the status of the condiments industry with certain leading industry participants, and secondary research which involved reviewing company reports, independent research reports and data from its own research database. Our Directors confirm that, after taking reasonable care, there has been no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

PRC LAWS AND REGULATIONS

We are subject to a variety of PRC laws, regulations and rules affecting many aspects of our business. This section summarizes major PRC laws, regulations and rules that are relevant to our business operations.

COMPANY AND FOREIGN INVESTMENT

The PRC Company Law (中華人民共和國公司法), which was promulgated by the Standing Committee of the PRC National People's Congress, or the SCNPC, and last revised on December 29, 2023 and became effective on July 1, 2024, applies to both PRC domestic companies and foreign-invested enterprises with respect to their establishment, organizational structure and management, etc. Under the PRC Company Law, a listed company shall disclose information about its shareholders and ultimate controllers, and such information must be true, accurate and complete. The PRC Company Law also stipulates the qualifications and obligations of a company's directors, supervisors and senior managers.

On March 15, 2019, the PRC National People's Congress, or the NPC, adopted the PRC Foreign Investment Law (中華人民共和國外商投資法) (the "Foreign Investment Law"), which became effective on January 1, 2020. The Foreign Investment Law is applicable to the foreign investments within the territory of the PRC, including the investment activities directly or indirectly conducted by a foreign enterprise. Moreover, investments to be made by foreign investors and foreign-owned enterprises in the PRC shall comply with the Special Administrative Measures (Negative List) for Access of Foreign Investments (2024 Edition) (外商投資准入特別管理措施(負面清單) (2024年版)) (the "Negative List"), which was promulgated on September 6, 2024 by the NDRC, and the MOFCOM, and became effective on November 1, 2024. Industries not listed in the Negative List are generally deemed "permitted" for foreign investments.

On December 30, 2019, the MOFCOM and the SAMR, jointly promulgated the Measures for Reporting of Foreign Investment Information (外商投資信息報告辦法), which became effective on January 1, 2020. Pursuant to these Measures, where a foreign investor directly or indirectly carries out investment activities in the PRC, the foreign investor or the foreign-invested enterprise shall submit investment information, including initial reports, change reports, cancellation reports, and annual reports, etc., to the competent commercial authority for further handling.

OUTBOUND INVESTMENT

Overseas investment activities of companies and other enterprises established in the PRC are subject to the administration by the MOFCOM, pursuant to the Administrative Measures for Outbound Investment (境外投資管理辦法), promulgated by the MOFCOM on March 16, 2009, and amended on September 6, 2014 and effective as of October 6, 2014 and by the NDRC, pursuant to the Measures for the Administration of Overseas Investment by Enterprises (企業境外投資管理辦法), promulgated by the NDRC and effective as of March 1, 2018.

According to these Measures, where the outbound investment to be carried out by a PRC enterprise involves sensitive countries and regions and sensitive industries, project verification management of the NDRC and investment verification management of the MOFCOM shall be implemented; for outbound investment other than those requiring verification management, filings of the investee project and the investment are required to be made with the NDRC and the MOFCOM respectively. Both NDRC and MOFCOM have online systems for outbound investors to submit verification/filing application documents and materials and if the verification or filing is granted, the outbound investors will receive the Verification Document or Filing Notice from the NDRC and the Enterprise Outbound Investment Certificate from the MOFCOM.

FOOD SAFETY AND PRODUCTION

Food Safety

On February 28, 2009, the SCNPC promulgated the PRC Food Safety Law (中華人民共和國食品安全法) (the "Food Safety Law"), which came into effect on June 1, 2009, last amended on April 29, 2021 and became effective on the same day. On July 20, 2009, the State Council promulgated the Implementing Regulations of the Food Safety Law (中華人民共和國食品安全法實施條例), which was last amended on October 11, 2019 and came into effect on December 1, 2019. According to the Food Safety Law and the Implementing Regulations of the Food Safety Law, food producers and operators shall engage in food production and operation activities in compliance with these laws, regulations and food safety standards, establish a sound food safety management system, and take effective measures to prevent and control food safety risks, thus ensuring food safety.

According to the Food Safety Law, supervision duties related to food safety shall be undertaken by the State Council and its relevant departments. The State Council shall establish a food safety committee. The food safety supervision and administration departments under the State Council shall exercise supervision and administration over food production and operation activities. The health administrative department under the State Council shall organize the implementation of risk monitoring and risk assessment of food safety and shall formulate and issue national food safety standards in concert with the food safety supervision and administration departments. The standardization administrative department under the State Council shall provide the reference codes for these national standards. Food safety standards are mandatory standards. Other relevant departments under the State Council shall carry out relevant food safety work.

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

On June 23, 2021, the SAMR published the Announcement on Strengthening the Quality and Safety Supervision of Soy Sauce and Vinegar (國家市場監督管理總局關於加強醬油和食醋質量安全監督管理的公告), which became effective on the same day. The Announcement requires that soy sauce and vinegar production enterprises organize production in accordance with Food Safety Law and food safety standards, strengthen raw materials procurement, production process control, product inspection and food additive use management, and establish a food safety traceability system to ensure product quality and safety. On December 24, 2021, the SAMR published the Measures for the Administration of Supervision and Inspection of Food Production and Marketing (食品生產經營監督檢查管理辦法), which became effective on March 15, 2022. The Measures require that food producers or traders shall be responsible for the safety of the food they produce or market, and actively cooperate with the SAMR in carrying out supervision and inspection.

Food Production and Operation Licensing

According to the Food Safety Law and the Implementing Regulations of the Food Safety Law, the PRC implements a licensing system for the food production, food operation and food additives. Enterprises engaging in food production, sales and catering services shall obtain permits in accordance with law.

According to the Administrative Measures of Food Production Licensing (食品生產許可管理辦法), which was promulgated by the State Food and Drug Administration on August 31, 2015, last amended on January 2, 2020 by the SAMR and came into effect on March 1, 2020, food production licensing is based on the principle of one license for one entity, which means the same food producer engaging in food production activities shall obtain one food production permit. The relevant authorities shall implement classified licensing for food production according to the risk level of the food.

According to the Measures for the Administration of Food Operation Licensing and Registration (食品經營許可和備案管理辦法), promulgated by the SAMR on June 15, 2023 and coming into effect on December 1, 2023, the SAMR shall be responsible for guiding the national administration of food operation licensing and registration. Except for certain statutory circumstances, anyone who engages in food sales and catering services within the territory of the PRC shall obtain a food operation permit in accordance with law. One who only sells prepackaged food shall make registration with the local market regulatory department at or above the county level where it is located. Food operators engaging in food business activities at different business locations shall obtain food operation permits or make registrations separately in accordance with law. Applications for food operation permits shall be made based on the main business forms of the applicants and the categories of the business items.

Food production permits and food operation permits are valid for five years. If the production or operation conditions of a food producer or operator change and no longer satisfy the requirements for food production or operation, the food producer or operator shall immediately take corrective measures and shall re-apply for the permit in accordance with law if necessary. For packaging materials with direct contact with food and other food-related products with higher risks, the production licensing shall be implemented in accordance with the relevant administrative provisions of the State on production licenses for industrial products. A food producer or operator engaging in food production and operation activities without obtaining a food production permit or a food operation permit may be subject to confiscation of illegal gains, illegally produced and operated food and food additive products, and tools, facilities and raw materials used for illegal production and operation. In addition, it may be subject to fines, orders of suspension of production and/or operation, detention, or even criminal penalties.

In order to further stipulate the specific rules regarding production of condiments, the SAMR published the General Rules on the Examination of Food Production Licensing (2022 Version) (食品生產許可審查通則(2022版)) on October 8, 2022, which became effective on November 1, 2022, setting forth the rules for the alteration and extension of licensing organized by the SAMR, and the Detailed Rules for the Review of Condiments Production Permits (調味品生產許可證審查細則) on November 25, 2020, setting forth detailed rules for the production permit of condiments other than soy sauce, vinegar, gourmet powder, and sauce.

Food Recall System

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

Pursuant to the Measures for the Administration of Food Recalls (食品召回管理辦法) promulgated by the China Food and Drug Administration (now the SAMR) on March 11, 2015 last amended on October 23, 2020 and became effective on the same day, the SAMR is responsible for guiding the supervision and management of the national suspension of production and operation, recall and disposal of unsafe goods. Food producers and operators shall assume primary responsibilities for food safety, establish and improve relevant management systems, collect and analyze food safety information, and fulfill the obligations to suspend the production and operation, recall, and disposal of unsafe food. Where food producers or operators find that their produced or operated food products are unsafe, they must immediately cease the production and operation, urge the customers to stop consumption by way of notices or announcements, and take necessary measures to prevent food safety risks.

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

Food Labelling Management

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

In order to better implement the relevant provisions of the Food Safety Law, on April 20, 2011, the Ministry of Health of the PRC (now the National Health Commission of the PRC, or the "NHC") issued the National Food Safety Standard General Rules for the Labeling of Prepackaged Food (食品安全國家標準預包裝食品標籤通則) (GB 7718-2011) (the "Standard General Rules"), which came into effect on April 20, 2012. On March 16, 2025, the NHC and SAMR issued the National Food Safety Standard General Rules for the Labeling of Prepackaged Food (食品安全國家標準預包裝食品標籤通則) (GB 7718-2025) (the "Revised Standard General Rules"), which revised and further standardized, among other things, the basic requirements for food labelling, the labeling method of food additives, the classification and labelling of the ingredient list, and the labeling requirements for food containing allergenic substances. The Revised Standard General Rules will become effective on March 16, 2027.

INDUSTRIAL PRODUCTS

According to the Administrative Regulations of the PRC 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), which was promulgated by the State Council on July 9, 2005, and was last amended and became effective on July 20, 2023, the State shall implement a production licensing system for enterprises that produce dairy products, meat products, beverages, rice, flour, edible oils, alcohol and other processed foods that have a direct bearing on human health. The validity period of production licenses for food processing enterprises is three years. If an enterprise seeks to continue producing the relevant product on the expiry of a production license, it shall apply for a new production license to the relevant department at the provincial level where it is located six months prior to the expiration of the existing production license.

PRODUCTION SAFETY

On June 29, 2002, the SCNPC promulgated the PRC Production Safety Law of the PRC (中華人民共和國安全生產法) (the "Production Safety Law"), which was last amended on June 10, 2021 and became effective on September 1, 2021. In accordance with the Production Safety Law, the PRC implements a system of accountability for production safety accidents. Production and operation units must implement national or industry standards formulated in accordance with the law to ensure safe production, and provide safe production conditions that meet the requirements of laws, administrative rules, and national or industry standards.

Production and business units shall set up conspicuous safety warning signs in production and business sites and relevant facilities and equipment with relatively high potential hazard. The design, manufacture, installation, use, testing, maintenance, transformation, and scrapping of safety equipment shall comply with national or industry standards.

HAZARDOUS CHEMICALS SAFETY

According to the Administrative Regulations on the Safety of Hazardous Chemicals (危險化學品安全管理條例), promulgated by the State Council on January 26, 2002, and last amended and taking effect on December 7, 2013, enterprises manufacturing or storing hazardous chemicals shall submit the safety evaluation report and the information on the implementation of the rectification proposal to the production safety supervision and administration departments of local people's governments at county level for record.

On July 6, 2019, the Ministry of Public Security promulgated the Measures for Public Security Management of Dangerous Chemicals Used to Make Explosives (易制爆危險化學品治安管理辦法) which became effective on August 10, 2019. According to these Measures, an entity engaged in the business of dangerous chemicals used to make explosives shall establish an information system for the mentioned dangerous chemicals, and have it interconnected with the information system of the public security organ. The entity shall truthfully register information on the sales, purchases, storeroom in-and-outs, receipt, use, return, disposal of the dangerous chemicals, and enter such information into the information system for dangerous chemicals used to make explosives.

ONLINE RETAIL BUSINESS

On August 31, 2018, the SCNPC issued the E-commerce Law of the PRC (中華人民共和國電子商務法) (the "E-commerce Law"), which came into effect on January 1, 2019. According to the E-commerce Law, "e-commerce" refers to business activities of selling goods or providing services through information networks such as the Internet. E-commerce operators shall register as market entities in accordance with the law, except for individuals selling self-produced agricultural and sideline products, household handicraft products and those who do not need to be registered in accordance with law or administrative regulations. When engaging in business activities, e-commerce operators shall obtain relevant administrative licenses if so required by law, failing which such e-commerce operators may be subject to order of rectification within a prescribed period of time, imposition of fines, and order of suspension of operations by the market regulation department.

On March 15, 2021, the SAMR issued the Measures for the Supervision and Administration of Online Transactions (網絡交易監督管理辦法), which became effective on May 1, 2021. These Measures apply to business activities of selling goods or providing services through the Internet or other information networks in PRC. According to these Measures, online transaction operators may not violate the provisions of laws, regulations or decisions of the State Council, or engage in business operations without required license. Except under the circumstances where registration is not required under the E-commerce Law, online transaction operators shall register themselves as market entities. Online transaction operators who carry out online transaction activities through online social networking, online live broadcasting and other online services shall display information about the goods or services and their actual operating entities, and after-sales services, etc. in a conspicuous manner, or the link to the above information.

On November 4, 2016, the Cyberspace Administration of the PRC, or the CAC, promulgated the Provisions on the Administration of Online Live-streaming Services (互聯網直播服務管理規定), which became effective on December 1, 2016. Pursuant to these Provisions, online live-streaming service providers shall enter into a service agreement with the users of online live-streaming services to clarify the rights and obligations of both parties and require them to comply with the laws, regulations and platform conventions.

IMPORT AND EXPORT OF GOODS

On May 12, 1994, the SCNPC promulgated the PRC Foreign Trade Law (中華人民共和國對外貿易法) (the "Foreign Trade Law"), which was last amended and came into force on December 30, 2022. In accordance with the Foreign Trade Law, the department in charge of foreign trade under the State Council shall be responsible for all foreign trade work throughout country, and work with other relevant departments under the State Council to formulate, adjust and issue a catalogue of goods and technologies that are restricted or prohibited from import or export. In addition, the department in charge of foreign trade under the State Council, or together with other relevant departments under the State Council, may, with the approval of the State Council, make temporary decisions to restrict or prohibit the import or export of specific goods and technologies not included in the aforesaid catalogue to the extent permitted by laws.

On September 13, 2024, the MOFCOM published the Foreign Trade Law (Draft for Comments), and the comment period ended on October 12, 2024. As of the Latest Practical Date, the revised Foreign Trade Law has not yet become effective.

Pursuant to the Administrative Provisions of the PRC Customs on the Recordation of Customs Declaration Entities (中華人民共和國海關報關單位備案管理規定) which was promulgated by the General Administration of Customs of the PRC on November 19, 2021 and took effect on January 1, 2022, customs declaration entities refer to consignees and consignors of import and export goods and customs declaration enterprises recorded with the Customs pursuant to these Provisions. Consignees or consignors of import and export goods applying for the recordation of customs declaration entity shall also obtain the recordation of foreign trade operator. The recordation of the customs declaration entities is valid for an unlimited period of time. According to the Administrative Measures for the Safety of Imported and Exported Food of the PRC (中華人民共和國進出口食品安全管理辦法) which was promulgated by the General Administration of Customs of the PRC on April 12, 2021 and took effect on January 1, 2022, export food production enterprises shall record with the local customs, and ensure that their exported food complies with the standards or contractual requirements of the importing country or region, the special requirements in international treaties or agreements concluded or participated in by the PRC, or the national food safety standards in the PRC, as the case may be.

PRODUCT QUALITY AND PRODUCT LIABILITY

On February 22, 1993, the SCNPC promulgated the Product Quality Law of the PRC (中華人民共和國產品質量法) (the "Product Quality Law"), which was last amended and took effect on December 29, 2018. According to the Product Quality Law, producers and sellers shall establish and improve their internal product quality management systems, and rigorously implement job post-related quality standards, and quality responsibilities and corresponding measures for their assessment. Both producers and sellers shall be responsible for product quality in accordance with law. The market regulatory department under the State Council is responsible for nationwide product quality supervision. All the relevant departments under the State Council are in charge of product quality supervision according to their respective responsibilities. The State, with respect to product quality, adopts a supervision and inspection system with random inspection as the main method. The products that may endanger human health and personal or property safety, the important industrial products that influence the national economy and the people's livelihood, and the products that have been reported by consumers or relevant organizations as defective in quality are subject to random inspection. No producer or seller may reject any supervision or inspection over product quality that is carried out in accordance with the law.

Pursuant to the PRC Civil Code (中華人民共和國民法典) promulgated by the NPC on May 28, 2020 and effective as of January 1, 2021, a manufacturer shall bear tort liability if its product causes damage to others due to a defect. If a defect is found in a product after it has been put into circulation, the manufacturer and the seller shall take remedial measures in a timely manner including withdrawal from sale, alerts, and recalls. In the event of expanded damage arising from a failure to take remedial measures in a timely manner or inadequate remedial measures, the manufacturer and the seller shall also be liable for the aggravated part of the damage.

PROTECTION OF CONSUMER RIGHTS AND INTERESTS

On October 31, 1993, the SCNPC promulgated the Consumer Rights and Interests Protection Law of the PRC (中華人民共和國消費者權益保護法) (the "Consumer Rights and Interests Protection Law"), which was last amended on October 25, 2013 and became effective on March 15, 2014. On March 15, 2024, the State Council promulgated the Regulation on the Implementation of the Consumer Rights and Interests Protection Law of the PRC (中華人民共和國消費者權益保護法實施條例), which was implemented on July 1, 2024.

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

ADVERTISEMENT

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

ANTI-UNFAIR COMPETITION

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

On August 30, 2007, the SCNPC promulgated the PRC Anti-Monopoly Law (中華人民共和國反壟斷法), which was amended on June 24, 2022 and became effective on August 1, 2022. The PRC Anti-Monopoly Law is applicable to monopolistic behaviors which include business operators reaching a monopoly agreement, business operators abusing their dominant market position, and business operators' concentration that has or may have the effect of eliminating or restricting competition. Pursuant to this Law, business operators may not use data and algorithms, technology, capital advantages or platform rules to engage in monopolistic practices prohibited by this Law.

INFORMATION SECURITY AND DATA PROTECTION

The PRC Data Security Law (中華人民共和國數據安全法) (the "Data Security Law") was passed on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law requires a data processor to establish and improve a whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities using the Internet or any other information networks, a data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of business permits or even criminal liabilities.

The PRC Personal Information Protection Law (中華人民共和國個人信息保護法) (the "Personal Information Protection Law") was promulgated on August 20, 2021 and came into effect on November 1, 2021. Instead of relying solely on "notification and consent" as established in the PRC Cybersecurity Law ("Cybersecurity Law"), the Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (1) the individual's consent has been obtained; (2) the processing is necessary for the conclusion or performance of a contract to which the individual is a party; (3) the processing is necessary to fulfill statutory duties and statutory obligations; (4) the processing is necessary to respond to public health emergencies or protect a natural person's life, health and property safety under emergency circumstances; (5) the personal information that has been made public is processed within a reasonable scope in accordance with the Personal Information Protection Law; (6) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision and other activities in the public interest; or (7) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. Any violation of the provisions and requirements under the Personal Information Protection Law may subject a personal information processor to rectifications, warnings, fines, suspension of the related business, revocation of licenses, inclusion in relevant credit record, or even criminal liabilities.

Pursuant to the PRC Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the security of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase, sell, provide or make public the personal information of others.

On April 13, 2020, thirteen PRC governmental and regulatory agencies, including the CAC, promulgated the Measures for Cybersecurity Review (網絡安全審查辦法), which was last amended on December 18, 2021, and came into effect on February 15, 2022. The Measures for Cybersecurity Review specifies that an online platform operator that possesses the personal information of more than one million users must apply for cybersecurity review by the Cybersecurity Review Office, if it plans on listing in foreign countries. The Cybersecurity

Review Office may initiate a cybersecurity review if any network products and services, activities of data processing or overseas listing of companies affects or may affect national security. Pursuant to the Measures for Cybersecurity Review, any violation shall be punished in accordance with the Cybersecurity Law and the Data Security Law, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties and suspension of non-compliant operations.

On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Data Flow (促進和規範數據跨境流動規定) (the "CBDF Provisions"). In accordance with the Measures for the Security Assessment of Outbound Data Transfer (數據出境安全評估辦法), implemented on September 1, 2022, the Measures for the Standard Contract for the Outbound Transfer of Personal Information (個人信息出境標準合同辦法), implemented on June 1, 2023, the Announcement regarding the Implementation of Personal Information Protection Certification (關於實施個人信息保護認證的公告), implemented on November 4, 2022, and the CBDF Provisions, data processors transferring data overseas are required to comply with the corresponding data cross-border transfer supervision procedures as stipulated by relevant laws and regulations, except for those meeting exemption conditions. According to the CBDF Provisions, data processors are subject to security assessments conducted by the CAC prior to any cross-border transfers of important data and personal information, if falling under any of the following circumstances: (1) where the critical information infrastructure operator intends to provide important data or personal information overseas; (2) where the data processor other than critical information infrastructure operators intends to provide important data overseas; (3) where the data processor other than critical information infrastructure operators, who has provided personal information (excluding sensitive personal information) of at least one million individuals or sensitive personal information of at least 10,000 individuals to overseas recipients accumulatively since January 1 of any given calendar year, intends to provide personal information overseas; and (4) other circumstances where the security assessment of cross-border data transfer is required as prescribed by the CAC.

On September 24, 2024, the State Council promulgated the Regulations on Network Data Security Management (網絡數據安全管理條例), which came into force on January 1, 2025. This regulation clarifies the general provisions on network data security management, and also further supplements and refines the specific requirements on personal information protection, important data security management, cross-border security management of network data, and obligations of network platform.

MANAGEMENT OF REAL PROPERTY

State-Owned Land

According to the Regulations on the Implementation of the PRC Land Administration Law (中華人民共和國土地管理法實施條例) promulgated by the State Council on December 27, 1998, last amended on July 2, 2021 and became effective on September 1, 2021, in order to use state-owned land, the user should acquire the land in the form of paid use, including transfer of state-owned land use right.

On May 19, 1990, the State Council promulgated the PRC Interim Regulations on the Assignment and Transfer of the State-owned Urban Land Use Rights (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例), which was amended and became effective on November 29, 2020. These Interim Regulations stipulate that unless otherwise provided by law, companies, enterprises, other organizations and individuals within or outside the territory of the PRC may obtain from the State land use rights to the state-owned urban land for a term of certain years by entering into land use right assignment agreements and paying assignment fees to the State, and carry out land development, utilization and management.

Leased Property

The Administrative Measures for Commodity Housing Tenancy (商品房屋租賃管理辦法), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective on February 1, 2011, stipulates that within thirty days from execution of a property lease contract, the parties to the contract shall complete property leasing registration with the competent construction (real estate) department of the local government where the leased property is located. If an organization fails to perform this obligation, the competent construction (real estate) departments shall urge the organization to make corrections within a specified time limit, and shall impose a fine between RMB1,000 and RMB10,000 on the organization if it fails to make corrections within the time limit.

FOREIGN EXCHANGE

The principal regulations governing foreign exchange in China are the PRC Regulations on Foreign Exchange Administration (中華人民共和國外匯管理條例) (the "Foreign Exchange Regulations"), which was promulgated by the State Council and became effective on August 5, 2008. Under the Foreign Exchange Regulations, payments of current account items (such as profit distributions and trade and service-related foreign exchange transactions) may be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or the SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required for conversion of Renminbi into foreign currencies and remittance of foreign currencies out of the PRC under capital account items such as direct investments, repayments of overseas loans, and investments in overseas securities markets.

According to the Circular on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the "SAFE Circular 19") promulgated by the SAFE and last amended on March 23, 2023, and the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (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) (the "SAFE Circular 16") promulgated by the SAFE and amended on December 4, 2023, the flow and use of Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than its affiliates unless otherwise permitted under its business scope.

In October 2019, the SAFE issued the Circular of 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) (the "SAFE Circular 28"), which was partially amended on December 4, 2023. The SAFE Circular 28 cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in the PRC, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知) issued by the SAFE on April 10, 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements.

ENVIRONMENTAL PROTECTION AND FIRE PREVENTION

Environmental Protection

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

Pursuant to the PRC Law on Environment Impact Assessment (中華人民共和國環境影響評價法), promulgated by the SCNPC on October 28, 2002, last amended and effective as of December 29, 2018, classification-based management shall be applied to environment impact assessment of construction projects according to their degree of impact on the environment. The catalogs for the classification-based management of the environment impact assessment of the construction projects shall be determined and published by the administrative department of the State Council in charge of environmental protection. The construction entity concerned shall prepare the Environmental Impact Report or Environmental Impact Statement or fill out the Environmental Impact Registration Form. The Environmental Impact Report or Environmental Impact Statement of a construction project shall be submitted by the construction entity to the administrative department of ecology and environment with the approval authority for approval in accordance with the provisions of the State Council. The State shall implement a record-filing-based management on Environmental Impact Registration Forms. If the environmental impact evaluation document of the construction project fails to be examined by the examination and approval department in accordance with the law or is not approved after examination, the construction unit may not start construction.

On November 29, 1998, the State Council promulgated the Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例), which was last amended on July 16, 2017 and became effective on October 1, 2017. According to these Regulations, (1) a report on environmental impact should be compiled for a construction project that may cause major impact on the environment; (2) a statement on environmental impact should be compiled for a construction project that may cause light impact on the environment; and (3) a registration form should be filed out and submitted for a construction project that has a slight impact on the environment so that an environmental impact assessment is not required.

The PRC Law on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法), which was promulgated by the SCNPC on May 11, 1984, last amended on June 27, 2017 and effective as of January 1, 2018, stipulates that the discharge of water pollutants shall not exceed the prescribed water pollutant discharge standards and the total discharge control targets of key water pollutants. Enterprises, institutions or other manufacturers and operators that directly or indirectly discharge into water bodies industrial effluent, medical sewage, and other wastewater or sewage dischargeable subject to a pollutant discharge permit must secure a pollutant discharge permit. Pollutant discharge permits should specify the types, concentrations, total amounts, and discharge destinations of water pollutants.

On April 1, 2024, the Ministry of Ecology and Environment of the PRC promulgated the Administrative Measures for Pollutant Discharge Licensing (排污許可管理辦法), which came into effect on July 1, 2024. Enterprises, institutions and other producers and operators that are subject to the administration of pollutant discharge licensing shall apply for and obtain pollutant discharge permits in accordance with the law, and discharge pollutants in accordance with the provision of the pollutant discharge license; those who have not obtained a pollutant discharge permit may not discharge pollutants. According to the Regulations on the Administration of Pollutant Discharge Permits (排污許可管理條例), which was promulgated by the State Council on January 24, 2021 and became effective on March 1, 2021, if a pollutant-discharging entity discharges pollutants without a pollutant discharge permit, the competent ecological and environmental authority shall order it to make corrections, restrict production or suspend production for rectification, and impose a fine between CNY200,000 and CNY1 million. If the circumstances are serious, it shall be ordered to suspend business or close down, subject to the approval of the people's government with the power of approval.

According to the Administrative Measures for the Licensing of Discharge of Urban Sewage into the Drainage Network (城鎮污水排入排水管網許可管理辦法), which was promulgated by the Ministry of Housing and Urban-rural Development on January 22, 2015, last amended on December 1, 2022 and effective as of February 1, 2023, enterprises, institutions and individual industrial and commercial households engaged in manufacturing, construction, catering and medical activities must apply for a permit for the discharge of sewage into the drainage network before discharging sewage into urban facilities.

Fire Prevention

According to the PRC Fire Prevention Law (中華人民共和國消防法), promulgated by the SCNPC on October 28, 2008, last amended on April 29, 2021 and effective on the same day, the fire protection design and construction of a construction project shall meet national fire protection technical standards for construction projects. Project owners, design entities, construction entities, project supervision entities, etc., shall, in accordance with the law, be responsible for the fire protection design and the quality of the fire protection construction of the projects.

SECURITIES LAW AND OVERSEAS OFFERING AND LISTING OF SHARES

On December 29, 1998, the SCNPC promulgated the PRC Securities Law (中華人民共和國證券法), which was last amended on December 28, 2019 and took effect on March 1, 2020. The PRC Securities Law regulates activities in the PRC 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 PRC Securities Law states that domestic enterprises that seek to issue securities abroad directly or indirectly or to list their securities abroad for trading shall comply with the relevant provisions of the State Council.

Pursuant to the Trial Measures for the Administration of Overseas Offering and Listing of Securities by Domestic Enterprises (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 and effective as of March 31, 2023, direct or indirect issuance of securities overseas by a domestic company or listing of its securities overseas is subject to the regulations of the CSRC, and in the case of an initial public offering of shares or listing overseas, the issuer or the designated entity shall file with the CSRC within three business days after the application for the initial public offering is submitted.

On February 24, 2023, the CSRC and three other 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). Pursuant to these Provisions, if a domestic enterprise is to provide to the relevant securities companies, securities service institutions, overseas regulatory authorities or other entities and individuals, or publicly disclose, any document or material that involves state secrets and working secrets of state agencies, 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 the territory of the PRC 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 the territory of the PRC. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the PRC.

TAXATION

Enterprise Income Tax

According to the PRC Law on Enterprise Income Tax (中華人民共和國企業所得稅法) (the "EIT Law"), which was promulgated by the SCNPC on March 16, 2007, last amended and became effective on December 29, 2018, and the Implementing Regulations of the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例) (the "EIT Implementing Regulations"), which was promulgated by the State Council on December 6, 2007, last amended on April 13, 2019 and became effective on the same day, enterprises are classified into resident enterprises and non-resident enterprises. The EIT Law generally imposes a uniform enterprise income tax rate of 25% on all resident enterprises in China, including foreign-invested enterprises. However, high-tech enterprises to which the PRC need to give key support are given the reduced enterprise income tax rate of 15%.

Value-Added Tax

All entities and individuals engaged in the sales of goods, provision of processing, repairs and replacement services, the sales of service, intangible assets and real estate, and the importation of goods within the territory of the PRC shall pay value-added tax (the "VAT") in accordance with the Interim Value-added Tax Regulations of the PRC (中華人民共和國增值稅暫行條例) (the "VAT Regulations"), which was promulgated by the State Council on December 13, 1993, last amended and became effective on November 19, 2017, and the Implementing Rules for 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 MOF on December 15, 2008, last amended on October 28, 2011, and took effect on November 1, 2011.

Dividends Distribution

The principal laws, rules and regulations governing dividend distribution by foreign-invested enterprises in the PRC are the Company Law, the Foreign Investment Law and its Implementing Rules. Under these laws and regulations, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations.

Pursuant to the PRC Individual Income Tax Law (中華人民共和國個人所得稅法), which was last amended on August 31, 2018, and became effective on January 1, 2019, and the Implementation Provisions 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), which was last amended on December 18, 2018, and became effective on January 1, 2019, dividends distributed by PRC enterprises to individuals shall be subject to individual income tax levied at a flat rate of 20%.

Pursuant to the EIT Laws and the EIT Implementing Regulations, a non-PRC resident enterprise is subject to a reduced 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists its shares in Hong Kong. If a non-PRC resident enterprise either does not have an establishment or place of business in the PRC, or has such establishment or place of business in the PRC but its PRC-sourced income is not effectively connected with the establishment or place of business, the income tax payable by the non-PRC resident enterprise shall be withheld at source.

EMPLOYMENT, SOCIAL INSURANCE, AND HOUSING PROVIDENT FUND

Employment

According to the PRC Labor Law (中華人民共和國勞動法), which was promulgated by the SCNPC on July 5, 1994, last amended and became effective on December 29, 2018, an employer shall develop and improve its rules and regulations to safeguard the rights of its employees, who are entitled to fair employment, choice of occupation, labor remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare, and certain other rights. An employer shall develop and improve its labor safety and sanitation system, stringently implement national protocols and standards on labor safety and sanitation, conduct labor safety and sanitation education for employers, guard against labor accidents and reduce occupational hazards.

On June 29, 2007, the SCNPC promulgated the PRC Labor Contract Law (中華人民共和國勞動合同法) (the "Labor Contract Law"), which was amended on December 28, 2012 with effect from July 1, 2013, and the State Council promulgated the Implementing Regulations of the Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例) with immediate effect from September 18, 2008. The aim of the Labor Contract Law and its Implementing Regulation is primarily to regulate employee/employer rights and obligations, including matters with respect to the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law and its Implementing Regulation, a written labor contract shall be executed by an employer and an employee when the employment relationship is established. Employers are forbidden to force or in a disguised manner force employees to work beyond the time limit, and employers shall pay employees for overtime work in line with related state rules and regulations. In addition, labor wages shall not be lower than local standards on minimum wages and shall be paid to employees in a timely manner.

Social Insurance and Housing Provident Fund

As required under the PRC Social Insurance Law (中華人民共和國社會保險法), promulgated on October 28, 2010 by the SCNPC, amended and taking effect on December 29, 2018, an employer shall, within 30 days from the date of establishment of the entity, apply to the local social insurance agency for social insurance registration. The social insurance agency shall complete the check and review process and issue social insurance registration certificate to the employer within fifteen days from receipt of the application.

According to the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例), which was promulgated on April 3, 1999 by the State Council, last amended on March 24, 2019 and became effective thereafter, a newly established entity shall go to the housing provident fund management centre to undertake housing provident fund payment and deposit registration within 30 days from the date of its establishment, and go through the formalities of opening housing provident fund accounts on behalf of its employees within 20 days from the date of the registration.

INTELLECTUAL PROPERTY

Trademark

Pursuant to the PRC Trademark Law (中華人民共和國商標法) (the "**Trademark Law**"), which was promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and became effective on November 1, 2019, and the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例), which was adopted by the State Council on August 3, 2002, last amended on April 29, 2014, and became effective on May 1, 2014, the trademark registrants shall be entitled to the right to the exclusive use of their registered trademarks and shall be protected by law. A registered trademark is valid for a term of ten years commencing on the date of registration approval, and the term is renewable. The trademark registrant may, by concluding a trademark licensing contract, authorize other persons to use its registered trademark.

Patents

According to the PRC Patent Law (中華人民共和國專利法) promulgated by the SCNPC on March 12, 1984 and most recently amended on October 17, 2020, and the Implementation Rules of the PRC Patent Law (中華人民共和國專利法實施細則), promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and effective from January 20, 2024, invention patents are valid for twenty years, utility model patents are valid for ten years, and design patents are valid for fifteen years, in each case from the date of application.

Copyright

In accordance with the PRC Copyright Law (中華人民共和國著作權法), which was promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020, and became effective on June 1, 2021, works of PRC nationals, legal persons and other organizations, whether published or not, and works of non-PRC nationals or stateless persons which are first published in the territory of the PRC, shall enjoy copyright under this Law. Unless otherwise provided for by this Law, the copyright in a work shall be owned by its author. An author's rights of authorship, modification and integrity in respect of his/her work shall continue in perpetuity.

Domain Names

Domain names are protected under the Administrative Measures for Internet Domain Names (互聯網域名管理辦法) issued by the Ministry of Industry and Information Technology, or the MIIT, on August 24, 2017 and effective from November 1, 2017, and the Implementing Rules for National Top-level Domain Registration (國家頂級域名註冊實施細則) issued by China Internet Network Information Centre on June 18, 2019, which became effective on the same day. The MIIT is the main regulatory body responsible for the administration of the PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

OVERVIEW

In 1955, 25 ancient soy sauce factories in Foshan, Guangdong Province were merged and restructured as Foshan Public-Private Partnership Haitian Seasoning Factory (佛山市公私合營海天醬油廠) ("**Haitian Seasoning Factory**"), being our predecessor. Since then, the Company has been focusing on the production and sales of condiments and has become a leading condiments production and sales company.

In November 2010, our Company was converted into a joint stock limited company from a limited liability company, with Guangdong Haitian and Foshan Haipeng being our Company's promoters. In February 2014, our A Shares were listed on the main board of the Shanghai Stock Exchange (stock code: 603288) (the "**A-Shares Listing**"). See "— Major Shareholding Changes in Our Company — Conversion into Joint Stock Limited Company and Listing on the Shanghai Stock Exchange" for more details. As of the Latest Practicable Date, Guangdong Haitian directly and indirectly (through Foshan Haipeng) held 58.38% of our share capital.

OUR KEY MILESTONES

The following is a summary of our Group's key business development milestones:

Year	Milestone
1955	Our predecessor Haitian Seasoning Factory was established.
1988	We ranked first in the country in terms of production volume, sales volume, quality and export volume of soy sauce.
1990	We were recognized as the National Second-class Enterprise by the State Council Enterprise Management Steering Committee and the State Council Production Committee.
1995	We converted into a limited liability company and started our fast-track development, transforming into an enterprise featured with scientific management.
2000	Our brand has been recognized as the Famous Trademark in China.
2001	We established a vision for the Double Hundred Project ("雙百"工程). The success of the Double Hundred Project was of great significance to the future development of Haitian.

Year	Milestone
2004	We were recognized as one of the Top 100 Enterprises in China's Food Industry by the Industrial and Transportation Statistics Department of the National Bureau of Statistics of China and the China Food Industry Association.
2005	We established our production base in Gaoming District, Foshan with a capacity of one million tons of soy sauce, which became one of the largest soy sauce production base in the world.
2006	We were among the first batch being recognized as the China Time-honored Brand (中華老字號) by the Ministry of Commerce of the PRC.
2009	We were awarded the Second Prize of National Scientific and Technological Progress by the State Council of China.
2010	We were officially approved to set up an Enterprise Post-doctoral Research Station, and our testing center was recognized as a National Accredited Laboratory for the first time.
2013	Our annual sales value exceeded RMB10 billion.
2014	We were listed on the Shanghai Stock Exchange (stock code: 603288).
2017	Gaoming Haitian was recognized as one of the first national green factories, and it was also the only food enterprise in Guangdong Province that has been awarded the honor.
2018	We achieved our overall goal of "recreating a Haitian in five years and doubling the sales revenue."
2021	We orderly accelerated the production bases construction and increased production capacity. We started the construction of the production base in Nanning, and expanded production projects in Gaoming and Suqian. We entered a new stage of nationwide production capacity layout, providing strong support for the market development.
2022	We were awarded the title of "National Intellectual Property Advantage Enterprise" by the China National Intellectual Property Administration.
2024	We ranked first in the 2024 China Brand Value Evaluation of China Time-honored Brand.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries which had made a material contribution to our results of operation during the Track Record Period:

Name of subsidiary	Place of incorporation	Date of incorporation	Equity interest attributable to our Group	Principal business activities
Foshan Haitian (Gaoming) Flavoring Food Co., Ltd. (佛山市海天(高明)調味食品有限公司) ("**Gaoming Haitian**")	PRC	June 7, 2004	100%	Manufacturing of condiments
Haitian Vinegar Industry Group Limited (海天醋業集團有限公司) ("**Vinegar Group**")	PRC	March 25, 2014	100%	Manufacturing of condiments
Guangdong Xiaokang Technology Co., Ltd. (廣東小康科技有限公司) ("**Xiaokang Technology**")	PRC	June 22, 2017	100%	Sales of condiments food and beverages
Foshan Haitian (Nanning) Seasoning Food Co., Ltd. (佛山市海天(南寧)調味食品有限公司) ("**Nanning Haitian**")	PRC	January 23, 2020	100%	Manufacturing of condiments
Haitian Oyster Sauce (Tianjin) Group Co., Ltd. (海天蠔油(天津)集團有限公司) ("**Tianjin Oyster**")	PRC	February 7, 2021	100%	Sales of condiments
Foshan Haitian (Suqian) Seasoning Food Co., Ltd. (佛山市海天(宿遷)調味食品有限公司) ("**Suqian Haitian**")	PRC	August 25, 2021	100%	Manufacturing of condiments
Zhejiang Haitian Vinegar Wine Marketing Co., Ltd. (浙江海天醋酒營銷有限公司) ("**Zhejiang Cujiu**")	PRC	September 1, 2021	100%	Sales of condiments

Name of subsidiary	Place of incorporation	Date of incorporation	Equity interest attributable to our Group	Principal business activities
Haitian Brewing Food Co., Ltd. (海天釀造食品有限公司) ("**Haitian Niangzao**")	PRC	January 10, 2022	100%	Sales of condiments
Hensil Worldwide Investments Limited (興兆環球投資有限公司) ("**Hensil Worldwide**")	BVI	July 4, 2001	100%	Equity investment

* *The English names of the PRC companies are translations of their Chinese names, and are included herein for identification purpose only. If there is any inconsistency, the Chinese name shall prevail.*

MAJOR SHAREHOLDING CHANGES IN OUR COMPANY

Early Development of our Company

In 1955, our predecessor Haitian Seasoning Factory was established in Foshan, Guangdong Province, focusing on the production and marketing of seasonings. In August 1995, our Company was restructured into a limited liability company and renamed as Foshan Haitian Flavouring and Food Company Ltd. (佛山市海天調味食品有限公司).

Upon the completion of several rounds of share transfers and capital injection, on October 29, 2010, the registered share capital of our Company reached RMB129,551,700, with Guangdong Haitian and Foshan Haipeng, a wholly-owned subsidiary of Guangdong Haitian, holding 99.8% and 0.2% of the equity interests in our Company respectively.

Conversion into Joint Stock Limited Company and Listing on the Shanghai Stock Exchange

In November 2010, our Company was converted from a limited liability company to a joint stock limited company, with Guangdong Haitian and Foshan Haipeng being our Company's promoters. In December 2010, the registered capital of our Company was further increased to RMB711,000,000 through subscription by 58 individual shareholders who were the employees of our Company.

In February 2014, our A Shares were listed on the main board of the Shanghai Stock Exchange (stock code: 603288). We offered a total of 74,850,000 A Shares during the A-Shares Listing, out of which 37,500,000 A Shares were issued by us and 37,350,000 A Shares were offered by our then existing Shareholders, each representing approximately 5% of our then share capital. Upon completion of the A-Shares Listing, Guangdong Haitian directly and indirectly (through Foshan Haipeng) owned approximately 58.38% of our Company's then share capital.

Concert Party Arrangements

On December 27, 2023, Mr. Pang, Ms. Cheng, Mr. Guan, Mr. Chen, Mr. Wen and Mr. Liao (the "**Concert Party Group**") entered into a concert party agreement with an effective period of 36 months from the date of the agreement (the "**Concert Party Agreement**"), pursuant to which each of them, as a shareholder of Guangdong Haitian, undertook to vote unanimously when electing directors of Guangdong Haitian and exercising their voting rights in respect of the Shares in our Company directly or indirectly held by Guangdong Haitian.

As of the Latest Practicable Date, the total issued share capital of our Company was directly and indirectly (through Foshan Haipeng) held as to approximately 58.38% by Guangdong Haitian, in which the Concert Party Group held approximately 73.59% interest. The Concert Party Group is also directly interested in the total issued share capital of our Company as to approximately 13.75% in aggregate (with Mr. Pang, Ms. Cheng, Mr. Guan, Mr. Chen, Mr. Wen and Mr. Liao having approximately 9.57%, 3.17%, 0.61%, 0.21%, 0.16% and 0.03% interest in the total issued share capital of our Company, respectively). Together with Guangdong Haitian's interest in our Company, the Concert Party Group is interested in the total issued share capital of our Company as to approximately 72.12% in aggregate. Accordingly, Guangdong Haitian, Foshan Haipeng and the Concert Party Group will be regarded as a group of Controlling Shareholders upon Listing.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE LISTING ON THE STOCK EXCHANGE

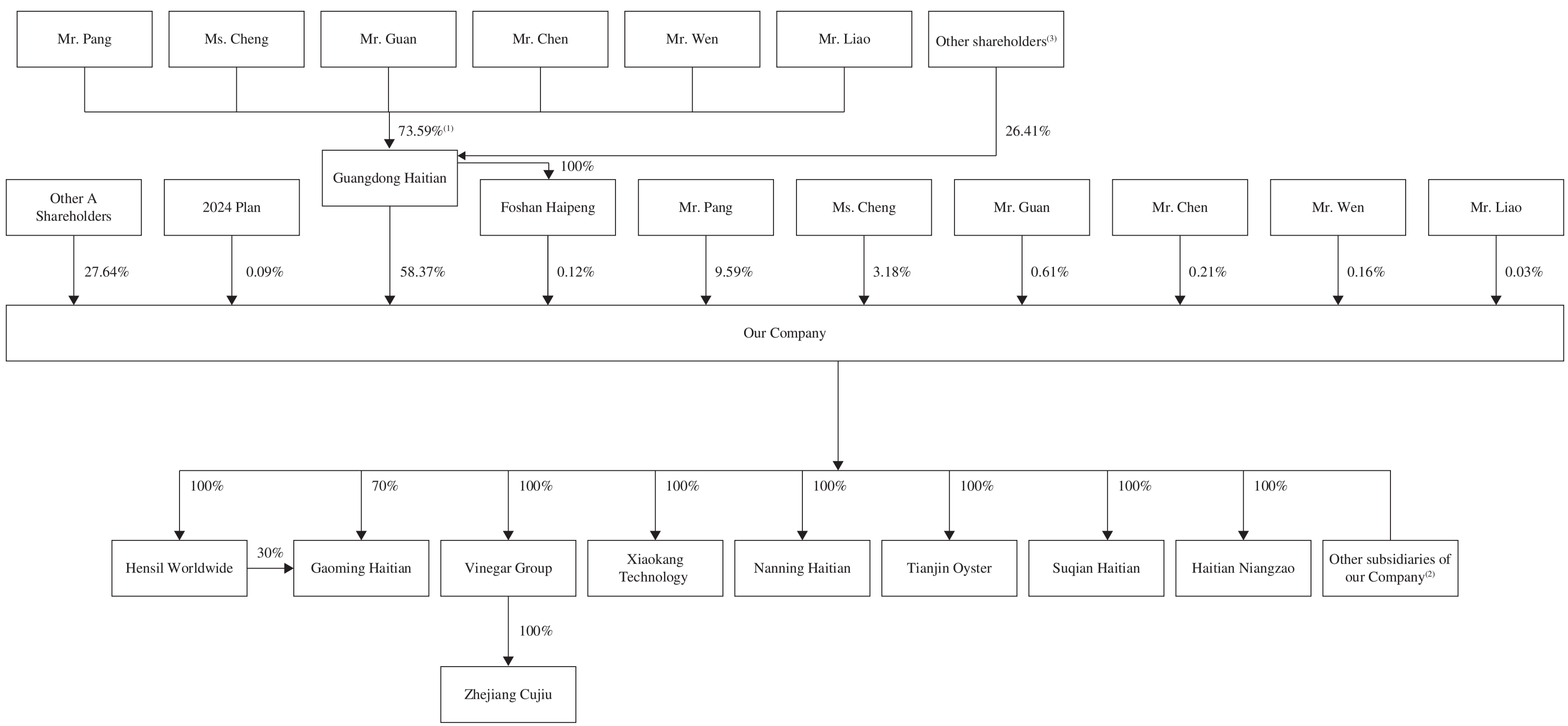
Our Directors confirmed that, as of the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisor advised us that during the Track Record Period and up to the Latest Practical Date, we have not been subject to any substantial administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to cast doubt on our Directors' confirmation with regard to the compliance record of the Company on the Shanghai Stock Exchange in any material respect.

Our Company seeks to be listed on the Hong Kong Stock Exchange in order to promote our globalization strategy, improve our international brand image and competitiveness. See "Business — Our Strategies" and "Future Plans and Use of Proceeds" for more details.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate structure immediately before the Global Offering

The following chart depicts a simplified shareholding and beneficial ownership structure of our Group immediately prior to the completion of the Global Offering (excluding 10,289,491 treasury Shares and assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing):



Notes:

(1) As of the Latest Practicable Date, our Company was directly and indirectly (through Foshan Haipeng) held as to 58.48% by Guangdong Haitian, in which the Concert Party Group had approximately 73.59% equity interest (with Mr. Pang, Ms. Cheng, Mr. Guan, Mr. Chen, Mr. Wen and Mr. Liao having approximately 50.63%, 16.78%, 3.27% (including 1.79% equity interest held by Ms. Zhang Xin, Mr. Guan's spouse), 1.17%, 1.11% and 0.62% interest in Guangdong Haitian, respectively). The Concert Party Group also directly held approximately 13.77% interest in our Company in total (with Mr. Pang, Ms. Cheng, Mr. Guan, Mr. Chen, Mr. Wen and Mr. Liao having approximately 9.59%, 3.18%, 0.61% (including 0.33% equity interest held by Ms. Zhang Xin, Mr. Guan's spouse), 0.21%, 0.16% and 0.03% equity interests in our Company, respectively). To the knowledge of our Company, as of the Latest Practicable Date, Mr. Wen and Mr. Chen have pledged 1,804,000 A shares and 1,280,400 A shares held by them respectively, accounting for approximately 0.03% and 0.02% of the Company's issued share capital respectively.

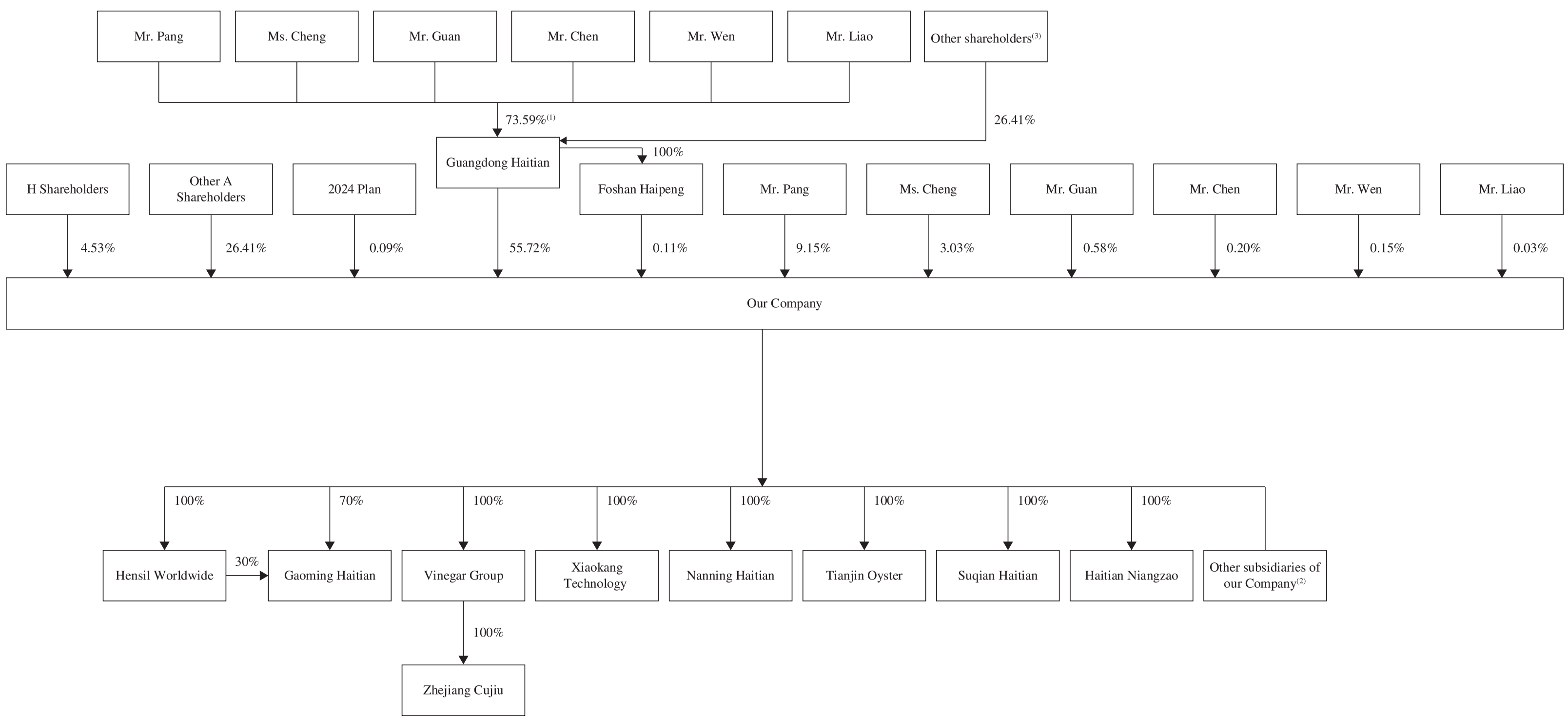
(2) To support the development of the Company's business in various categories and various regions, the Company has 67 subsidiaries. Other subsidiaries include (a) 44 wholly-owned subsidiaries, including Guangdong Guangzhonghuang Food Co., Ltd. (廣東廣中皇食品有限公司), Foshan Haisheng Food Co., Ltd. (佛山市海盛食品有限公司), Guangdong Xiaokang Logistics Co., Ltd. (廣東小康智慧供應鏈科技有限公司), Shenzhen Qianhai Tianyi Trading Co., Ltd. (深圳前海天益貿易有限公司), Guangdong Hailian Biological Technology Co., Ltd. (廣東海蓮生物科技有限公司), Guangdong Haitian International Trade Co., Ltd. (廣東海天國際貿易有限公司), Heilongjiang Haiyu Agricultural Technology Co., Ltd. (黑龍江海裕農業科技有限公司), Ningbo Haichun Investment Co., Ltd. (寧波海醇投資有限公司), Ningbo Haijiang Investment Co., Ltd. (寧波海匠投資有限公司), Ningbo Haipo Ruixiang Investment Partnership Enterprise (Limited Partnership) (寧波海珀睿享投資合夥企業(有限合夥)), Ningbo Haipohui Investment Partnership Enterprise (Limited Partnership) (寧波海珀匯投資合夥企業(有限合夥)), Foshan Haitian (Wuhan) Seasoning Food Co., Ltd. (佛山市海天(武漢)調味食品有限公司), Haitian Oyster Sauce (Nanning) Food Co., Ltd. (海天蠔油(南寧)食品有限公司), Suqian Yuanshang Fresh Food Co., Ltd. (宿遷緣上鮮食品有限公司), Foshan Haitian (Tianjin) Seasoning Food Co., Ltd. (佛山市海天(天津)調味食品有限公司), Foshan Haitian (Chengdu) Seasoning Food Co., Ltd. (佛山市海天(成都)調味食品有限公司), Haitian Haippert Food Technology Co., Ltd. (海天海珀特食品科技有限公司), Hepert (Guangdong) Food Co., Ltd. (海珀特(廣東)食品有限公司), Dai Dai Tian (Wuhan) Food Group Co., Ltd. (代代田(武漢)食品集團有限公司), Haitian Yanbenwu Food Technology Co., Ltd. (海天宴本屋食品科技有限公司), Anhui Tianyi Trading Co., Ltd. (安徽天益貿易有限公司), Hainan Kangzhuang Tongda Supply Chain Management Co., Ltd. (海南康莊通達供應鏈管理有限公司), Haitian Vinegar (Guangdong) Co., Ltd. (海天醋業(廣東)有限公司), Haitian Vinegar (Zhejiang) Co., Ltd. (海天醋業(浙江)有限公司), Haitian Vinegar (Wuhan) Co., Ltd. (海天醋業(武漢)有限公司), Haiqin (Guangdong) Park Management Services Co., Ltd. (海勤(廣東)園區管理服務有限公司), Joyful Food Technology Co., Ltd. (喜悅物產食品科技有限公司), Tianqu Biotechnology Co., Ltd. (天曲生物科技有限公司), Benyuan Niang High-tech Co., Ltd. (本源釀高新科技有限公司), Haitian Yuncang (Foshan) Technology Co., Ltd. (海天雲倉(佛山)科技有限公司), Aiguozhe (Guangdong) Health Technology Co., Ltd. (愛果者(廣東)健康科技有限公司), Zhengfengnian Agricultural Technology Co., Ltd. (正豐年農業科技有限公司), Dai Dai Tian (Foshan) Bio-Technology Co., Ltd. (代代田(佛山)生物科技有限公司), Lizhi Food Co., Ltd. (禮致食品有限公司), Guangdong Four Seasons Tiancheng Food Co., Ltd. (廣東四季天成食品有限公司), Haitian (Hainan) Investment Co., Ltd. (海天(海南)投資有限公司), Haitian International Investment Co., Ltd. (海天國際投資有限公司), Tianqi International Innovation Co., Ltd. (天麒國際創新有限公司), Maolong Sauce Garden Food Co., Ltd. (茂隆醬園食品有限公司), Công Ty Tnhh Haday Việt Nam, Haitian International Commerce Company Limited (海天國際貿易有限公司), Công Ty Tnhh Thực phẩm Haday Việt Nam, Pt Haday Food Indonesia, and Tianzhi (Guangdong) Engineering Technology Co., Ltd. (天致(廣東)工程技術有限公司), PT Haday Group Indonesia, Haday Food (AM) Holding Limited, and Haday US Inc.; (b) Zhenjiang Danhe Vinegar Industry Co., Ltd. (鎮江丹和醋業有限公司) which is held as to 70% and 30% by our Company and Mr. Shi Rongbing (史榮炳), an Independent Third Party; (c) Zhejiang Jiusheng Oil Tea Technology Co., Ltd. (浙江久晟油茶科技有限公司) which is held as to 67% by our Company, 20%, 8% and 5% by Mr. Shi Yuhua (施餘華), Mr. Zhang Xiangjie (張向傑) and Ms. Shi Linan (施麗楠), each being an Independent Third Party. Each of Guizhou Jiusheng Health Industry Co., Ltd. (貴州久晟大健康產業有限公司), Jiangxi Jiu Sheng Biotechnology Co., Ltd. (江西久晟生物科技有限公司), Hangzhou Jiusheng Biotechnology Co., Ltd. (杭州久晟生物科技有限公司), Zhejiang Qiandao Yuan Tea Oil Marketing Co., Ltd. (浙江千島源茶油營銷有限公司), Jiangxi Jiusheng Oil Tea Development Co., Ltd. (江西久晟油茶發展有限公司), and Guizhou Jiusheng Camellia Oil Technology Co., Ltd. (貴州久晟油茶科技有限公司) are wholly-owned subsidiaries of Zhejiang Jiusheng Oil Tea Technology Co., Ltd.; (d) Honghe Hongbin Food Co., Ltd. (紅河宏斌食品有限公司) which is held as to 67% by our Company and 33% by Yunnan Shengrun Industrial Co., Ltd. (雲南晟潤實業有限公司), an Independent Third Party. Midu Laotuguan Green Foodstuff Co., Ltd. (彌渡縣老土罐綠色食品有限責任公司) is a wholly owned subsidiary of Honghe Hongbin Food Co., Ltd.; and (e) Hefei Yanzhuang Edible Oil Co., Ltd. (合肥燕莊食用油有限責任公司) which is held as to 67% by our Company and 33% by Ms. Liu Yan (劉燕), an Independent Third Party.

(3) Other shareholders of Guangdong Haitian include Fang Zhancheng (方展城), Huang Wenbiao (黃文彪), Wu Zhenxing (吳振興), Wu Yuming (吳玉銘), Li Qiangzhong (李強忠), Hua Dingtian (花定甜), Liang Wanyun (梁婉雲), Huang Zhenqiang (黃振強), Wu Congyao (鄔聰堯), Pan Laican (潘來燦), Lai Jianping (賴建平), Li Huafeng (李華鋒), Hu Yuxiang (胡玉祥), Zhang Lizhen (張麗貞) and Wu Weiming (吳偉明). To the best knowledge of the Company, except for (a) Mr. Huang Wenbiao who is an executive Director of the Company, and (b) Mr. Wu Weiming who is a former director of Gaoming Haitian, each of the other shareholders of Guangdong Haitian is an Independent Third Party. None of the other Shareholders of Guangdong Haitian hold more than 4% of its equity interests.

* *The English names of the PRC companies are translations of their Chinese names, and are included herein for identification purpose only. If there is any inconsistency, the Chinese name shall prevail.*

Shareholding and Corporate structure immediately following the Global Offering

The following chart depicts the shareholding and beneficial ownership structure of our Group immediately following the completion of the Global Offering, excluding 10,289,491 treasury Shares, assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing:



Notes (1) to (3): Please refer to the details contained in the preceding page.

OVERVIEW

We are China's leading condiments company with long-standing heritage. We are dedicated to providing quality condiment products serving the seasoning needs for home cooking and dining experiences. Our main product categories include soy sauce, oyster sauce, flavored sauce, specialty condiment products and others.

We are the leader in China's condiments industry, ranking first in China's condiments market in terms of revenue in 2024, the market size of which reached RMB498.1 billion in 2024, and our market share thereof was 4.8% more than twice that of our closest competitor in the same year, according to Frost & Sullivan. We ranked fifth in the global condiments market in terms of revenue in 2024, the market size of which reached RMB2,143.8 billion in 2024, and our market share thereof was of 1.1% in the same year. We have been the largest condiment company in China for 28 consecutive years in terms of sales volume. Our soy sauce and oyster sauce products consistently hold the number one positions, while our flavored sauce, vinegar, and cooking wine products achieved leading market positions in China.

Specifically, in 2024:

- **Soy Sauce**: Ranked first in both global and China's markets in terms of revenue, with a market share of 13.2% in China and a global market share of 6.2%.

- **Oyster Sauce**: Ranked first in both global and China's markets in terms of revenue, with a market share of 40.2% in China and a global market share of 24.1%.

- **Flavored Sauce**: Ranked first in China's single-component flavored sauce market in terms of revenue with a market share of 4.6% in China.

Our Brand and Products

"Haday" is a popular brand in China's consumer sector. We consistently provide quality condiment products to our customers. Our longstanding reputation has made "Haday" a household name with a penetration rate of over 80% of households in China, according to the 2024 Brand Footprint Report by Kantar Worldpanel. We ranked fourth among China's consumers' preferred brands and first among China's condiments brands.

Our comprehensive product portfolio includes soy sauce, oyster sauce, flavored sauce, vinegar, cooking wine, chicken essence, tomato sauce, chili sauce and other specialty condiment products. By offering over 1,450 SKUs, we provide our customers with extensive choices.

We have successfully incubated a portfolio of household bestsellers. We have seven product series with annual revenue exceeding RMB1 billion, making us the condiments company with the highest number of billion-annual-revenue bestsellers in China. We have 31 product series with annual revenue exceeding RMB100 million, which contributed 76.6% of our revenue generated from product sales in 2024.

How We Capture Growth Opportunities

There are vast opportunities for leading condiments companies in China, characterized by extensive market scale, strong consumer loyalty and stable demand. According to Frost & Sullivan, China's condiments market is expected to maintain steady growth, reaching RMB699.8 billion by 2029, with a CAGR of 7.0% from 2024 to 2029. China's condiments industry presents significant and diverse growth prospects. China's per capita condiments spending was RMB354 in 2024, only approximately one-fifth of that in the United States and one-third of that in Japan. In terms of revenue in 2024, the market share concentration of China's top five players in the condiments industry was 10.9%, substantially lower than 24.0% in the United States and 29.7% in Japan. The industry is witnessing multiple emerging trends, including rising demand for compound flavored, convenience, and healthy products. The penetration into rural regions in China's market and growing demand in overseas markets present significant growth opportunities.

We have built an industry-leading and customer-centric business model to capture these opportunities and further enhance our competitiveness:

- **Long-term Development Commitment**: We focus on long-term value development and strengthening our presence in the condiments industry by strategically building market leadership positions in well-established categories and expanding into new categories. From urban to rural markets, from China to overseas markets, we continue to expand our market presence, enrich our offerings, and strengthen our brand assets.

- **Optimized Supply Chain Capabilities**: We are dedicated to providing quality products at competitive prices to our customers. Our optimized supply chain capabilities enable us to achieve leading quality, efficiency, and cost advantages. We strive for excellence across every link of the supply chain. Our production staff has achieved the highest per capita revenue among China's listed condiments companies.

- **Sales Network with Breadth and Depth**: We developed the broadest sales network coverage in the condiments industry in China, with virtually 100% coverage at the municipal level and nearly 90% coverage at the county level. Our sales force of over three thousand personnel works closely with our professional distributors to deeply penetrate food service channels, supermarkets, wholesale markets, specialized channels, e-commerce and community group purchase platforms, providing high-quality service to catering businesses, food processing enterprises and retail customers, among others.

- **Established Technological Advantage**: Decades of dedicated efforts in fermentation technology, key production equipment, nutrition, ingredients and formula have established technology barriers. As of December 31, 2024, we have been granted over 1,000 patents covering product R&D, strain breeding and data-driven fermentation technology.

Leveraging these core capabilities, we continue to seize market opportunities and strengthen our position in the condiments industry. We are committed to further penetrating the domestic market by seizing more diversified market demand and enhancing the breadth and depth of our sales coverage. We also plan to bring our flavors to the world and incorporate global tastes into our portfolio. By doing so, we aim to steadily increase our market share and strengthen our market position.

Our Financial Performance

We have maintained financial performance during the Track Record Period through our operational capabilities, despite the changing market environment. In 2022, 2023 and 2024, our revenue amounted to RMB25,609.7 million, RMB24,559.3 million and RMB26,901.0 million, respectively, with net profits of RMB6,203.2 million, RMB5,642.2 million and RMB6,355.9 million, representing net profit margins of 24.2%, 23.0% and 23.6%, respectively. During the Track Record Period, our net profit margins consistently exceeded those of the other global top ten players in the condiments industry. We are committed to delivering continual returns to our shareholders. As of 2024, our cumulative dividends for the past decade have exceeded RMB29.0 billion, with a nearly 60% average annual dividend payout ratio.

OUR COMPETITIVE STRENGTHS

We believe the following strengths have driven our success and enable us to seize market opportunities and achieve sustainable growth:

China's Largest Player in the Condiments Industry

We are the leader in China's condiments industry in terms of revenue in 2024, according to Frost & Sullivan. We ranked first in China's condiments market in terms of revenue, with a market share over twice that of our closest competitor in 2024. We have stood as the largest condiment company in China for 28 consecutive years in terms of sales volume. Our soy sauce and oyster sauce products consistently hold the number one positions in China, according to the same source. We have successfully applied our expertise to other categories such as flavored sauce, vinegar and cooking wine, achieving market leadership positions in those categories.

"Haday" is a popular brand widely recognized across China. We are among the first batch of "China Time-honored Brand" recognized by the Ministry of Commerce of China. In China, we have a penetration rate of over 80% of households, according to the 2024 Brand Footprint Report by Kantar Worldpanel. We ranked fourth among China's consumers' preferred brands and first among China's condiments brands. According to the 2024 China Brand Power Index℠ (C-BPI®), we have consistently ranked first in the brand power rankings for our soy sauce, oyster sauce and flavored sauce products. According to Brand Finance (Food 100) in 2024, we ranked third among global food brands in the "Top 10 Strongest Food Brands" and first among condiments brands in the "World's Most Valuable Food Brand Top 100."

We are a fast-growing company among the leading players in the global condiments industry. We have established our strengths in terms of cost management and maintained competitive profitability. In 2022, 2023 and 2024, we have maintained substantially higher net profit margins among the top ten players in the global condiments industry, achieving net profit margins of 24.2%, 23.0% and 23.6%, respectively.

China's condiments market presents vast growth opportunities. China's condiments industry has opportunities for growth based on consumer behaviors and competitive landscape. China's per capita condiments spending was RMB354 in 2024, only approximately one-fifth of that in the United States and one-third of that in Japan. In terms of revenue in 2024, the market share concentration of China's top five players in the condiments industry was only 10.9%, substantially lower than 24.0% in the United States and 29.7% in Japan. New demand patterns have emerged, such as preferences for compounding flavored, convenient and healthy products. The penetration into rural regions in China's market and growing demand in overseas markets present significant growth opportunities.

Household Products and Portfolio that are Familiar to a Vast Customer Base

Committed to the principle of "Customer First", we offer products with exceptional quality at competitive prices. By reaching a broader and deeper customer base, we have established ourselves as a classic brand with wide customers' recognition. We have successfully cultivated seven product series with annual revenue exceeding RMB1 billion and 31 product series with annual revenue exceeding RMB100 million, spanning multiple categories including soy sauce, oyster sauce, flavored sauce, vinegar, and cooking wine. Among these, our Golden Label Light Soy Sauce and Mushroom Dark Soy Sauce have been national bestsellers for over 60 years, while our Superior Oyster Sauce and Soybean Sauce have each maintained annual revenue exceeding RMB1 billion for over ten consecutive years. We are the Chinese condiment company with the highest number of billion-annual-revenue bestsellers. Our product series with annual revenue exceeding RMB100 million contributed 76.6% of our total revenue from product sales in 2024, earning deep customer trust.

With a customer-centric approach, we continuously innovate and enrich our existing product lines. Addressing market demand, we have successively launched our better-for-you product lines. For the year ended December 31, 2024, our organic, reduced-salt and other better-for-you product lines achieved a year-on-year revenue growth of 33.6%. Focusing on convenience needs, we developed our proprietary "easy-squeeze" bottle packaging, overcoming the pain points of difficult pouring, excessive residue, and inconvenient transportation associated with traditional glass bottle packaging for certain categories of products. As of December 31, 2024, the cumulative sales of "easy-squeeze" bottle oyster sauce products have reached 460 million bottles. We continually apply our successful experience in more emerging categories and trending products, consistently aiming to shorten the R&D and scaling time for new categories and new products. For example, we are dedicated to launching multiple series of compound flavored sauces and liquid compound condiments, which are well-received in the market and show rapid growth.

Catering to the needs of catering businesses, food processing enterprises and end-customers, and addressing various use scenarios including cooking, cold dishes, and table condiments, while considering the dietary characteristics of different regions in China and various countries, we have launched over 1,450 SKUs to provide comprehensive product offerings for all kitchen and dining table seasoning needs. Our comprehensive category matrix and rich product portfolio set us apart and strengthen our competitiveness in various sales channels. The product competitiveness drives steady revenue growth by increasing distributors' business scale and profitability, thus, making them more dedicated to the distribution and promotion of our products. In 2024, our soy sauce and oyster sauce products achieved year-on-year growth of 8.9% and 8.6%, respectively; meanwhile, our multi-category strategy continued to drive our growth, with flavored sauce and other specialty condiment products collectively achieving year-on-year revenue growth of 14.0%, contributing 25.1% of our revenue.

Optimized Supply Chain with Industry-leading Quality, Efficiency and Cost Advantages

We regard quality as the foundation of our success and continually optimize our end-to-end supply chain capabilities centered on quality, efficiency and cost advantages to provide value-for-money products to customers.

Quality Ingredients

Committed to the principle that good ingredients produce good products, we meticulously select quality raw materials to achieve optimal quality. We source non-GMO whole-beans rich in organic matter from premium production areas such as the Sanjiang Plain in Northeastern China and stick to sun brewing at optimal geographic areas to preserve nutritional value and rich flavor profiles. Through collaboration with leading research institutes, we have developed proprietary intelligent water treatment systems that provide multi-stage purification of brewing water, dedicated to achieving consistently high product quality.

Leading Scale Advantage

We leverage procurement advantages from our largest production and sales volume in China's condiments industry. We adopt a strategy of full value chain collaboration to allow synergy optimization. For soybeans, we partner with leading suppliers to cover contract farming, processing, storage and by-product utilization to secure quality raw materials while optimizing costs.

We maintain industry-leading production capacity through our four major production bases strategically located in Guangdong Foshan, Jiangsu Suqian, Guangxi Nanning and Hubei Wuhan, with a combined annual production capacity exceeding five million tons, ranking first in China's condiments industry, according to Frost & Sullivan. Our production bases feature the world's largest sun-brewing fields with functional area equivalent to 600,000 sq.m. in total. We employ advanced large-scale tower disk koji propagation equipment that achieves 20 times the production capacity of traditional koji pools while significantly enhancing quality consistency and raw material utilization.

Technology-Enabled Production Excellence

Our production processes are highly automated, achieving optimal efficiency in core processes including continuous steaming, disk koji propagation, large-tank fermentation, continuous pressing, automated formulation, and high-speed bottling. Our production lines feature advanced flexibility, with some production lines capable of producing over 20 specifications or 130 SKUs on the same line, with customized product delivery cycles as short as seven days.

We are at the forefront of the industry in building intelligent, unmanned automated warehouses, with a total storage capacity exceeding five million tons, capable of loading goods onto trucks in merely 200 seconds. Our sophisticated IT infrastructure enables automated distribution with unmanned mechanical operations. We employ infrared inspection devices and optical sorting equipment to replace manual screening, improving precision while reducing waste. This ensures comprehensive quality control over our products prior to shipment.

Significant Cost Advantage

While maintaining stringent quality standards, we achieve cost advantages through economies of scale and operational efficiency. In 2024, our production personnel achieved per capita revenue of RMB8.5 million, showcasing our industry-leading productivity. Moreover, we have maintained an optimized cost structure. In 2024, our manufacturing expenses and labor costs represented 3.7% and 2.9% of our total cost of sales, respectively, lower than the industry level in China.

Distinguished Nationwide Market Coverage and Penetration through an Omni-Channel Sales Network

We developed the broadest sales network coverage in the condiments industry in China, with virtually 100% coverage at the municipal level and nearly 90% coverage at the county level. We have gradually deepened our penetration from cities to counties, and further to towns and villages. We continue to strengthen our omni-channel sales network development, enhancing our competitive advantages in the food services channel while comprehensively covering various customer touchpoints including supermarkets, food processing enterprises, specialized channels, e-commerce platforms and community group purchase platforms. To the best of our knowledge, we have reached up to three million points of sale as of the Latest Practicable Date.

We have established extensive and quality distribution partnerships that jointly develop and maintain our points of sale network. As of December 31, 2024, we cooperated with 6,707 distributors, among which over 3,000 distributors had maintained partnerships with us for more than five years, contributing over 65% of our revenue in 2024; distributors with sales exceeding RMB10 million contributed over 40% of our revenue in the same year.

We have built a well-structured and highly efficient sales force. In 2024, our sales personnel exceeded industry-leading average per capita sales of RMB8.8 million. We are dedicated to flattening the organizational structure, deploying our sales force closer to customers and increasing marketing expenditure effectiveness to enhance our sales team's engagement with customers and points of sale. These measures improved our marketing efficiency and have made our distribution channels more responsive. We deploy digital marketing tools, and have gradually achieved digitalized sales management covering points of sale, further improving our sales efficiency. In 2024, our selling and marketing expenses accounted for only 6.1% of our total revenue, which was significantly lower than the condiments industry average.

Commitment to R&D and Technological Advancement Driving High-Quality and Sustainable Development

We possess leading technology capabilities in China's condiments industry. Technology is the cornerstone of our success. We made sustained and increasing investment in R&D. By the end of 2024, our total R&D investment for the past decade exceeded RMB5.9 billion and we recorded R&D costs of RMB839.5 million in 2024. As of December 31, 2024, we had been accumulatively granted over 1,000 patents, covering product R&D, strain breeding and data-driven powered fermentation technology. In January 2025, our Guangdong Gaoming Production Base was recognized as "Lighthouse Factory" (燈塔工廠) by the World Economic Forum, becoming the world's first ever soy sauce production facility to make the list. The Global Lighthouse Network by the World Economic Forum identifies and awards the most advanced operational sites in the world, and showcases the leaders in the field of technology-driven industrial transformation.

We have established a comprehensive R&D system and empowered our team with digital tools, actively responding to market changes and capturing customer demands. We value the integration of master craftsmen's heritage know-how (老師傅古法釀造) with state-of-the-art technology to achieve "craftsmanship powered by intelligent production", empowering various industry chain segments through technology and continuously leading industry development.

Driving Product Innovation**:** We put our customers' needs first, and leverage deep consumer insights to steer our R&D efforts and co-create products with our customers. Through years of continual advancement in microbial strain collection and breeding, fermentation, and product flavor profile development, we are able to rapidly launch diverse new product series to consistently meet customer demand.

- **Haday Aspergillus Collection:** Microbial strains are the microchips of fermentation, serving as the decisive factor in achieving high-quality fermentation. For nearly 70 years, we have continually engaged in the breeding and improvement of our Haday Aspergillus and other strains. Through sustained R&D investment, we have developed proprietary technologies including a high-throughput strain screening platform and strain rejuvenation techniques. Our high-throughput strain screening platform has achieved screening efficiency over 100 times higher than traditional methods. To meet customer demand for healthier products, we have developed high-yield salt-tolerant strains and high-umami and reduced-salt strains. These innovations enable our reduced-salt soy sauce series to maintain classic flavor while reducing salt content by 25%, offered at competitive prices.

Enhancing Production Efficiency and Product Quality**:** With our intelligent condiments production capabilities, we adhere to heritage brewing techniques, incorporating master craftsmen's heritage know-how into parameters applied in advanced equipment and quality control measures. Through intelligent production, we drive process precision, production stability and high-standard quality control, improving efficiency while ensuring product safety.

- **Intelligent Modeling of "Master Craftsmen's Heritage Know-How":** Based on extensive historical data and long-term validation of heritage brewing techniques, we have established a machine learning model for raw material yield optimization. This model distills the heritage know-how accumulated in the application of traditional techniques into digital parameters for intelligent modeling, enabling swift intelligent adjustments with nearly 460 parameters including temperature, humidity and protein content. While preserving the classic flavor profiles, this process reduces variability brought by raw materials and human factors while compensating for environmental changes and improving fermentation efficiency, quality and stability.

- **AI-Powered Testing Sensor:** We have innovatively developed an AI-driven intelligent sensory system as an upgrade to traditional craftsmen's experience-based assessment. Based on the algorithm incorporating over 800 olfactory data points and expert inputs, the testing sensor automatically monitors product quality with 99.5% aroma recognition accuracy, achieving high-precision, standardized quality control.

End-to-End Digitalization Enhancing Operational Agility: We have developed a data analytics platform integrating information across production processes. We utilize digital marketing tools to achieve effective management of sales and marketing strategies. We use intelligent AI powered monitoring tools to strengthen shelf management at points of sales. These intelligent applications provide transparent visibility into operations and results, enabling data-driven decision making across core business functions.

Pragmatic and Open Corporate Culture and Management Team Anchoring Sustainable Development

Our corporate culture is founded on principles of integrity, pragmatism, and the pursuit of excellence. By maintaining a customer-centric approach and embracing pragmatic innovation, we have consistently overcome various challenges and maintained industry leadership over decades. Our management team possesses an average of over 22 years of experience in the condiments industry, combining deep industry insights with keen market acumen, leading us to make breakthrough decisions at critical and challenging junctures. Under their leadership, we have achieved robust long-term performance across scale, profitability and growth metrics.

We embrace a talent development principle of shared success and fair opportunity. The establishment of a comprehensive professional management system and development of a talent pipeline and incentive mechanisms enable us to continue cultivating and attracting talents. As of December 31, 2024, our employees' average age was approximately 34. We continue to enhance our multi-tiered long-term incentive system.

We value sustainable development, adhering to green production principles. We focus on green energy transformation and low-carbon operations, building a development model characterized by technological advancement, resource efficiency, and environmental protection. In 2024, we were recognized as a "China Enterprise ESG Excellence Case" and "National Benchmark Enterprise for Energy Conservation and Environmental Protection in the Biological Fermentation Industry" (全國生物發酵產業節能環保標桿企業). We continually devoted ourselves to providing support to disaster-stricken areas, alleviating poverty, and improving education and other social issues.

OUR STRATEGIES

We will adhere to the customer-centric principle and carry out the following strategies:

Excelling in Technological Leadership, Driving Value Chain Collaboration and Unlocking Greater Supply Chain Advantage

Technology development remains the cornerstone of our strategy. In R&D, we plan to enhance both the depth and breadth of our research in strain breeding, fermentation and other technologies to support continual product innovation. In production, we plan to advance along the roadmap from digital lean factory to intelligent flexible factory and to highly intelligent lights-out factory. Through continual investment in technological innovation, production efficiency, flexible upgrading, and intelligent applications, we aim to build ultimate production capability and establish competitive advantages in flexibility, agility and efficiency. We strive to moderately extend our core business coverage along the industry value chain, collaborating with business partners to create a collaborative ecosystem. By leveraging advanced technologies, we aim to enhance our supply chain capabilities and competitiveness.

Deepening Channel Penetration and Enhancing Customer Engagement to Solidify the Competitiveness of our Sales Network

We plan to continue to strengthen and deepen our sales channels, advancing our sales teams further into county and town-level markets to reach broader and more diverse customer groups, fully capturing rural region potential. We plan to enhance customer engagement by increasing proximity to points of sale and expanding coverage across consumption scenarios. Through digital solutions, we plan to improve connections to customers, increase point-of-sale visibility, and continually empower our distributor partners to enhance operational efficiency.

Iterating to Enhance Quality and Efficiency, Strengthen Product Leadership and Build Organizational Excellence

We plan to maintain our strong market position in soy sauce and oyster sauce categories while strengthening our competitive advantages in the flavored sauce, specialty condiment products and others. As the condiments market shifts from supply-side to demand-side, we plan to continually enrich our existing product system and accelerate expanding into new product categories. We plan to build continually evolving organizational capabilities, unleash organizational and talent vitality, deepen digital management processes, and improve full-chain operational efficiency. With the goal of enhancing quality and efficiency, we plan to further leverage our scale advantages and promote lean operations across procurement, production, logistics, and quality control.

Venturing Abroad Implementing Localized Strategies and Driving Global Growth

Leveraging our competitive strengths and deep industry insights, we plan to steadily explore and capture overseas market growth opportunities. Targeting overseas markets with strong consumption power and demand for condiments, we plan to implement a business strategy that combines our product expertise with regional dietary preferences to create quality and value-for-money offerings. We plan to explore overseas markets in regions, such as Southeast Asia and Europe. According to Frost & Sullivan, the United States, Europe and China are the three largest regions in the global condiments market, with market sizes reaching RMB534.1 billion, RMB519.4 billion and RMB498.1 billion in 2024, respectively. Between 2024 and 2029, the Southeast Asian and the Latin American markets are expected to experience the fastest growth among major global markets, with CAGRs of 9.1% and 7.8%, respectively. These markets present huge market opportunities for us. For instance, soy sauce can serve as a base for various compound condiments such as teriyaki sauce, barbecue sauce, poaching sauce, salad sauce and vinaigrette. The growing global popularity of Asian Cuisine has boosted demand for soy sauce and soy sauce-based condiments globally. In 2024, soy sauce and soy sauce-based condiments accounted for approximately 12.8% of the global condiments market, with a size of RMB274.7 billion, and is expected to grow at a CAGR of 7.4% from 2024 to 2029. Leveraging our know-how and innovation capabilities from our business operations in the PRC, we believe that we are well positioned to capture the market opportunities in overseas markets. We plan to develop localized distribution networks while gradually building local sales and marketing teams to increase our brand influence in overseas markets. See "Future Plans and Use of Proceeds — Use of Proceeds" for details of our implementation plans.

OUR BRAND AND PRODUCTS

As a distinguished "China Time-honored Brand" (中華老字號), we are the leader in China's condiments industry with exceptional brand recognition and customers' trust across multiple condiment product categories. We value the long-term trust and emotional bonds with our customers, and continually employ innovative and diversified marketing approaches to stimulate new growth. Our brand resonance and market leadership are demonstrated through numerous prestigious recognitions. According to the 2024 China Brand Power Index℠ (C-BPI®), we have ranked first in the brand power rankings for our soy sauce, oyster sauce and flavored sauce products. According to Brand Finance (Food 100), we ranked third among global food brands in the "Top 10 Strongest Food Brands" and first among condiments brands in the "World's Most Valuable Food Brand Top 100."

We have established a comprehensive and systematic product portfolio encompassing key condiment categories including soy sauce, oyster sauce, flavored sauce, specialty condiment products and others. Within each category, we offer products covering various price ranges and diverse varieties. The meticulously designed product portfolios allowed us to effectively address the varied needs of customers across household and commercial applications.

The strength of our product portfolio is demonstrated through our leading market position across multiple product categories, with several of our signature product series each achieving annual revenue exceeding RMB1 billion. For customers, our extensive product range provides precise solutions for diverse culinary needs, from daily cooking to professional catering and food processing. For distributors, our comprehensive product portfolio creates compelling product combinations that enhance their market coverage and competitive position, fostering strong and enduring business partnerships.

Our extensive and competitive product portfolio is underpinned by our industry-leading technical capabilities in production and innovation. These core strengths enable us to consistently develop quality products while maintaining cost advantages across our broad product range. Through continued product innovation and quality enhancement, we have built a product portfolio that not only meets diverse market demand but also influences market trends, reinforcing our leadership in China's condiments industry.

The following table sets forth our key condiment product categories as of December 31, 2024.

Product Category	Product Picture	Number of SKUs
Soy sauce products		287
Oyster sauce products		80

Product Category	Product Picture	Number of SKUs
Flavored sauce products		154
Specialty condiment products and others		956

As of December 31, 2024, our comprehensive product portfolio encompassed multiple product series with over 1,450 SKUs, strategically distributed across our main product categories: soy sauce, oyster sauce, flavored sauce, specialty condiment products and others. Our differentiated and comprehensive portfolio stems from our profound market insights and R&D capabilities, which drive continual optimization and expansion of our product categories. This customer-centric approach, combined with our market-oriented R&D strategy, enables us to identify and capitalize on new market opportunities, fostering sustainable growth. We have established leadership across multiple product categories demonstrated by our bestselling product series, including seven product series with annual revenue exceeding RMB1 billion and 31 products with annual revenue exceeding RMB100.0 million.

The following table sets forth a breakdown of our revenue by product category, in absolute amounts and as percentages of our total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Product sales						
Soy sauce products	13,861,182	54.1	12,637,386	51.5	13,757,879	51.1
Oyster sauce products	4,416,535	17.2	4,251,221	17.3	4,615,205	17.2
Flavored sauce products	2,584,009	10.1	2,427,007	9.9	2,668,946	9.9
Specialty condiment products and others	2,932,177	11.5	3,499,473	14.2	4,085,756	15.2
Subtotal	**23,793,902**	**92.9**	**22,815,087**	**92.9**	**25,127,786**	**93.4**
Others(1)	**1,815,749**	**7.1**	**1,744,225**	**7.1**	**1,773,192**	**6.6**
Total	**25,609,652**	**100.0**	**24,559,312**	**100.0**	**26,900,978**	**100.0**

Note:

(1) Others primarily consist of (i) sales of raw materials, packaging materials, by-products and others, (ii) logistics and transportation services and (iii) rental income.

The following table sets forth a breakdown of our sales volume by main product categories for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(ton)	*(RMB/ton)*	*(ton)*	*(RMB/ton)*	*(ton)*	*(RMB/ton)*
Soy sauce products	2,502,658	5,539	2,298,231	5,499	2,565,455	5,363
Oyster sauce products	877,936	5,031	861,076	4,937	930,833	4,958
Flavored sauce products	284,712	9,076	283,546	8,559	321,750	8,295
Specialty condiment products and others	510,056	5,749	616,036	5,681	692,872	5,897
Total/overall	**4,175,362**	**5,699**	**4,058,889**	**5,621**	**4,510,910**	**5,571**

Soy Sauce Products

Our soy sauce products are liquid condiments fermented from non-GMO soybeans, wheat, salt and purified water. It combines our master craftsmen's heritage know-how with advanced modern techniques, featuring a robust soy aroma and a delectable taste. These rich flavors make our soy sauce products essential for a variety of dishes, from stir-fries and marinades to soups and dipping sauces. Its deep, reddish-brown color and distinctive aroma enhance the overall sensory experience of culinary creations. Our soy sauce also acts as a base ingredient, blending with other ingredients to create a variety of compound soy sauce-based products.

Our soy sauce products stand out in the market through our unwavering commitment to quality and innovation. We produce quality, nutritious soy sauce products by preserving traditional soybean fermentation and natural sun-brewing methods while integrating modern technology in production. Our soy sauce products typically have shelf lives of approximately six to 24 months from the date of production. Our core advantages include our long-term expertise in heritage brewing techniques, rigorous quality control, comprehensive product portfolio, and established brand recognition. We use non-GMO soybeans and wheat, applying our unique "Haday Aspergillus" (海天菌) for fermentation, which ensures rich flavor and consistent quality of our soy sauce products. For details of the production process, see "— Our Production — Our Production Process."

We ranked first in global and China's markets in terms of revenue for soy sauce products in 2024, with a market share of 13.2% in China, more than three times that of our closest competitor, according to Frost & Sullivan. We have established a long-term market leadership position through our product advantages and diverse product portfolio, demonstrated through multiple awards and recognitions. From 2010 to 2024, we have been awarded as the "First Brand List" (第一品牌榜) in the soy sauce industry for 14 consecutive years by the China Brand Power Index (C-BPI) (中國品牌力指數 C-BPI), which fully reflects the long-term good reputation and strong brand influence of our products.

As our earliest and most extensive product category, our soy sauce products demonstrate our strategic approach to market development and brand excellence. Leveraging our brand heritage, dynamic marketing strategies tailored to various sales channels, advanced production capabilities, and sophisticated production techniques, we have developed and maintained a diverse soy sauce product portfolio. By drawing on our well-structured product portfolio, our soy sauce products have maintained market leadership while effectively addressing diverse needs of customers across different price points and scenarios. Our soy sauce products consisted of 287 SKUs as of December 31, 2024. The retail price for every 500mL or 500g of our representative soy sauce product series ranges from RMB5.5 to RMB18.0.

The following table sets forth the description, packaging volume and pictures of our representative soy sauce product series as of December 31, 2024:

Product Series	Description	Packaging Volume *(mL/L/kg)*	Picture
Golden Label Superior Light Soy Sauce (金標生抽)	Versatile classic series suitable for all cooking applications.	150mL-24kg	
Mushroom Dark Soy Sauce (草菇老抽) . . .	Specially added with fresh straw mushroom juice, to enhance the flavor of various dishes.	150mL-13.9kg	
Weijixian Soy Sauce (味極鮮醬油).	Featuring a refreshing umami flavor with a rich and mellow taste.	150mL-24kg	
Seafood Soy Sauce (海鮮醬油)	Specially added with dried scallops for a boost of umami, ideal for seafood and general cooking.	500mL-10.5L	
Seasoned Soy Sauce for Seafood (蒸魚豉油)	Featuring fresh and sweet taste with a rich aroma, enhance the taste of steamed fish and other seafood.	100mL-24.7kg	
Organic Soy Sauce (有機醬油)	Made from traceable organic raw materials.	100mL-1.28L	

Product Series	Description	Packaging Volume *(mL/L/kg)*	Picture
Reduced-Salt Soy Sauce (薄鹽生抽) . . .	With reduced sodium without compromising on flavor.	100mL-4.9L	
Delicious Light Soy Sauce (鮮味生抽)	Made from selected soybeans and pure water, featuring a classic umami flavor and a rich soy aroma.	500mL-23kg	

Oyster Sauce Products

Our oyster sauce products are versatile condiments characterized by their rich red color, savory flavor and smooth texture that enhance the taste and aroma of various cuisines. Oyster sauce serves as a convenient and flavorful addition to a variety of dishes, enhancing the aroma and providing a rich umami taste, suitable for both cooking and direct consumption as a dipping sauce. Our oyster sauce is made from oysters extracts with added sugar, salt and other ingredients to deliver its delicate flavor. According to Frost & Sullivan, we held a market share of 40.2% in terms of revenue for oyster sauce products in 2024 in China.

We are dedicated to producing high-quality oyster sauce by selecting premium ingredients and combining traditional techniques with modern technology. Our oyster sauce products typically have shelf lives of approximately 12 to 36 months from the date of production. We maintain stringent control over key aspects of the production process with our advanced end-to-end production capabilities. Our production techniques preserve the natural umami and nutritional content of fresh oysters, ensuring our oyster sauce is both tasteful and nutritious.

Our oyster sauce product portfolio comprises multiple product lines that feature varied flavor, packaging and price points, catering to different customer preferences. Our oyster sauce products consisted of 80 SKUs as of December 31, 2024. The retail price for every 500g of our representative oyster sauce product series ranges from RMB4.8 to RMB15.0.

The following table sets forth the description, packaging volume and pictures of our representative oyster sauce product series as of December 31, 2024:

Product Series	Description	Packaging Volume *(g/kg)*	Picture
Golden Label Oyster Sauce (金標蠔油) . . .	With rich umami flavor, ideal for enhancing the taste of various recipes.	100g-10kg	
Premium Oyster Sauce (上等蠔油)	A home kitchen essential made from premium oysters, delivering rich authentic flavor.	235g-22.8kg	
Golden Oyster Sauce (金字蠔油)	Blending classic oyster sauce umami with aromatic garlic notes.	515g-10kg	
Fortune Oyster Sauce (財寶蠔油)	Crafted from select ingredients and meticulously seasoned to achieve rich flavor and aroma.	100g-6.5kg	
Signature Oyster Sauce (招牌蠔油)	Offering a robust umami flavor, ideal for enhancing the taste of a wide range of dishes.	270g-2.45kg	
Organic Oyster Liquid Seasoning (有機蠔油鮮露)	Made from traceable organic raw materials, offering a light and natural flavor.	100g-600g	
Reduced-Salt Oyster Sauce (薄鹽蠔油) . . .	Featuring reduced salt content while maintaining the rich umami taste of classic oyster sauce.	520g-1kg	

Flavored Sauce Products

The diversity of Chinese cuisine has been a significant driving force behind the development of our flavored sauce products. We leverage our advanced production capabilities, sophisticated production techniques, and expertise in soy sauce production to develop and expand our flavored sauce product portfolio. Our flavored sauce product portfolio comprises two main categories, namely single-component flavored sauce products and compound flavored sauce products. Single-component flavored sauce products, such as soybean sauce, are primarily crafted from a single key ingredient to deliver a fresh and rich taste. Compound flavored sauce products, such as Chu Hou Paste, Hoisin Sauce and Signature Sauce for Rice are produced by combining more than one ingredient, resulting in multi-flavored versatile products suitable for diverse culinary purposes and various dishes.

One of our bestselling single-component flavored sauce products is our Haday Soybean Sauce, which leverages our expertise in soy sauce production to create a series of all-purpose sauces that enhance the flavor of dishes. Building on our successful product launches, we have rapidly grown our presence in the flavored sauce market and established a significant market position. According to Frost & Sullivan, we ranked first and held a market share of 4.6% in terms of revenue for single-component flavored sauce products in 2024 in China. Our growing market recognition has supported the expansion of our flavored sauce product portfolio, and as of December 31, 2024, our flavored sauce products consisted of 154 SKUs. The retail price for every 500g of our representative flavored sauce product series ranges from RMB7.6 to RMB30.8.

The following table sets forth the description, packaging volume and pictures of our representative flavored sauce product series as of December 31, 2024:

Product Series	Description	Packaging Volume *(g/kg)*	Picture
Soybean Sauce (黃豆醬)	Crafted from select soybeans through fermentation, featuring a rich, savory taste and a mellow, smooth texture.	170g-10kg	
Chu Hou Paste (柱侯醬)	Embodying traditional Cantonese flavors. Soybean base enhanced with the aroma of sesame. Ideal for braising and a variety of dishes.	255g-6.5kg	
Hoisin Sauce (海鮮醬)	Sun-brewed to achieve a balance between savory and sweet, avoiding fishiness and enhancing freshness.	265g-7kg	

Product Series	Description	Packaging Volume *(g/kg)*	Picture
Signature Sauce for Rice (招牌拌飯醬).	Made with fermented soybean as the base and adding mushroom for flavoring, providing a convenient choice for dipping or for rice.	20g-300g	
Jinshangxian Garlic Sauce (錦上鮮蒜蓉辣椒醬)	Combining the flavors of garlic and chili, creating a spicy and savory taste.	230g-20kg	
Mushroom Sauce (招牌香菇醬).	Blend of mushrooms and savory seasonings, ideal for enhancing the taste of various dishes.	20g-300g	
Spicy Soybean Sauce (辣黃豆醬)	Combining the aromatic richness of chili peppers with soybeans to create a balanced and mellow spicy taste.	245g-6kg	

Specialty Condiment Products and Others

Leveraging our comprehensive production facilities and advanced fermentation techniques, together with our innovative capabilities and well-known brand name, we continue to expand and improve our specialty condiment products and others category. As of December 31, 2024, our specialty condiment products and others category comprised 956 SKUs. The diversity has created new business opportunities.

Building on our fermentation and brewing techniques developed through decades of experience, we have established market leadership in the vinegar and cooking wine segments. According to Frost & Sullivan, in terms of revenue in 2024, we ranked second and first in China's vinegar market and cooking wine market, respectively. We explore different fermentation techniques and flavors to develop a full range of products including aged vinegar, balsamic vinegar, rice vinegar, apple cider vinegar, specialty vinegar and flavored vinegar. Responding to market demand and leveraging our cooking wine aging expertise, we have developed a wide selection of cooking wine products, such as Haday Old Technique Cooking Wine, Haday Old Technique Cooking Wine with Ginger and Scallion. In line with our strategy to provide all-scenario cooking solutions, we have proactively developed other product offerings, including sour and spicy salad dressing, chicken essence and tomato sauce product series. Our specialty condiment products and others are designed to adapt to the rising seasoning needs of multiple scenarios in kitchens and on dining tables, simplifying the cooking process. The retail price for every 500mL or 500g of our representative specialty condiment products and others ranges from RMB4.3 to RMB19.0.

The following table sets forth the description, packaging volume and pictures of our representative specialty condiment products and others as of December 31, 2024:

Product Series	**Description**	**Packaging Volume**	**Picture**
		(mL/L/g/kg)	
Balsamic Vinegar (香醋)	Made from selected raw materials, featuring a rich, aromatic profile with a sweet and sour taste.	150mL-1.9L	
White Rice Vinegar (白米醋)	Clear, bright color and a fresh, tangy aroma with a moderate sourness.	450mL-4.9L	
Apple Cider Vinegar (蘋果醋)	Fermented apple cider, offering a fresh, mildly sweet and tangy flavor.	450mL-1.9L	
Haday Old Technique Cooking Wine (海天古道料酒)	Crafted with traditional techniques boasting an authentic, rich aroma that reduces fishiness.	450mL-1.9L	
Haday Old Technique Cooking Wine with Ginger and Scallion (海天古道薑葱料酒)	Selected rice wine infused with botanical spices such as gingers and scallions, a creating harmony of wine aroma and spice fragrance.	450mL-1.28L	

Product Series	Description	Packaging Volume	Picture
		(mL/L/g/kg)	
Sour and Spicy Salad Dressing (酸辣涼拌汁)	Soy sauce based, blended with garlic and chilies, featuring sour, spicy and fresh flavors.	40g-2.1kg	
Poaching Sauce (白灼汁)	Featuring a rich, savory flavor with a balanced sweet and salty taste. Ideal for a quick drizzle.	100mL-4.9L	
Sihaixian Chicken Essence (四海鮮雞精) .	Concentrated broth made with chicken. Enhances the taste of stir-fries, soups, cold dishes and various cuisines.	40g-10kg	
Tomato Sauce (番茄沙司)	Crafted from high quality, vine-ripened tomatoes, delivering a balance of sweet and tangy flavors.	130g-1kg	

Others

During the Track Record Period, we also generated revenue for (i) sales of raw materials, packaging materials, by-products and others, (ii) logistics and transportation services and (iii) rental income.

For the sales of raw materials, packaging materials, by-products and others, we generally sell by-products generated from the production of our main products, as well as some raw materials and packaging materials to third parties. In addition, for our logistics and transportation services, we provide logistics and transportation services to third parties. Furthermore, we leased certain self-owned properties and generated rental income accordingly. In 2022, 2023 and 2024, we generated revenues of RMB1,815.7 million, RMB1,744.2 million and RMB1,773.2 million, respectively, from the aforementioned other businesses.

OUR SALES AND DISTRIBUTION NETWORK

As of December 31, 2024, we have established an extensive nationwide distribution network in China with virtually 100% coverage at the municipal level and nearly 90% coverage at the county-level. We proactively and efficiently manage our distribution network to be closer to distributors and points of sale. At the same time, we assign our sales teams to maintain close communication with our distributors to improve their distribution capabilities for building a comprehensive sales management system. We have established and maintained a number of long-term distributor partners, ensuring the delivery of quality products to end-customers.

We primarily sell our products through distributors, and through years of effort, we have built an extensive distribution network enabling us to effectively reach a broad customer base. We also conduct direct sales with catering businesses, food processing enterprises, corporate welfare programs and retail customers via self-operated stores on e-commerce platforms. Our strategic approaches to distribution and direct sales networks not only enhance our market presence but also ensure that our products are reachable to end-customers across various regions, thereby driving our business growth and increasing market share.

The following table sets forth a breakdown of revenue from product sales by customer type in absolute amounts and as a percentage of our revenue from product sales for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Distributorship	23,384,100	98.3	22,366,817	98.0	24,531,583	97.6
Direct sales	409,802	1.7	448,270	2.0	596,203	2.4
Total	**23,793,902**	**100.0**	**22,815,087**	**100.0**	**25,127,786**	**100.0**

We have a dedicated sales team responsible for implementing our sales policies, expanding our sales and distribution network, and overseeing all sales and marketing activities, ensuring that our sales strategies are effectively implemented across all channels. Our sales team is also responsible for managing relationships with distributors, monitoring their performance, providing them with necessary support, and conducting thorough market research with distributors to stay ahead of market trends and preferences.

The following table sets forth a breakdown of revenue from product sales by geographical region of our customers in absolute amounts and as a percentage of our total revenue from product sales for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Northern Region	6,223,006	26.2	5,925,391	26.0	6,401,330	25.5
Central Region	5,270,030	22.1	5,049,409	22.1	5,605,112	22.3
Eastern Region	4,694,852	19.7	4,354,221	19.1	4,792,395	19.1
Southern Region	4,599,431	19.3	4,499,796	19.7	5,079,258	20.2
Western Region	3,006,583	12.6	2,986,269	13.1	3,249,691	12.9
Total	**23,793,902**	**100.0**	**22,815,087**	**100.0**	**25,127,786**	**100.0**

Distributorship

We primarily sell our products through our distributors, who in turn resell our products to supermarkets, grocery stores, wholesale markets and e-commerce channels, or directly sell to other customers. We have established a comprehensive distribution network, which is in line with the industry standards and norms. We have always placed great emphasis on managing and refining our distribution network, striving to enhance the efficiency of our distribution network. We maintain a buyer-seller relationship with our distributors where we typically enter into distribution agreements with them. As of December 31, 2024, we had 6,707 distributors.

The following table sets forth a breakdown of the number of our distributors by sales regions for the dates indicated:

	As of 31 December		
	2022	2023	2024
Eastern Region	938	878	938
Southern Region	909	829	894
Central Region	1,587	1,453	1,447
Northern Region	2,131	1,961	1,954
Western Region	1,607	1,470	1,474
Total	**7,172**	**6,591**	**6,707**

Management of Our Distributors

An effective distribution network is essential for enhancing our sales performance and ensuring customer satisfaction.

Selection Management

We maintain a rigorous selection process for distributor candidates. Our qualified distributors are typically those specializing in food and condiment product distribution with rich experiences in their local markets. We evaluate our distributors in each region based on their business qualifications and distribution capabilities, alongside the market conditions of each region. Key selection criteria include distributors' key qualifications, reputation, creditworthiness and financial condition, as well as their capabilities in staffing, warehousing and logistics, operations and sales.

Empowerment Management

We focus on empowering our distributors to achieve mutual growth. We assign experienced sales teams to work with our distributors to improve their distribution capabilities, enhance sales skills, facilitate business efficiency, optimize sales strategies, implement our promotion policies and marketing resources. We also provide digital marketing tools, such as the Xiaokang Maimai (小康買買) Platform, enabling the distributors to manage their orders efficiently. We regularly conduct training sessions and workshops where we share market data, information, and industry knowledge with our distributors. Our sales team also works with the points of sale within their sales regions to enhance customers' engagement and promote retail sales through strategic marketing initiatives.

During the Track Record Period, Jiaxing Haitian Small Loan, a subsidiary held as to 80% equity interest by Guangdong Haitian, provided some of our distributors with loans and financing using its own funds. See "Connected Transaction — 5. Cooperation with Jiaxing Haitian Small Loan on its provision of loans to the Group's distributors." During the Track Record Period and up to the Latest Practicable Date, our distributors have not received any financing or financial assistance directly from us.

Performance Management

We have established measures and policies to manage our distributors and monitor their sales performance. We establish explicit sales targets in the annual distribution agreement and monitor their performance on a regular basis. Our sales team conducts periodic communication with our distributors to understand their sales performance and ensure their compliance with our measures, policies, and distribution agreements. To ensure we understand the sales practice, sales performance and inventory levels of our distributors, we closely monitor the sales activities of our distributors by (i) requiring them to report their sales and inventories regularly; (ii) conducting review if any unusual movement is spotted; (iii) arranging onsite visits by our sales teams; and (iv) arranging cross-checks of their sales and inventories by different sales teams. In particular, we adopted a series of strategic adjustments in 2023 to empower our distributors and enhance their sales capabilities. We focused on strengthening their ability to adapt to market and sales channel changes, improve customer reach and service quality. We encouraged and supported them to develop multi-channel sales capabilities across food processing enterprises, corporate welfare programs, group catering, online channels and community group buying, enabling better adaptation to more innovative sales scenarios. We provide marketing support materials and guidelines to help distributors better promote our products across different sales channels. To support this transformation, we implemented comprehensive distributor development programs, including regular sharing on market trends, channel operations, industry best practices and market insights, and provision of operational guidelines. We from time to time provide sales bonus to our distributors as incentive for the promotion of certain products or achieving certain sales targets, and such sales bonus is typically calculated based on the sales revenue of the relevant products by our distributors. We are implementing digital management tools, such as our product code tracking program. The product codes printed on products and wholesale packages allow customers and points of sale to participate in promotion activities while enabling us to trace product flow.

Compliance Management

To maintain responsible business practices, we urge our distribution network to adhere to high standards of integrity and compliance with applicable laws and regulations. During selection, we verify that distributor candidates meet basic conditions and qualification requirements under relevant regulations.

Some of our distributors may use sub-distributors. They typically further enter into agreements with the sub-distributors, and we generally do not enter into agreements or directly establish relationships with the sub-distributors. Consequently, we have no control over the sub-distributors.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties. To the best of our knowledge and based on publicly available information, as of the Latest Practicable Date, there was no employment, financing or family relationship between our distributors and us.

Movement of Our Distributors

The following table sets forth the total number of our distributors and the movement of distributors number during the years indicated:

	Year ended 31 December		
	2022	2023	2024
Number of distributors at the beginning of the year	7,430	7,172	6,591
Number of new distributors joined in the year	933	672	725
Number of distributors ceased to distribute our products in the year	1,191	1,253	609
Number of distributors at the end of the year	7,172	6,591	6,707

In 2022, 2023 and 2024, the number of new distributors joined were 933, 672 and 725, and the number of distributors ceased to distribute our products were 1,191, 1,253 and 609 distributors, respectively. The number of distributors ceased to distribute our products in 2023, primarily because (i) we have been refining our distributor network so as to optimize our sales efficiency, and some of our former distributors may not be able to meet our expectations regarding their distribution capability and service quality, and (ii) some of our former distributors chose to change their business focus to sectors other than distribution of condiment products or close business due to the fierce competition in their own markets. The number of distributors remained relatively stable in 2024 as compared to that in 2023.

Key Terms of Distribution Agreements

We typically enter into standard distribution agreements with our distributors. The salient terms of our standard distribution agreements used during the Track Record Period are set out below:

- *Term*. The term of the distribution agreements is typically one year.

- *Designated Distribution Area*. We normally designate geographic distribution regions for each distributor for their offline sales activities, while any authorized online sales activities are not subject to geographic restrictions.

- *Sales Targets*. We require the distributors to meet certain sales targets during the term of the distribution agreements, and we have the right to withdraw or cancel certain market resources and promotion policies based on sales performance review.

- *Payment settlement.* We generally require the distributors to make full payment to us before we ship our products.

- *Delivery.* We generally cooperate with logistic service providers to deliver products to our distributors.

- *Transfer of risk.* The risks transfer after the distributors or the first carriers pick up the products from us.

- *Inspection of Products*. The typical inspection period granted to our distributors is 30 days from the date of receipt.

- *Return or Exchange of Products*. We typically do not allow distributors to return or exchange products unless there are product quality issues caused by us.

- *Sub-distributors*. Our distributors are allowed to engage sub-distributors to distribute our products, while we do not directly establish relationships with sub-distributors. Our distributors are responsible for ensuring that the sales activities by the sub-distributors engaged by them are in compliance with our sales management policies.

- *Retail prices of our products.* We generally do not provide specific retail price guidance of our products.

- *Termination.* Both parties have the right to unilaterally terminate the agreement by giving at least five days' advance written notice. Additionally, we have the right to unilaterally and immediately terminate the distribution agreement if a distributor materially breaches its obligations under the distribution agreement.

Channel Stuffing Risk

We have implemented a comprehensive set of measures to avoid channel stuffing risk: (i) we generally require full upfront payment of contract price before delivering products to our distributors, by which arrangement we believe our distributors would place orders with us based on their actual sales forecasts; we generally do not allow returns of products sold to distributors except for quality issues caused by us; (ii) our sales team keeps collaborative communication with our distributors to understand their sales performance and arrange periodic onsite visits; (iii) we also closely communicate with our distributors in relation to their inventory levels; and (iv) we optimize our sales and distribution management with digital management tools such as the Xiaokang Maimai and our product code tracking program.

Direct Sales

Our direct sales customers are generally, without limitation, catering businesses, food processing enterprises, corporate welfare programs and retail customers via self-operated stores on e-commerce platforms, among others. In 2022, 2023 and 2024, the revenue generated from direct sales amounted to RMB409.8 million, RMB448.3 million and RMB596.2 million, respectively, accounting for 1.7%, 2.0% and 2.4% of our total revenue from product sales in the same years.

We recognize the potential in our direct sales channels and are committed to continually enhancing our product system with high-quality services to offer our direct sales customers a comprehensive range of products. We generally cooperate with logistic service providers to deliver products to our direct sales customers. We understand the characteristics of different application scenarios for catering businesses, food processing enterprises, and corporate welfare programs and we have insights into their diverse needs regarding product flavor, texture, and specifications, aiming to deliver customized products to meet these needs. In particular, during the Track Record Period, in light of the growing restaurant chains in China, catering businesses have become one of our key customer groups. Catering businesses, especially restaurant chains, generate significant demand for condiments, significantly boosting our sales. Our customers from catering business sector also offer valuable market insights, enabling us to adapt and evolve our strategies. Concurrently, we have established an online sales team to expand our online presence, explore online sales channels, and conduct targeted online marketing activities on e-commerce platforms. We sell our products directly to retail customers by opening self-operated stores on major e-commerce platforms and conduct live broadcasting to reach a wider customer base, so as to cater to the evolving purchasing patterns.

Pricing Policy

With respect to our pricing system, we are committed to simplifying our pricing structure, thereby fostering transparency and trust. We require our distributors not to take any action that may materially disrupt our pricing system. For further details of the retail price for our products, see "— Our Brand and Products."

For our pricing strategies, we take into account a variety of factors, including product positioning, cost of raw materials, production processes, and logistics. We also adjust the prices for each product series by reference to the target customer group and its acceptable price ranges. We then determine the product price range by combining the aforementioned factors, our product's competitiveness in the relevant sectors and prices of our competitors' products.

Coordination Between Sales Channels

We normally take an overall perspective to manage our operation and optimize our resource investments in different sales channels. Any sales carried out by distributors outside their designated geographical regions and/or sales channels, or any sales across different sales channels without our prior authorization, will be deemed as cannibalization. To minimize cannibalization among sales channels, we typically adopt the following measures:

- We designate distribution regions and/or sales channels for each distributor through expressed terms as in our distribution agreements. We may request contractual indemnification, and withdraw or cancel certain market resources and promotion policies if any distributor breaches such terms;

- We offer differentiated products and/or packages for different sales channels with different specifications, marketing resources and promotion policies deliberately designed for particular sales channels and/or regions; and

- We establish effective management over and enhance our regular communication with our distributors. Non-compliant sales activities will be promptly detected and reported to the senior management.

During the Track Record Period and up to the Latest Practicable Date, we did not identify any material instances of cross-regional or cross-channel sales, underscoring the effectiveness of our approach to minimize cannibalization among different sales channels and different geographical regions.

OUR CUSTOMERS

During the Track Record Period, our customers were mainly distributors, who purchased and distributed our products, and other customers, such as catering businesses, food processing enterprises, corporate welfare programs and end-customers via self-operated stores on e-commerce platforms, such as JD.com, Tmall and Pinduoduo. Revenue generated from our five largest customers in each year during the Track Record Period was less than 3.0% of our total revenue for the respective year.

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

Customer Service

We have established a dual-focus customer service system to ensure rapid responses and enhance our customers' satisfaction, covering both our distributors and other customers. On one end, we ensure regular communication with potential customers in a timely and proactive manner; while on the other end, we emphasize the importance of after-sales customer requests to provide our customers with satisfactory after-sales experiences.

For regular communication with potential customers, it mainly includes general inquiries received on social media platforms. For specific requests, we communicate directly with customers through hotlines and social media platforms, and collaborate cross-department to improve our products and services.

For after-sales customer service, it is intended to serve our customers who face issues after purchasing our products, such as requests for product returns, exchanges, and any other after-sales services. We generally provide one-on-one customer services to promptly resolve these issues with relevant follow-up measures. We place a high value on the responsiveness and quality of our customer services, and have detailed communication protocols for our customer service team.

Third-Party Payment Arrangements

Background of Third-Party Payment Arrangements

During the Track Record Period, certain customers (individually or collectively, the "**Relevant Customers**") settled payments with us through accounts belonging to parties other than the contractual counterparties under the corresponding sales and purchase agreements or relevant parties who assumed unlimited personal liabilities for the payment obligations thereunder (the "**Third- Party Payment Arrangements**"). The Relevant Customers during the Track Record Period primarily consisted of customers in the form of individual industrial and commercial households, sole proprietorship enterprises and corporate entities, the vast majority of whom were our distributors. To the best of our knowledge, the designated third-party payors primarily consisted of persons affiliated with the Relevant Customers, such as legal representatives, shareholders, relatives (of the owners, shareholders or controllers), or affiliated entities of the Relevant Customers or, in certain cases, financial institutions that made payments to us pursuant to financing arrangements with the Relevant Customers.

In 2022, 2023 and 2024, the number of the Relevant Customers was 2,718, 2,445 and 2,347, respectively. The aggregate amount they settled under the Third-Party Payment Arrangements was RMB8,737.7 million, RMB8,911.6 million and RMB5,325.5 million, respectively, which accounted for 34.5%, 31.4% and 18.8% of the total payments we received from all customers, respectively, in the same years. No individual Relevant Customer had made a material contribution to our revenue during the Track Record Period.

During the Track Record Period, we implemented internal control measures to monitor and manage the Third-Party Payment Arrangements. We typically required the Relevant Customers and their designated third-party payors to provide us with written letters of undertakings (the "**Undertaking Letters**") prior to making payments under the Third-Party Payment Arrangements, which generally specified that: (i) the designated third-party payor is allowed to settle payments with us on behalf of the Relevant Customers through the pre-agreed accounts of the involved designated third-party payors and all the activities of such pre-agreed accounts shall constitute activities of the Relevant Customers for which the Relevant Customers assume responsibilities; and (ii) both the Relevant Customers and the designated third-party payor undertake that any economic disputes arising from the Third-Party Payment Arrangements shall be resolved between the Relevant Customers and the designated third-party payors and shall not concern our Group. We also maintained know-your-customer procedures for onboarding our customers. During the Track Record Period, the vast majority of the Relevant Customers provided us with Undertaking Letters before making payments under the Third-Party Payment Arrangements. During the Track Record Period, the Relevant Customers who did not provide us with Undertaking Letters before making payments to us were primarily consisted of authorized financial institutions who made payments to us directly pursuant to the financing arrangements with such Relevant Customers, whereby we had required all those Relevant Customers and relevant authorized financial institutions to provide clear written payment instructions. The amount settled by the Relevant Customers who had provided us with Undertaking Letters before making payments under the Third-Party Payment Arrangements were RMB8,605.4 million, RMB8,758.2 million and RMB4,926.6 million, respectively, representing 98.5%, 98.3% and 92.5% of the total amounts settled under the Third-Party Payment Arrangements during the Track Record Period. To verify the authenticity of Third-Party Payment Arrangements, staff of our finance department are authorized only to recognize payments from designated third-party payors of the Relevant Customers, and our business staff are permitted only to ship our products to the Relevant Customers on the condition that the information of the designated third-party payors matches that in the corresponding Undertaking Letters or relevant financing arrangements. Based on the above, our Directors believe that the Third-Party Payment Arrangements during the Track Record Period, to the best of our knowledge, have been recorded completely and accurately in our accounting books and records in all material respects.

During the Track Record Period, we did not provide any discount, commission, rebate or other benefits to any of the Relevant Customers or the designated third-party payors to facilitate or incentivize the Third-Party Payment Arrangements. During the Track Record Period, all Third-Party Payment Arrangements were initiated by Relevant Customers, not by us, and the relevant payments were generally settled via bank payments. To the best of our knowledge, during the Track Record Period, the relevant payments were based on *bona fide* underlying transactions and valid contractual relationships. The pricing and payment terms we provided to the Relevant Customers were in line with those provided to customers not involved in the Third-Party Payment Arrangements. To the best of our knowledge, we were not the subject of any investigations, enquiries, penalties, or surcharges as a result of our involvement in the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. In addition, we had not encountered any refund requests, actual or pending disputes or disagreements due to Third-Party Payment Arrangements or any material claims against us in relation to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date.

Reasons for Third-Party Payment Arrangements

According to Frost & Sullivan, it is a common commercial practice for individual industrial and commercial households, sole proprietorship enterprises and companies in the consumer sector in China to settle their payments through third-party payors with their suppliers or customers for convenience and flexibility. Based on the representations of the Relevant Customers and to the best knowledge of our Directors, the Relevant Customers utilized Third-Party Payment Arrangements primarily because:

(i) some Relevant Customers in the form of individual industrial and commercial households or sole proprietorship enterprises sought to minimize the complexity of setting up corporate accounts or the inconvenience of using such corporate accounts to allow for more operational flexibility;

(ii) it is in line with the internal financial management practices of some Relevant Customers to use the accounts of certain affiliated persons or entities such as their legal representatives or actual controllers (and/or their family members for their operation efficiency); and

(iii) certain Relevant Customers may from time to time have financing needs that are met through financing arrangements with authorized financial institutions. Under such arrangements, it is also common for authorized financial institutions to make payments to us directly pursuant to such financing arrangements to ensure that the funds are used solely for the intended purpose in accordance with the agreed financing arrangement, which is in line with common commercial practice for financing arrangement in the consumer sector to ensure the use of funds complies with the terms of the financing arrangements and reduces risks of fund misappropriation, according to Frost & Sullivan.

Legal Consequences of Third-Party Payment Arrangements

As advised by our PRC Legal Advisor, in light of the above, (i) our Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date were not in breach or contravention of mandatory requirements of applicable laws or regulations in China; (ii) as to the Relevant Customers and their designated third-party payors who provided duly executed Undertaking Letters and certain Relevant Customers and their engaged financial institutions who made payments to us pursuant to relevant financing arrangements mentioned above, the risks were remote for our Group to be found obligated to return funds to Relevant Customers or their designated third-party payors by virtue only of the funds being paid under the Third-Party Payment Arrangements; (iii) based on the confirmation by the major financial institutions that processed settlements for our Company under the Third-Party Payment Arrangements, our Company has not been found to be involved in any money laundering activities, activities that could be related to money laundering or any relevant investigations, and as such, the risk of our activities under the Third-Party Payment Arrangements being deemed as constituting the crime of money laundering under Article 191 of the Criminal Law of the PRC (《中華人民共和國刑法》) for the purpose of covering up or concealing the source and nature of proceeds or gains is low; and (iv) based on the credit reference reports issued in relation to our Company, no administrative penalties were imposed by tax management authorities for violation of tax laws, regulations and rules due to our Third-Party Payment Arrangements during the Track Record Period. Our Directors are of the view that, to their best knowledge, there were no instances of breaches of PRC laws and regulations, money laundering activities or tax related administrative penalties in relation to our Group's activities under the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would reasonably cause them to cast doubt on the aforementioned view of our Directors in any material aspects.

During the Track Record Period, Jiaxing Haitian made payments on behalf of certain Relevant Customers as authorized financial institution pursuant to the financing arrangements between them, details of which are set forth "Connected Transaction — 5. Cooperation with Jiaxing Haitian Small Loan on its provision of loans to the Group's distributors." Other than the aforementioned, during the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors and based on publicly available information, all other Relevant Customers and the designated third-party payors who settled payments under the Third-Party Payment Arrangements were Independent Third Parties.

Rectification of Third-Party Payment Arrangements and the Implication

To safeguard our interest against risks associated with Third-Party Payment Arrangements, since November 2024, we have significantly enhanced and implemented various internal control measures (collectively, the "**Rectification Measures**") in order to rectify Third-Party Payment Arrangements. Our efforts to rectify the Third-Party Payment Arrangements include, among other things:

(i) we have initiated the implementation of series of rectification measures regarding third-party payment and relevant enhanced internal control measures and informed our employees for the relevant details of those measures;

(ii) we have amended our standard sales and purchase agreements and enhanced our standard undertaking letters, so as to clearly specify the obligations of relevant parties thereof; for example, among others, the customers and the designated payors undertake that they shall be jointly and severally liable to us for all their respective obligations and responsibilities; the designated payors shall make payments to us through the bank accounts under their own names, which need to be previously notified to us and specified in the enhanced undertaking letters; and the enhanced undertaking letter explicitly provides that it shall form part of the amended sales and purchase agreement, and as such, both customers and designated payors shall be strictly compliant with the amended sales and purchase agreement, especially those stipulations relating to permitted payors;

(iii) in terms of individual industrial and commercial households or sole proprietorship enterprises, if such payment cannot be paid directly from the accounts of the business entities due to their own operating practices, as enhanced measures, we only allow the relevant business operators/sole investors or their spouses who assume unlimited personal liabilities for the payment obligations thereunder to make such payments on the condition that they will enter into the enhanced Undertaking Letters, being part of the amended sales and purchase agreements, further clarifying relationship between the designated payors and the customers and payment obligation of such parties with us; additionally, based on PRC laws, individual industrial and commercial households and sole proprietorship enterprises are not independent legal entities, and their debts shall be assumed by their business operators/sole investors (and their spouses) with their personal and/or family assets, and as such, payments made by the business operators/sole investors (and their spouses) for purchases ordered by the individual industrial and commercial households/sole proprietorship enterprises under the sales and purchase agreements are merely payments of such individual industrial and commercial households/sole proprietorship enterprises;

(iv) we require all other customers (other than those settle payments with us via authorized financial institutions) to make relevant payment directly from the accounts of such customers who are parties to the relevant sales and purchase agreements;

(v) in terms of payments from authorized financial institutions engaged by certain customers pursuant to relevant financing arrangements, we require all those customers (including the business operators/sole investors of the customers or their spouses, if a customer is in form of individual industrial and commercial household or sole proprietorship enterprise) and relevant authorized financial institutions to provide clear written payment instructions strictly following the financing arrangements and the staff of our finance department will only recognize payments from authorized financial institutions with such clear written payment instructions; while, we do not require these customers and relevant authorized financial institutions to sign the enhanced undertaking letters mainly because, in addition to the aforementioned clear written payment instructions, (a) the relevant authorized financial institutions that processed settlements are generally PRC commercial banks and have strict KYC procedures and are required to conduct anti-money laundering checks on all their clients according to the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), significantly reducing the associated risks, and (b) it is also common for relevant authorized financial institutions to make payments to us directly pursuant to such financing arrangements to ensure that the funds are used solely for the intended purpose in accordance with the agreed financing arrangement, which is in line with common commercial practice for financing arrangement in the consumer sector to ensure the use of funds complies with the terms of the financing arrangements and reduces risks of fund misappropriation, according to Frost & Sullivan; and

(vi) to prevent fraud or money laundering activities and ensure the accuracy and completeness of our accounting books and records, we consistently maintained our know-your-customer procedures to gain a comprehensive understanding of our customers and performed verification of payment details against our records to confirm payments are made in accordance with the agreements and/or the undertaking letters. If any abnormalities are detected, we will promptly liaise with such customers for verification and correction. In addition, our sales team will hold regular meetings with customers to gain insights into their business operations, thereby reducing the risk of involvement in fraudulent or money laundering activities.

We regularly check the effectiveness of the Rectification Measures and promptly address any abnormalities. Based on the review of the implementation of the Rectification Measures, our Directors are of the view that such measures are effective and adequate in identifying the sources of funds from the Relevant Customers, ensuring the accuracy and completeness of our accounting books and records and preventing risks associated with Third-Party Payment Arrangements, including money laundering risks, tax evasion risks or other risks relating to violation of applicable laws and regulations. We will continue to monitor the effectiveness of these measures.

Pursuant to the Rectification Measures, we only allow payments (i) directly from the accounts of the customers or (ii) if not directly from the accounts of the customers, through the accounts of: (a) in the case of individual industrial and commercial households and sole proprietorship enterprises, the business operators/sole investors (or their spouses) of such entities pursuant to enhanced Undertaking Letters, being part of the amended sales and purchase agreements; and (b) authorized financial institutions which make payments to us directly pursuant to the relevant financing arrangements with our customers, as further described above.

- In terms of the permitted payors under category (a) above, pursuant to the Rectification Measures, we only allow payments from permitted payors provided that the corresponding customers and the permitted payors have entered into the amended sales and purchase agreement and the enhanced undertaking letters, where the enhanced undertaking letter explicitly provides that it shall form part of the amended sales and purchase agreement, that the permitted payors shall be strictly compliant with the amended sales and purchase agreement, and that the permitted payors shall be jointly and severally liable for the relevant customers. As such, upon execution of the enhanced undertaking letters, the permitted payors are bound by the amended sales and purchase agreements as if they were signatories to such agreements, and once the permitted payors make payments to us, they become contractually obligated under the amended sales and purchase agreements with respect to such payments. In addition, those permitted payors, by operation of PRC laws, shall assume unlimited personal liabilities with their personal and/or family assets for the debts of the customers.

- In terms of the permitted payors under category (b) above, those payments are made under and subject to relevant financing agreements and the underlying sales and purchase agreements which are valid and legally binding on the parties thereto.

Based on the above, our PRC Legal Advisor is of the view that, the aforementioned permitted payors who are not our customers have become contractually obligated with respect to the payments they make thereof and the risk for our Company to be found obligated to return such payments is remote.

As of April 7, 2025, we have fully implemented the Rectification Measures and have rectified or terminated all Third-Party Payment Arrangements.

Our Directors consider that the rectification of the Third-Party Payment Arrangements and the implementation of the Rectification Measures did not have, nor will have, any material adverse effect on the Group, taking into account the relationship with our customers, business operation and financial performance, as (i) all of the Relevant Customers had cooperated with our rectification process; (ii) the rectification of Third-Party Payment Arrangements did not affect the payment settlement arrangement from our Relevant Customers to us, under which we typically require our Relevant Customers to settle payments before we provide the products; and (iii) we have implemented the Rectification Measures since November 2024, and our revenue for the three months ended March 31, 2025 showed an increasing trend as compared to the same period in 2024. Having taken into account the views of our PRC Legal Advisor and our Directors as described above, the work and procedures performed by our internal control consultant, as well as the independent due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would reasonably cause them to cast doubt on our Directors' views as stated above in any material aspects in respect of (i) the effectiveness and adequacy of the Rectification Measures; and (ii) no material adverse effect on our Group as a result of rectification of Third-Party Payment Arrangements.

OUR BRAND-BUILDING AND MARKETING

"Haday" is a popular brand in China's consumer sector. We have built long-term trust and emotional connections with our customers through our century-old value inheritance and strong brand communication capabilities. We have consistently provided our customers with high-quality products and experiences, establishing our brand a household name through word-of-mouth. We recognize that customer loyalty requires long-term brand resonance and communication efforts, thus we endeavor to implement long-term marketing strategies.

As new trends and markets emerge, we value innovative marketing methods to capture and respond to new trends in a timely manner, as well as to engage the younger generation. We are also committed to building new branding and marketing channels, which helps us generate new product incubation and growth opportunities. Our brand and marketing team is responsible for formulating marketing strategies and fostering sales channel development and media operation. We have been actively promoting the informationization and digitalization of our marketing initiatives.

Our branding and marketing efforts can be categorized into three aspects:

- **Long-Term Branding to Create Emotional Resonance**: We have implemented our branding strategies consistently and have been selected in CCTV's "National Brand Project" (品牌強國工程) in recent years. We advertised our brand in CCTV as early as 1997 to promote our products to customers nationwide. In 2022, our brand logo appeared in the CCTV Weather Forecast (天氣預報) program with our promotional activities links. Additionally, we launched several special story films showcasing our brand values, such as "Master of Sun Brewing" (曬太陽的人) and "What Millions Care About, We Care About Too" (億萬人在意的，也是我們在意的), aired on multiple key television channels during TV prime time. Our branding methods have achieved extensive coverage, reaching countless households across China and presenting in numerous family gathering moments.

- **Innovative Marketing to Stimulate New Growth:** We recognize that marketing needs are constantly evolving and we innovate our marketing methods based on latest trends to maintain brand connectivity with customers from various generations. Our innovative and diversified marketing channels reach customers of all ages and all kinds of family groups, such as the reality show "Go Fighting" (極限挑戰), the singing show "Singer" (歌手), the talk show "Roast!" (吐槽大會), and the dating show "Take Me Out" (非誠勿擾). For example, we have creatively launched soy sauce ice cream at our pop-up shops across China, which has gained significant traction on social media. We invite visitors to our production facilities, which is also a national 3A tourism attraction, Yummy's Sunny Castle (婭米的陽光城堡).

- **Multichannel Marketing to Achieve Precise Reach:** Our marketing strategy employs a variety of specialized marketing methods to reach our diverse customer base, efficiently and precisely linking customers with products. For our distributors, we share our market insights to help them understand the market trends and customer preferences. For customers such as catering businesses, we sponsored various chef competitions to promote our products. We have established our membership program for end-customers via social media platforms, allowing us to reach wider audience and communicate with them directly.

OUR PRODUCTION

Our Production Process

We have established standardized and automated production processes, continually exploring and developing our production techniques to ensure our products remain flavorful and nutritious, staying at the forefront of market trends and customers preferences. Taking the soy sauce production process as an example, we integrate traditional techniques with modern industrial production to achieve high production standards, precision and efficiency, ensuring the stability of product flavor and quality.

Soy Sauce Production Process

Our soy sauce is produced primarily from soybeans, wheat, salt and purified water. The production process of soy sauce is complex. We maintain craftsmen's heritage know-how while implementing modern technology to optimize production techniques. The production process comprises the following key steps: raw material selection, continuous steaming, disk koji propagation, sun brewing, physical pressing, sterilization & precipitation, speed-bottling and product inspection.

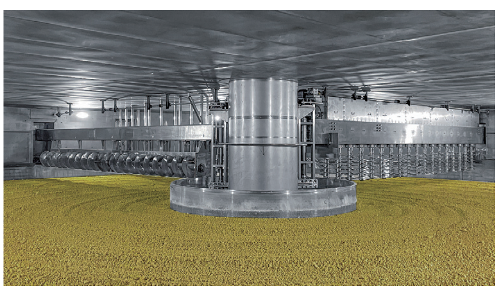
Raw Material Selection

Soybeans, as the primary ingredient in soy sauce, are crucial to its nutritional value and flavor. We implement a rigorous pre-screening standards based on shape and various physical, chemical, and safety indicators of the soybeans. We source high-quality, non-GMO soybeans from premium production areas for soybeans, such as the Sanjiang Plain in Northeast China, selected for their rich nutrients, plump texture, and bright yellow color. We have implemented comprehensive delivery and acceptance standards as explicit conditions in our procurement contracts.

Continuous Steaming

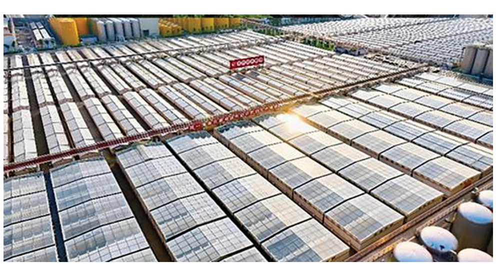
We employ a highly automated and ultra-high temperature steaming system, which prevents external contamination and human contact, ensuring a clean and controlled environment. This ultra-high temperature steaming process enhances the soybeans' natural flavor and pleasant aroma while sufficiently denaturing the proteins. This facilitates the breakdown of proteins and polysaccharides into amino acids, small peptides, and monosaccharides during fermentation, which are fundamental to developing the rich flavor and nutrition of our soy sauce products.

Disk Koji Propagation



The flavor of our soy sauce products is generated through the fermentation process involving microorganisms, such as koji mold and yeast. Through our R&D, we have cultivated highly effective strain and developed our superior Haday Aspergillus. The propagation process involves mixing Haday Aspergillus with steamed soybeans and roasted crushed wheat in our enclosed disk-shaped equipment, which provides an ideal environment for growth of aspergillus.

Sun Brewing



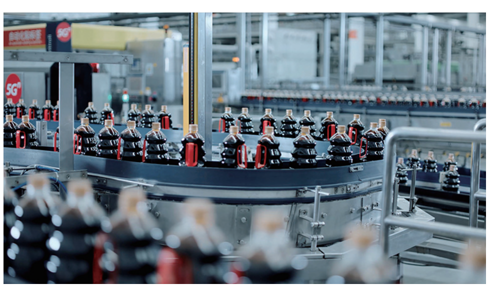
We preserve heritage brewing techniques, utilizing natural sun-brewing techniques. Our brewing yard, with its functional area equivalent to over 600,000 square meters, stands as a spectacular sight in our production base. We combine modern scientific research with heritage brewing techniques, having innovatively developed sun-brewing pools and modern tanks, which enable large-scale production of high-quality sun-brew soy sauce.

Physical Pressing

Our self-developed and highly automated soy sauce pressing system ensures a closed material transfer process and automated control operations. The pressing process extends over 48 hours across eight stages, allowing for slow and gentle extraction to preserve the original flavor and maximizes nutrient extraction from the raw materials.

Sterilization & Precipitation

Sterilization and precipitation are crucial to ensure product safety and quality. Building upon traditional high-temperature sterilization, we apply large-scale ultrafiltration technology in soy sauce production. This approach preserves the original flavor while achieving a clear, refined appearance. The subsequent sterilization uses methods like UHT, which extends shelf life while ensuring consistent and high-quality product with authentic flavor.



Speed-Bottling

Our soy sauce is transported through 316L stainless steel piping directly to our highly automated, sealed, clean filling plant for bottling. It ensures an enclosed environment that prevents external contamination and ensures food safety and hygiene. Our automated production lines can fill up to 52,000 bottles per production line per hour.

Product Inspection

We developed an advanced product inspection system for quality control at critical stages of the production process, ensuring efficiency and consistent quality. Each finished product undergoes a series of automated inspection procedures to ensure consistent quality.

Multi-Category Production

Our multi-category products share similarity in key production techniques. By efficiently applying those techniques across multiple production processes, we achieve greater benefits and advantages in terms of cost and quality of production. We actively promote flexible production lines to enhance adaptability and flexibility along our production processes, realizing seamless production transitions. We have been committed to gradually upgrading our production bases with intelligent production lines. Through the configuration of intelligent production lines, we have successfully achieved the production of similar products in different packagings on the same production line, and even different product series on the same production line. We can produce more than 20 specifications or 130 SKUs of different products on the same production line and offer a customized product cycle as short as seven days.

In the course of our operations, we have consistently upgraded our production equipment and followed rigorous maintenance schedules, thereby ensuring that our production capabilities persistently adhere to industry-leading standards and the latest technology trends. As a leader in the condiments industry with extensive experience, expertise, and R&D capabilities, we have actively contributed to the drafting of various national and industrial standards. As of December 31, 2024, we have led or participated in the formation or revision of a total of 56 national, industry and group standards, such as the national standards for Oyster Sauce (GB/T 21999-2008), General Technical Specification for Quality Control and Management of Food Production (食品生產質量控制與管理通用技術規範) (GB/T 44881-2023), Technical Specification of Food Production Data Management (食品生產數據管理技術規範) (GB/T 43730-2024), the industrial standard for Requirements for Assessment of Green Factory in Condiment (調味品綠色工廠評價要求) (QB/T 5978-2024) and the group standards for Reduced-salt Soy Sauce (T/CCIAS 009-2023), Soy Sauce (T/GBAS 11-2022) and Oyster Sauce (T/GBAS 12-2022).

Our Production Bases

As of the Latest Practicable Date, we operated the following four key production bases in China:

- **Guangdong Gaoming Production Base (廣東高明生產基地)**, starting operations in September 2005, produces various condiment products such as soy sauce, oyster sauce, flavored sauce and specialty condiment products.

- **Jiangsu Suqian Production Base (江蘇宿遷生產基地)**, starting operations in March 2016, produces oyster sauce and specialty condiment products.

- **Guangxi Nanning Production Base (廣西南寧生產基地)**, starting operations in March 2022, produces soy sauce and oyster sauce products.

- **Hubei Wuhan Production Base (湖北武漢生產基地)**, starting operations in February 2024, produces oyster sauce and specialty condiment products.

All of the underlying properties of the above mentioned production bases were our self-owned properties, as of the Latest Practicable Date.

The following table sets forth the details of the production capacities, production volume and utilization rates of our key production bases by product category for the years indicated:

	Year ended December 31,								
	2022			2023			2024		
	Production Capacity(1)	Production Volume(2)	Utilization Rate(3)	Production Capacity(1)	Production Volume(2)	Utilization Rate(3)	Production Capacity(1)	Production Volume(2)	Utilization Rate(3)
	('000 tons)	*('000 tons)*	*(%)*	*('000 tons)*	*('000 tons)*	*(%)*	*('000 tons)*	*('000 tons)*	*(%)*
Soy sauce products(4)	2,600	2,469	95	2,650	2,383	90	2,860	2,584	90
Oyster sauce products(5)	1,000	868	87	1,070	875	82	1,200	947	79
Flavored sauce products	400	283	71	400	294	73	400	324	81
Specialty condiment products and others(5)	500	437	87	570	404	71	640	453	71
Overall	**4,500**	**4,057**	**90**	**4,690**	**3,956**	**84**	**5,100**	**4,308**	**84**

Notes:

(1) Production capacity is calculated assuming that all production lines operate 12 months per year and on the basis of 300 days per year and 20 hours per day.

(2) The production volume during the year is the total volume of the products manufactured during that year.

(3) The utilization rate during the year equals the production volume divided by the production capacity during the same year.

(4) The production capacity for our soy sauce products increased from 2022 to 2023, primarily due to that new production lines were put into operation, and further increased in 2024, primarily due to the overall expansion of our soy sauce production lines.

(5) The production capacity for our oyster sauce products and specialty condiment products and others increased from 2022 to 2023, primarily due to that new production lines were put into operation, and further increased in 2024, primarily due to that our Hubei Wuhan Production Base was put into operation in February 2024.

The following table sets forth information on the production capacity, production volume, and utilization rate of each our key production bases for the years indicated:

	Year ended December 31,								
	2022			2023			2024		
	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]
	('000 tons)	*('000 tons)*	*(%)*	*('000 tons)*	*('000 tons)*	*(%)*	*('000 tons)*	*('000 tons)*	*(%)*
Guangdong Gaoming Production Base	3,750	3,417	91	3,800	3,296	87	3,800	3,385	89
Jiangsu Suqian Production Base	650	592	91	740	594	80	740	659	89
Guangxi Nanning Production Base[4]	100	48	48	150	66	44	460	211	46
Hubei Wuhan Production Base[5]	–	–	–	–	–	–	100	53	53
Overall[6]	**4,500**	**4,057**	**90**	**4,690**	**3,956**	**84**	**5,100**	**4,308**	**84**

Notes:

(1) Production capacity is calculated assuming that all production lines operate 12 months per year and on the basis of 300 days per year and 20 hours per day.

(2) The production volume for a year is the total volume of all products produced in the year.

(3) The utilization rate for a year equals the production volume divided by the production capacity for the year.

(4) Guangxi Nanning Production Base was put into operation in March 2022 and certain production lines have been gradually put into operation since then and were under ramp-up stage during the Track Record Period.

(5) Hubei Wuhan Production Base was put into operation in February 2024 and the relevant production lines have been gradually put into operation since then and were under ramp-up stage during the Track Record Period.

(6) The overall utilization rate and the production volume decreased in 2023, primarily because the increase of production capacity due to new production lines had been put into operation.

Production Expansion Plan

During the Track Record Period, we steadily increased our production capacity in line with our expansion strategy and market demand forecasts. We plan to further boost our overall production capacity progressively by expanding our existing production bases and building new ones. The following table summarizes details of our key production expansion plans as of December 31, 2024.

Production Facility	Product Category	Designed Production Capacity	Expected Completion Year
		('000 tons per year)	
Guangdong Gaoming Production Base . .	Soy sauce, flavored sauce products and others	500	2028
Jiangsu Suqian Production Base.	Soy sauce, oyster sauce and others	700	2030
Guangxi Nanning Production Base	Soy sauce and oyster sauce	560	2028
Hubei Wuhan Production Base	Oyster sauce, specialty condiment products and others	500	2030
Zhejiang Jiaxing Production Base.	Specialty condiment products	300	2030

We expect that the capacity expansion of Guangdong Gaoming Production Base will be funded primarily by cash generated from our operations, and each of the other planned key production bases above will be funded primarily by the net proceeds from the Offering and cash generated from our operations. See "Future Plans and Use of Proceeds — Use of Proceeds."

SUPPLIERS AND SUPPLY CHAIN MANAGEMENT

We place great emphasis on the selection and procurement of our raw materials as we believe the quality raw materials ensure the taste of our products. We cooperate with raw material providers and purchase raw materials from premium production regions to ensure high-quality and stable supplies. The raw materials that we procured for the production of our products are mainly soybean, oyster extract, sugar and salt.

Purchases from our five largest suppliers in each year during Track Record Period accounted for 20.2%, 17.2% and 17.4% of our total purchases for each respective year, respectively. In 2022, each of our five largest suppliers accounted for 5.3%, 5.0%, 3.3%, 3.3%, and 3.3%, respectively, of our total purchases for the year. In 2023, each of our five largest suppliers accounted for 5.6%, 3.7%, 2.9%, 2.6%, and 2.5%, respectively, of our total purchases for the year. In 2024, each of our five largest suppliers accounted for 5.5%, 4.3%, 2.7%, 2.5%, and 2.5%, respectively, of our total purchases for the year.

Raw Materials

During the Track Record Period, our raw materials and packaging materials were substantially procured in China. Our major raw materials are mainly soybean, oyster extracts, sugar and salt. Taking soybeans procurement as an example, we have established rigorous procurement criteria. We source high-quality soybeans primarily from premium production areas in China, which are rich in high-quality proteins. Our tracing system covers procurement, initial processing, storage logistics and inspections, ensuring that each batch of soybeans meets our procurement standards. During the Track Record Period, we did not procure and use any raw materials with genetically modified organisms. We use food-grade packaging for transportation of our raw materials, each with a unique tracking number and container number to achieve traceability. We adhere to the same rigorous procurement criteria for all raw materials. For example, the quality control measures for the oyster extracts used in oyster sauce production covers various indicators to avoid pollution in relation to impurities, heavy metals or microbial contamination. We carried out standardized management in the whole process of oyster extracts processing, inspection, storage and transportation to ensure the quality and safety of raw materials.

Our procurement team formulates plans on an annual basis with reference to sales projections and the anticipated price fluctuation of raw materials. We monitor and adjust our procurement plans with regard to orders we have received, the market demand for our products, and the price trend of raw materials in a timely manner. To mitigate the risk of raw material price fluctuations, we have taken measures such as (i) adopting flexible pricing policies based on the characteristics and market conditions of different raw materials; (ii) maintaining safety stock reserves for various raw materials; and (iii) establishing long-term cooperation with suppliers to ensure a stable and quality supply for key raw materials. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant shortage of raw materials supplies, and the raw materials provided by our suppliers did not have any significant quality issues.

Suppliers Management

Our procurement team pre-screens potential suppliers based on their qualifications, production capacity, technology and quality control system. We inspect product samples from those who pass the pre-screening and may conduct on-site inspections to ensure compliance with our quality standards. We retain multiple qualified suppliers for major raw materials needed for production to avoid over-reliance on any single supplier and regularly review current suppliers' performance to assess their performance. We have established stable, trustworthy relationships with reliable suppliers for main raw materials. From industrial layout, planting management, harvesting and processing to transportation, we cooperated with suppliers to standardize each process flow and improve our tracing system. Our stringent supplier selection and review criteria, along with stable relationships with reliable suppliers, ensure stable and quality supplies for our production.

We utilize digital systems to empower supply chain management. Our SRM system includes several modules for supplier management, sourcing management, order allocation, and supplier collaboration, improving supply chain operational efficiency, shortening supply chain response times, and enhancing the overall competitiveness of our supply chain. By streamlining and solidifying end-to-end business processes, we deepen supplier collaboration and strengthen supplier management. Our suppliers may select to use factoring service in connection with our procurements from them. During the Track Record Period, certain suppliers obtained such services from Haitian Commercial Factoring. See "Connected Transactions — Partially-Exempt Continuing Connected Transactions."

We use multi-stage methodologies to ensure that we obtain favorable prices for raw materials, mainly including (i) pricing through bidding — our suppliers compete for our orders through a bidding process and we select the winning bid based on their bidding price, among other factors, and (ii) pricing through negotiation — based on our procurement plan and price estimate of raw materials, we enter into pricing agreements with our suppliers to confirm the contract price for each batch of supply.

Key Terms of Supply Agreements

Salient terms of the supply agreements with our suppliers for key raw materials typically include:

- *Duration.* The duration of a framework supply agreement is typically one year.

- *Quantity and Price.* We generally specify prices in pricing agreement, quantity and delivery details for each delivery batch in separate orders.

- *Delivery.* The suppliers are typically responsible for delivering their products to our designated place, and they shall bear the transportation costs.

- *Payment.* We generally settle payments with our suppliers within 30 days after the accounts have been reconciled.

- *Quality.* Detailed quality standards and specifications for the raw materials are set forth in the framework supply agreements.

- *Inspection and Acceptance*. The raw materials are subject to our inspection upon arrival at our designated place, and the supplier shall always be liable for any quality issue.

LOGISTICS AND WAREHOUSES AND INVENTORY MANAGEMENT

We cooperate with logistics service providers to operate our logistics network to meet the diverse logistics needs of us and our customers. Our products undergo strict quality inspection before shipping and we require our logistics service providers to strictly adhere to relevant transportation quality requirements to ensure our products are transported under appropriate conditions. To meet the sales and shipping of our products, we tailor our transportation solutions and the layout of our warehouses based on customers' requirements. We employ regular public bidding and phased negotiations to ensure our transportation expenses remain competitive with market standards.

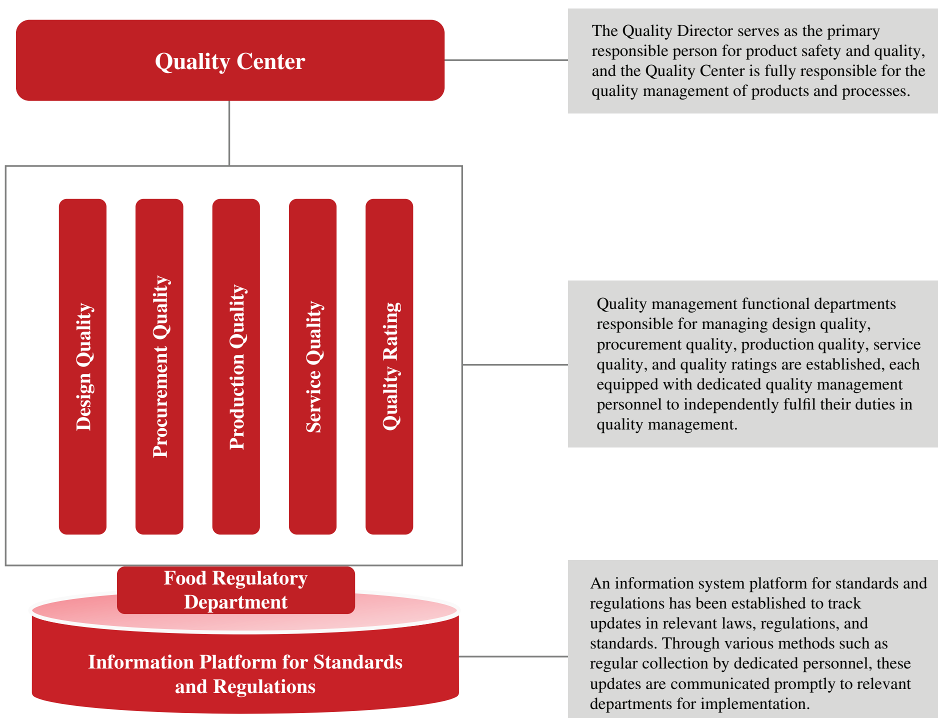
We operate warehouses at each of our production bases. Our raw materials are stored in monitored storage conditions with controlled temperature and humidity to minimize the risk of food deterioration. Our finished products are placed in designated areas and labeled pursuant to their respective product lines and dates of production. We implement strict market quality control mechanisms and specify quality control requirements for warehousing and logistics, and have incorporated such requirements into the contractual terms of our standard distribution agreement to ensure effective implementation across our nationwide sales network.

Our inventories primarily consist of raw materials, work in progress and finished goods. We closely monitor the market prices of key raw materials, and manage the inventory levels to ensure that scheduled production meets anticipated market demand. During the Track Record Period, we did not experience any material shortage. We have implemented a strict inventory management mechanism across our production bases, covering procurement, material supply, material receipt and returns, inventory checks and scrapping.

QUALITY CONTROL

We are dedicated to delivering safe and high-quality products to our customers. Our quality control team is responsible for formulating, managing, and supervising our comprehensive quality control system to ensure all products meet our stringent standards. As of the Latest Practicable Date, we have established an efficient and professional quality control team responsible for formulating, managing, and supervising our quality control system. Most of the team members have educational backgrounds in food science and quality inspection-related areas, and the majority have many years of work experience in the condiments industry. During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaints from customers in connection with product quality or food safety.

Our operations adhere to the widely recognized and advanced quality and food safety standards, including ISO9001, ISO22000, FSSC22000, China HACCP, BRC, FSMA, and IFS. We have established a quality center responsible for overall management of our quality control system. We also have a dedicated food regulations department researching on the latest domestic and international laws and regulations where we sell products. Our quality control department is divided into several departments across the whole production processes, namely design quality control, procurement quality control, production quality control, service quality control and quality control rating. The chart below outlines the functions of our quality control system:



- **Design Quality Control.** Design quality control involves the management and control of our product designs, including maintaining thorough documentation for design process, as well as conducting regular design reviews to confirm the design meets standards and customers' needs. These steps collectively ensure a robust and high-quality design process.

- **Procurement Quality Control.** We have implemented rigorous procedures for selecting and managing our suppliers to ensure the high quality of raw materials. We choose suppliers who meet our quality criteria and regularly assess our suppliers' performance, and we terminate contracts with those who do not meet our standards. Our quality requirements for raw materials are more stringent than the relevant Chinese national standards. Our quality control team tests raw materials upon delivery and rejects any that do not meet the specified quality standards in our contracts. See "— Suppliers and Supply Chain Management — Suppliers Management."

- **Production Quality Control.** During the Track Record Period, our Guangdong Gaoming Production Base, Jiangsu Suqian Production Base, Guangxi Nanning Production Base and Hubei Wuhan Production Base achieved 100% certification for both the ISO 9001 Quality Management standard and the ISO/FSSC 22000 Food Safety standard. We follow our standardized production procedures and strict quality control standards to ensure consistent product quality.

- **Service Quality Control.** We are committed to partnering with our customers to build a healthy lifestyle by implementing a comprehensive inspection procedure before the products reach our customers. We also engage through transparent labeling and provide detailed information about the nutritional content and sourcing of our products. To ensure high standards in our products and services, we have established a customer-centric service system, continuously striving for excellence in quality and customer satisfaction.

- **Quality Control Rating**. We developed a quality control rating system by reviewing and overseeing our ratings to ensure continual compliance. Regular training sessions are conducted for employees to improve their understanding and execution of quality standards, ensuring adherence to best practices. We have also established a standardized and responsive product recall system, which enables us to promptly respond and initiate our product recall procedure should such concern arise. If the product recall is necessary, we will promptly notify all relevant teams, including production, quality control, warehousing, and procurement, to ascertain the specific product batch and inform the relevant parties, including the distributors responsible for the regions. During the Track Record Period and up to the Latest Practicable Date, we did not have any material product recalls or returns, or product liability claims. See "Risk Factors — Risks Relating to Our Business and Industry — Product quality and food safety issues related to our products, or concerns about the safety and quality of our products, may adversely affect our business and financial performance."

RESEARCH AND DEVELOPMENT

Our R&D department is divided into five teams that focus on product development, production technology development, market research, new technology application, intelligent equipment design and food safety inspection. As of December 31, 2024, we had a total of 1,436 employees in our R&D and Technology department. We also collaborated with external academies, universities, and research institutions, focusing on the development and application of key technologies in the condiments industry. As of December 31, 2024, we actively participated in government R&D projects, especially the Fourteenth Five-Year Plan "National Key Research and Development Program" including, among others, Green and Efficient Intelligent Production for Soy Sauce and Fermentation and Industrialization (醬油和發酵綠色高效智能製造技術研究及產業化示範), Key Technologies for Reducing Salt and Green

Production of New Flavor Enhancers (減鹽關鍵技術與新型鹹味劑綠色製造) and the R&D of Green Processing Technologies for Bulk Seafood and By-Product Condiment and Their Industrial Application (大宗海產品及副產物調味料綠色加工技術研發與產業化應用).

In 2022, 2023 and 2024, our research and development costs amounted to RMB751.3 million, RMB715.4 million and RMB839.5 million, respectively, representing 2.9%, 2.9% and 3.1% of our revenue for the same year.

Product R&D

Our market-oriented and customer-centric product R&D focuses on consumers' needs and experiences, striving to continually upgrade and iterate on existing products and diligently develop new products to swiftly respond to the ever-changing market. We recognize the changing market demand towards healthier, more convenient, and cost-effective products.

To meet consumers' expectations of healthy and tasty products, we have launched products such as high-umami and reduced-salt, organic and gluten-free soy sauce products to meet market demand. At the same time, we are aware of the market trend towards convenience and have developed a series of convenient compound condiments that allow consumers to easily complete the preparation for delicious dishes with just one sauce. We also continued to develop new products based on the regional taste preference of consumers and the different consumption scenarios for end-customers in different channels. We have successively launched different series of condiment products to meet the taste preferences across various regions in China. We also provide certain products with customized specifications for catering businesses and food processing enterprises.

Digitalization and intelligence are the cornerstones of our product development system. We have established a dedicated team to bring the frontline market insights to offline product development. We collect the voice and feedback from distributors and customers and rapidly consolidate market insights thereof, together with our well-established know-how, facilitating the product development. We have also developed new product monitoring system and new product trial sales model, which enable us to allocate the marketing resources by predicting the market responses.

We have established a standardized front-to-end product R&D process that integrates product development, technical research, production and supply chain management, and marketing. Our standardized R&D process includes the following:

- *Market Insights and Demand Assessment*: We have established a kaleidoscope information system to collect internal and external market insights. By combining market data and customer feedback, we identify market opportunities and new product concepts, forming effective inputs for product development.

- *Project Evaluation*: We have a dedicated product evaluation team, including multiple functional departments to assess the expected value and feasibility of new product R&D projects. Through comprehensive project evaluation, we align goals and parallel development work across product development, brand design, technical research, packaging development, production support, marketing testing and promotion, and corresponding R&D activities.

- *Pilot and Intermediate Testing*: After the project is launched, specialized modules such as product development, brand design, technical research, and packaging development conduct concurrent research and advancement. The overall project manager coordinates the project to ensure efficient implementation.

- *Launch Evaluation*: The product decision evaluation team conducts a comprehensive assessment of the project's expected sales value, gross profit margin, R&D goal and production efficiency. It develops a marketing and brand planning strategy for the new product's launch.

- *Lifecycle Management*: After the new product completes the launch sale and marketing promotion stages, each product division uses our self-developed PLM system to continually enhance product competitiveness through product quality upgrades, packaging and specification optimization, and production efficiency improvements.

With the growing health-conscious trend in recent years, we are aware of customers' expectations for healthy and delicious condiment products. We set up a cross-department team to analyze the feasibility, cost-effectiveness and market needs of high-umami and reduced-salt products. Our R&D team conducts research on how to lower the sodium content in soy sauce without compromising flavor. We innovated fermentation technology and strain selection, and developed our patented High-Umami Reduced-Salt Fermentation Technology (高鮮減鹽發酵技術), which selects flavor-enhancing aspergillus strains and aroma-boosting yeast strains, achieving high umami flavor with reduced salt.

We focus on the customer's experience and are committed to making our products more convenient and customer-friendly. We developed the "easy-squeeze" bottles based on our insights into pain points in product use (e.g. condiment products are not easy to pour from glass bottles, and condiment products in glass bottles are inconvenient to transport). Our product R&D team quickly launched an R&D project upon receiving the feedback, involving the processes from design to production and established a task force to ensure collaboration across multiple departments. Our R&D team researched consumers' habits and experiences and refined the design of "easy-squeeze" bottles to ensure the bottle was aesthetically pleasing and functional, with a clean spout and minimal residue, ensuring that the bottle material would not be deformed during hot filling and would have moderate hardness for being easy to hold and use. As of December 31, 2024, 460 million bottles of our "easy-squeeze" bottle oyster sauce products have been sold. We expanded the application of "easy-squeeze" bottles to other product categories and successfully developed "easy-squeeze" bottle soybean sauce products, which have also received widespread acclaim from the market.

Production R&D

Our master craftsmen's heritage know-how has been integrated and transformed into automated, intelligent and digitalized production processes. We have made continual breakthroughs in our core technologies and production facilities, covering multiple production steps from raw material inspection to product delivery. Our production R&D advancements focus on three key aspects: flavor, safety and quality as well as efficiency.

- **Flavor**. We understand that flavor is fundamental to customers' preference for our products. Using our patented umami enhancement technology, we achieve initial umami through enhanced enzyme activity. Our fermentation of high-quality soybeans and umami enhancement technology in increased low-molecular-weight peptide content enhances the lingering umami and significantly improves product flavor and nutritional content. During the fermentation stage, we use advanced technology to monitor the growth state of koji, ensuring that soybeans are sufficiently fermented to achieve a rich flavor. In the product inspection stage, we have innovatively developed an AI-driven intelligent sensor system with hundreds of olfactory data points and evaluation parameters for intelligent modeling, ensuring high standards, precision, and efficiency in producing high-umami products.

- **Safety and Quality**. Safety and quality are critical to our products. We use highly-automated production line that is automatically linked and enclosed, minimizing product contamination risks during the transportation and handling of semi-finished products. Production steps are strictly monitored and tested to ensure our products meet the highest safety standards and full data inspection. From a soybean to soy sauce, our production process undergoes 494 inspection points with over 2,000 testing indicators. We have developed an intelligent product inspection system, achieving efficient and accurate quality inspection. Through our extensive historical data validation, we have digitalized quality control parameters that were traditionally reliant on human experience. After our products enter into market, any issues can be traced through digital product codes, allowing us to respond promptly to customers' feedback. Our tracing system enhances our production management and increases customers' trust in our products. Through these measures, we are dedicated to ensuring that every bottle of our products meets food safety standards from production to packaging, safeguarding the safety of our customers.

- **Efficiency**. We prioritize efficiency throughout our production process. In the raw material selection stage, we use advanced technology to remove impurities. The automated system performs rapid screening of approximately 13,000 soybeans per second, effectively improving production efficiency. In strain breeding, we apply our self-developed high-throughput strain screening platform, featuring optimal breeding methods. This has greatly improved breeding efficiency and shortened the breeding cycle, efficiently cultivating high-yield salt-tolerant strains and high-umami and reduced-salt strains compared to traditional screening methods. During the koji propagation and fermentation stages, we developed AI algorithms that learn from extensive historical data in fermentation tanks to set optimal fermentation parameters and models. In terms of production facilities, we upgraded our facilities to better support our production and operation, such as our self-developed koji propagation disk, digitalized and automated screening system, and our proprietary AI algorithms developed for fermentation process control. These advancements have significantly enhanced our production efficiency, allowing us to meet market demand more effectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Sustainable development is one of our fundamental strategies and we are committed to creating sustainable value for our stakeholders. Guided by the goal of "Flavoring Every Moment" and the philosophy of "Conscience, Care and Responsibility," we set out clear sustainable development goals that are relevant to our business operations. By actively taking on social responsibilities, we integrate the sustainable development of the wider community into the growth and expansion of our Company.

ESG Governance

To implement our ESG measures, we have established a sustainable development management framework known as the "Governance–Management–Execution," which operates under the direct leadership of our Directors and senior management. We have established a sustainable development department with three main functions: systematic development of ESG governance structure, sustainable development related risk control, and energy technological innovation. The members of our sustainable development department all have ESG-related educational or professional backgrounds.

Our ESG management framework operates through a multi-level matrix: (i) horizontally, the ESG execution level works closely with the sustainable development execution steering group, including ESG topic leaders, board secretary office, finance department, risk control department, sustainable development department, etc.; and (ii) vertically, the ESG execution level establishes topic groups based on different issues. Each topic group comprises members from headquarters' functional departments/industrial parks.

Our current ESG governance structure is divided into three key aspects:

- **Governance**: Includes the Board of Directors and Board Strategy & Sustainable Development Committee. The Board leads sustainable development decision-making, overseeing company-wide sustainability efforts, making decisions on major sustainability issues, and approving ESG reports. The Board Strategy & Sustainable Development Committee serves as the research and guidance body for our sustainable development work.

- **Management**: The Sustainable Development Management Committee serves as the management level, chaired by our president, with vice presidents and board secretary as vice-chairs, and department heads as members. Main responsibilities include developing sustainability strategy, objectives, and mid-to-long-term planning.

- **Execution**: Consists of the sustainable development execution steering group, topic groups, and headquarters' functional departments and industrial parks. Topic groups are established for different issues, with members from functional departments/industrial parks. Each group has a lead unit coordinating work and regularly reporting progress to the Sustainable Development Management Committee.

We are committed to safeguarding the rights and interests of all stakeholders as part of the ESG initiatives. Our stakeholders include shareholders and investors, government and regulatory bodies, suppliers, distributors, customers and employees. We have established multiple communication channels to maintain efficient and close communication with stakeholders to identify the demands of different stakeholders, listen to the opinions of all parties and give timely feedback. Through a series of improvement measures, we address stakeholders' concerns, strengthen the company's governance structure, and continually enhance our corporate governance level. We aim to build a more stable and harmonious network of stakeholder relationships, promote the company's long-term sustainable development, and create greater value for all stakeholders.

ESG Strategies and Policies

In terms of identifying risks and opportunities and conducting impact analysis, we have established a stakeholder communication and dual materiality assessment mechanism. This mechanism defines short, medium, and long-term time frames to identify, qualitatively and quantitatively assess, analyze, rank, address, monitor and report on the impact, risk and opportunity categories, risk exposure and likelihood of occurrence of relevant issues. This ensures that we can promptly respond to any potential changes in social trends and government policies related to ESG that may affect our business model and value chain. We periodically compile and release the "Sustainable Development Internal Reference — Identification, Assessment, Analysis and Response Report on Dependencies, Impacts, Risks, and Opportunities" (可持續發展內參—依賴、影響、風險和機遇的識別評估分析和應對報告),

"ESG Issue Reference Guides" (ESG議題參考指南), conduct periodic "ESG Key Issue Maturity Assessments" (ESG關鍵議題成熟度評價) and use "Issue-Specific Risk Assessment Tools" (議題專用風險評估工具) to identify and list ESG-related risks. We have developed the "Haitian Flavoring Risk Assessment Analysis Tool" (海天味業風險評估分析工具) to analyze issue risks and have incorporated the risks related to highly important issues such as climate change and energy use, water resource management, circular economy and packaging materials, supply chain management and raw material procurement, product and service safety and quality and nutrition and health opportunities into our Group's risk library.

ESG-related risks are integrated into our risk control management system and systematic control and improvement mechanisms are developed in conjunction with government policies, laws and regulations.

ESG-related Risks and Opportunities Assessment

We recognize that our business will be affected by ESG-related risks and therefore continually optimize our ESG risk management and opportunity identification system.

We conduct materiality assessments for ESG issues in light of our business characteristics and operational status while aligning with national and regional policies. To ensure our stakeholders' engagement, we have developed a survey plan to gather insights from various stakeholders regarding the significance of each ESG issue. By integrating the senior management's opinions with the survey results, we rank the materiality of the identified ESG topics and present the ESG issue matrix to the Board of Directors for confirmation.

During the Track Record Period, we were not subject to any material administrative penalties for violating health, safety, or environmental regulations. During the Track Record Period, we won numerous social honors and recognition in terms of brand value, enterprise strength, and ESG practices. In 2024, we were awarded as "China Enterprise ESG Excellence Case" by the China Enterprise Reform and Development Society in the "2024 Enterprise ESG Sustainability Conference" (2024企業ESG可持續發展大會).

Environment

We regard green development as the top priority for our business growth and continually strive for innovation in both production and management to instill the concept of sustainable development throughout our operation.

Climate Change and Energy Utilization Management

We have established a climate change and energy utilization management framework to address the impacts of climate change, seize the opportunities of using new energy, and achieve comprehensive green transformation and quality development of our Company. We have established comprehensive management procedures to prioritize, manage and monitor climate change and energy utilization related risks and opportunities. We have also formulated and regularly updated our internal policies and procedures in accordance with national environmental and energy-related laws and regulations and requirements of our internal management system. These policies and procedures apply to our employees, suppliers and other stakeholders.

We have also identified following climate change-related risks that may adversely affect our business operations:

Physical risks	Floods, typhoons, storms, and other extreme weather conditions and natural disasters may cause price volatility of raw materials, fluctuations in supply, and physical damage to our factories and offices. They also pose safety risks to our staff and can lead to delayed deliveries to our customers, among other consequences.
Transition risks	Policy risks, technology risks, market access risks, goodwill risks, etc., associated with the transition to a low-carbon economy. Additional costs may be incurred to purchase new energy, replace biodegradable packaging, promote sustainable sourcing, and engage in low-carbon product development.

By reviewing our internal policies, understanding current situations in business operations, and studying relevant industry practices, we have established effective procedures to manage climate change-related risks:

- To address physical risks, we have developed contingency plans and preventive measures for severe weather conditions. We strategically reduce our dependence on a single source of supply by establishing partnerships with suppliers in different regions to mitigate climate risks of raw materials.

- To manage transition risks, we actively track policy changes to ensure compliance with regulations. We have been implementing a phased facility retrofit program to progressively upgrade equipment. We have also established a special budget dedicated to investing in energy conservation and emission reduction projects, enhancing both our production processes and energy efficiency, while promoting waste recycling. Furthermore, we are committed to developing new products in line with sustainable development trends, expanding our range of better-for-you product lines, and reducing our carbon footprint of our products by decreasing energy consumption in production and utilizing green logistics and environmentally friendly packaging.

We have been gradually establishing a comprehensive greenhouse gas emission accounting system, formulating appropriate parameters and indicators, establishing a digital carbon management system, carrying out product carbon footprint accounting and evaluation, and building an internal carbon pricing mechanism. In 2024, we had completed the carbon footprint certifications for representative products and product categories of soy sauce, oyster sauce, flavored sauce, specialty condiment products and others and established an internal workflow for the accounting and evaluation of the carbon footprint of our products. By implementing internal carbon pricing, we apply carbon management to business integration, business decision-making and internal settlement, achieving scientific management of carbon economic value.

We have actively responded to the national "dual-carbon" policy and taken various measures to enhance our energy management. These measures have yielded remarkable results both environmentally and economically. We strictly abide by the Energy Conservation Law of the PRC and other laws and regulations, and have established energy management measures as follows:

- **Energy conservation and carbon reduction.** We are committed to establishing and optimizing our environmental protection system, improving our green operations, and continually enhancing our resource utilization efficiency, energy conservation and emission reduction in order to achieve our long-term goal of sustainable development. In 2024, we successfully launched 161 energy-saving and carbon-reducing projects, expecting to result in savings of over 5.5 million kilowatt-hours of electricity and more than 53,600 tons of steam, which collectively reduced carbon emissions by over 21,000 tons.

- **Clean energy initiatives.** We have continually expanded our photovoltaic (PV) power generation scale, resulting in a significant lean production optimization increase in both installed PV capacity and the PV power generation. As of December 31, 2024, the installed PV capacity reached 14.5 MW. In 2024, the PV power generation reached 16.0 million kWh, resulting in savings of 1,967.3 tons of standard coal and a reduction of 8,585.6 tons of carbon dioxide emissions. The annual growth rate for PV electricity generation from 2023 to 2024 was 34.0%. By 2025, we will achieve a PV installed capacity of more than 20 MW. We have also launched the biogas reuse project by bio-degrading the Chemical Oxygen Demand ("**COD**") in wastewater to convert biogas into a large amount of heat (steam) by burning it directly in boilers or co-firing it with other fuels. In 2024, 5.2 million Nm^3 of the biogas have been recovered and utilized, resulting in savings of 4,903 tons of standard coal and a reduction of 86,078 tons of carbon dioxide emissions.

Water Resources Management

We have implemented a comprehensive water resources management strategy, upholding the concept of "building a benchmark for water saving" and the management principle of "reducing the negative impact of production on water resources and enhancing the awareness of water saving in the whole chain." Through the implementation of steam condensate recycling, cooling water substitution, and other measures, we optimized our water management system and effectively reduced the consumption of water resources and the discharge of wastewater. We also implemented a series of other measures to effectively reduce the risks of water resource utilization, including conducting water resource risk assessments to identify and assess the risk level of water resources at all factories in each production base and conducting employee water-saving training.

Packaging Material Management

We follow the "Reduce-Reuse-Recycle-Regeneration-Rejection" principle of green packaging to achieve the sustainability of packaging. During the Track Record Period, through design optimization and technological innovation, we successfully adopted a lightweight packaging approach, reducing our products' environmental impacts. We promote the green packaging initiative by collaborating with suppliers. At the same time, we encourage customers to recycle these materials through e-commerce platform promotional pages, product labels, and other channels.

Raw Material Procurement

We recognize that the selection and procurement of raw materials extends beyond economic considerations to include environmental and social factors. Our approach to raw material procurement is grounded in the principles of sustainable development, ensuring that the materials we source align with our sustainability goals. We actively encourage our suppliers to meet our stringent procurement standards, which encompass not only the quality and safety of raw materials but also adherence to best practices in environmental protection, labor standards and employee health. By fostering partnerships with suppliers who share our values, we aim to create a supply chain that is both resilient and responsible. We implement regular assessments and audits of our suppliers to comply with our ESG criteria. These evaluations help us identify areas for improvement and drive continual advancements in sustainability practices across our supply chain.

Pollutant Discharge and Waste Management

We are committed to effectively managing and reducing waste throughout our business operations and promoting resource recycling to facilitate the transition towards a recycling economy. Our production mainly generates three types of waste: waste gas, wastewater, and solid waste. Apart from the waste gas treatment facilities mentioned above, we optimized our wastewater disposal process to ensure compliance with higher environmental standards. Solid waste includes hazardous and general waste. Hazardous waste is disposed of by licensed third-party contractors, while general waste, such as soybean residue, is recycled and sold, achieving nearly 100% reuse.

Metrics and Targets

We have established a comprehensive ESG indicator library containing hundreds of ESG-related indicators, based on which we set targets that are in line with our own development reality and define short, medium and long-term time boundaries in accordance with relevant regulations and guidelines. Take climate change-related target as an example, our goal is to achieve carbon peak by 2030 and carbon neutral by 2060. To reach this goal, we have set up short, medium and long-term targets to continuously reduce the carbon emission per unit of production and increase our green electricity usage percentage. At the current production capacity level, our short-term target is to reduce the carbon emission per unit of production generated in our operations by at least 3.9% compared to the previous year and to achieve a green electricity usage percentage of at least 10% by 2025. Our medium-term target is to reach carbon peak and continue to reduce the carbon emission per unit of production, with a green electricity usage percentage of at least 20% by 2030. We aim to ultimately achieve carbon neutral by 2060.

The following table sets forth details of our resource consumption, waste discharge, and pollutant emissions during the Track Record Period:

	Year ended December 31,		
	2022[1]	2023[1]	2024
Greenhouse gas (GHG) emissions (Scope I and Scope II) (tonnes of carbon dioxide equivalent)[2]	–	402,999	454,338
GHG emissions per unit of production (Scope I and Scope II) (tonnes of carbon dioxide equivalent/tonnes)	–	0.0997	0.1025
Scope I (Direct emissions) (tonnes of carbon dioxide equivalent)	–	245,134	248,248
Scope II (Indirect emissions) (tonnes of carbon dioxide equivalent)	–	157,865	206,090
Scope III (Indirect emissions) (tonnes of carbon dioxide equivalent)	–	–	3,663,924
Total GHG emissions (Scope I, Scope II and Scope III) (tonnes of carbon dioxide equivalent)	–	–	4,118,262
Total energy consumption (MWh)	–	1,118,820	1,267,405
Purchased electricity (MWh)	–	232,908	286,572
Fresh water consumption (cbm)	7,253,329	8,864,706	10,599,973
Renewable energy consumption (MWh)	–	83,745	89,470
Total wastewater discharge (cbm)	2,730,551	3,351,698	4,812,560
Total amount of non-hazardous waste generated (tonnes)	–	264,421	328,488
Total amount of hazardous waste disposed (tonnes)	21.7	22.2	23.3

Notes:

(1) We started systematic recording and evaluation of certain indicators above in 2023 or 2024.

(2) Greenhouse gas emissions are calculated in adherence to the GHG Protocol standards. Scope I includes direct greenhouse gas emissions from sources owned or controlled by our Company, including stationary combustion sources, mobile combustion sources, direct emissions from industrial processes, and direct fugitive emissions from anthropogenic systems. Scope II includes indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by us. Scope III include emissions that are not produced by our Company itself and are not the result of activities from assets owned or controlled by us, but by those that our Company is indirectly responsible for up and down its value chain.

The increases in greenhouse gas (GHG) emissions, Scope II indirect emissions from purchase electricity (namely Scope II (indirect emissions) and purchased electricity), fresh water consumption and total wastewater discharge from 2022 to 2024 were primarily driven by (i) our growing business scale and the increase in production volume across our core product categories; (ii) additional resource consumption arising from the ramp-up of new production facilities; (iii) additional resource consumption arising from pre-operational testing and trial runs of newly commissioned equipment; and (iv) additional resource consumption arising from widespread implementation of flexible production arrangements of existing production lines. The increase in renewable energy consumption from 2023 to 2024 was primarily driven by our expanding investments in PV power generation and scaled up biogas production capacity, thereby significantly increasing the proportion of renewable energy sources in our overall energy consumption mix. These efforts align with our commitment to advancing green manufacturing processes.

Society

Nutrition and Health Opportunities

Our positioning strategies for different product lines are continually adapted in response to these insights, allowing us to better meet customers' demands. Our strong innovation strength enables us to achieve a more comprehensive product coverage, and preserve the taste and quality of our products, ensuring our products are both appealing and health conscious.

Responsible Brands

We are dedicated to building a responsible brand that empowers our customers to understand the nutritional content of our products and the significance of a balanced daily diet. By fostering informed purchasing choices, we aim to promote healthy and active lifestyles.

We take product promotion materials as a vehicle for conveying the concept of nutritious and healthy eating to customers. Through this approach, we not only demonstrate our unwavering commitment to healthy eating but also assist customers in making more informed choices when selecting products and planning their diets. We also leverage a variety of online platforms, such as WeChat account, Weibo account and other social media platform accounts to create a healthy and nutritious lifestyle together with our customers.

We have also introduced the "Yummy's Sunny Castle" industrial tourist attraction project which presents our production in a transparent and engaging manner. Through the project, tourists can gain valuable insights into the brewing process of soy sauce and how to evaluate the quality of soy sauce products. We are dedicated to guiding our customers toward healthier choices and fostering a culture of informed decision-making. Our initiatives reflect our commitment to quality nutrition, balanced diets, and personal empowerment, ultimately improving the well-being of our customers and the communities we serve.

Employee Rights and Well-Being

We are committed to cultivating our human resources system of "selecting, training, utilizing, and retaining people" to achieve fair employment, protect employee's rights, and provide more learning opportunities, promotional channels, benefits, and care for employees, allowing employees to share the achievements of corporate development.

- *Employee benefits*. We are committed to establishing a fair and competitive salary performance system and implementing a comprehensive incentive mechanism to effectively motivate employees and improve work efficiency and sense of responsibility. We implement the "dual driver" system of organizational performance and employee performance management. We advocate the remuneration concept of "high remuneration, high efficiency, and high responsibility", designing a targeted remuneration system and structure, implementing a comprehensive remuneration system including monthly salaries, bonuses, allowances, benefits, and long-term incentives, and ensuring that employees are paid in full and on-time. We implement the PRC Labor Law, the PRC Social Insurance Law, the Regulations on Paid Annual Leave for Employees and other labor laws, and other regulations and policy requirements, follow the national and local government arrangements for annual leave, marriage leave, maternity leave and other holidays, pay pension, medical, unemployment, work-related injury, and maternity insurance for employees, and pay housing provident funds for employees.

- *Employee development and training*. We have established an advanced talent training system from training process management, training approval management and other levels according to the Training Management System to help employees develop their careers and improve their professional skills. In 2024, we organized and conducted 965 online courses and 240 onsite courses, with a total of over 300,000 participants (frequency). We established a scientific, fair, smooth and motivating employee career development management system in accordance with the administrative measures for qualifications, aiming at providing employees with broad career development space and promoting the common growth of employees and the Company. Our career development system provides employees with two main career channels — management channel and professional channel — and establishes a clear position and rank system so that employees can clearly understand and choose their own career development path.

- *Human rights and labor rights and interests*. We strictly abide by the PRC Labor Law, the PRC Labor Contract Law and other laws and regulations on labor and social security policy. We practice the principles of employment in accordance with the law, equality and anti-discrimination in the whole process of "selecting, training, utilizing, and retaining people." It fully respects and protects the legitimate rights and interests of every employee in recruitment, training and development, job transfer and promotion, salary and welfare, attendance and vacation, dissolution or termination of employment relations, etc. We also strictly abide by relevant laws and regulations on children's rights and international labor standards, and explicitly prohibit the use of child labor. We have implemented strict control policies and preventive measures in recruitment, entry, and other important aspects to eliminate the use of child labor.

- *Diversity and inclusion*. We are committed to providing employees with a diverse and non-discriminatory working environment, and do not treat employees differently because of gender, nationality, race, religious belief, age, marital status, family status, disability and other differences. We recruit college graduates from all over the country and the world, and we had more than 882 ethnic minority employees as of December 31, 2024. We promise to treat every employee of different genders, nationalities, races, religious beliefs, ages, marital statuses, family statuses, disabilities and other differences fairly and impartially, and fully respect their freedom in religious beliefs and living habits. We implement policies in accordance with the Law of the People's Republic of China on the Protection of Women's Rights and Interests, the Special Rules on the Labor Protection of Female Employees, and other regulations and policies, and set up a dedicated mother and baby room to respect and protect the rights and interests of female employees and help them balance family and work.

- *Health and safety*. We regard the health and safety of employees as an important basis for the sustainability of enterprises and are committed to fully protecting the occupational health and safety of employees and providing a safe and comfortable working environment for employees. We have established an occupational health and safety management system in accordance with ISO 45001 and have formulated occupational safety management policies at different levels, We continue to carry out hazard identification and potential risk assessment covering all posts and operations and establish post safety standards based on the evaluation results. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any accident causing death or serious bodily injury in the course of our business operations.

Community Engagement

We adhere to the philosophy of "Conscience, Care and Responsibility," combining corporate growth with fulfilling social responsibilities. Over the years, we have actively participated in charitable and public welfare activities, demonstrating social responsibility and Haitian undertakings.

- *Social devotion*. While providing quality products, we actively embrace social responsibility by extending care to the community through a comprehensive charitable strategy that includes diversified charitable activities in the form of material donations, educational support, and disaster and poverty relief. Recognizing the significant influence of rural development and agricultural issues on national living standards and sustainable economic growth, we have aligned with the country's rural revitalization strategy by establishing the "Haitian Rural Revitalization Development Fund", underscoring our commitment to fostering sustainable social development.

Corporate Governance

We are committed to achieving a high level of internal governance, focusing on improving our internal organizational structure and internal management policies to enhance the level of corporate governance. We continually improve our corporate governance structure and internal control policies, such as the shareholders' meeting, the Board of Directors, and the Board of Supervisors, in strict accordance with the requirements of the relevant laws and regulations.

We continue to strictly adhere to the Anti-Monopoly Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China, among other laws and regulations, and pay attention to the implementation within the enterprise. Haitian has formulated and implemented within the Company the Code of Conduct for Employees of Haitian Corporation, the Self-Discipline Code for Employees of Haitian Corporation, the Anti-Fraud Management Policy of Haitian Flavoring, and other related policies. Meanwhile, the Company signed Integrity Agreements with suppliers to clarify various prohibited behaviors, and suppliers are required to formulate anti-corruption policies and conduct internal business ethics and compliance reviews based on relevant policies. With the help of the above measures, we are committed to creating a clean and transparent working atmosphere inside and outside the Company. During the Track Record period, we conducted business ethics training for new recruits.

EMPLOYEES

As of December 31, 2024, we had 9,010 full-time employees, primarily located in China. The table below sets out a breakdown of our employees by function as of December 31, 2024:

Function	Employees	Percentage
Production	3,157	35.0%
Sales	3,054	34.0%
R&D and Technology	1,436	15.9%
Finance	164	1.8%
Administration	1,199	13.3%
Total	**9,010**	**100%**

We place significant emphasis on recruiting, staff training and development. We provide continual education and training programs to our employees to improve their skills and knowledge. We incentivize our employees' enthusiasm and creativity by ensuring a transparent internal promotion channel and encouraging entrepreneurial spirit. We offer competitive remuneration packages and various benefits, including share-based incentive plans, to attract and retain talented and experienced employees. For details, see "— Environmental, Social and Governance Matters — Society — Employee Rights and Well-Being." As required by PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including pension, medical insurance, maternity insurance, work-related injury insurance, unemployment insurance and housing provident fund.

We typically enter into standard employment agreements with our employees. Our standard employment contract includes confidentiality obligations regarding our know-how and trade secrets. In addition, we enter into non-competition and intellectual property protection agreements with key employees and senior management. The non-competition and intellectual property protection agreement includes standard non-competition covenants that prohibit an employee from competing with us, directly or indirectly, for a specific period after the termination of his or her employment, provided that we have paid compensation in accordance with applicable laws and regulations.

We have established labor unions for our employees. We have maintained a good working relationship with our employees and labor unions. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any labor disputes that could have a material and adverse effect on our business, financial conditions, or results of operations.

COMPETITION

We operate in a highly competitive and rapidly evolving market. We currently compete with a large and growing number of condiments brands with diverse flavor profiles in China based on a number of factors, including brand reputation, product quality, production capacity, sales capability, as well as customers' recognition.

We believe that our multi-category product portfolio and extensive sales network enable us to meet the needs of a wide range of customers, while our comprehensive and efficient integrated management system and advanced technology layout facilitate our sustainable development. We are committed to building emotional resonance and trust with customers through long-term efforts to become a household name in China and a popular brand. Our brand heritage and reputation differentiate us from our competitors, and provide us with long-term competitive advantages.

INTELLECTUAL PROPERTY

Intellectual property rights are important to our success and competitiveness. As of December 31, 2024, our Company and our Major Subsidiaries had over 1,500 registered trademarks, over 500 authorized patents, over 70 software copyrights and other copyrights and over ten domain names in China and over 1,800 registered trademarks in other countries or regions. See "Appendix VI — Statutory and General Information — B. Further Information About Our Business — 2. Intellectual Property Rights."

Certain proprietary know-how that is not patentable and processes for which patents are difficult to enforce are also of significant importance to our operations. We believe that certain elements in our operations are not covered by patents or copyrights. We have taken security measures to protect these elements. For a discussion of the risks associated with the protection of our intellectual property rights, see "Risk Factors — Risks Relating to Our Business and Industry — Our ability to protect our intellectual property rights may affect our operation."

We seek to protect our intellectual property through a combination of patents, trademarks, trade secrets, confidentiality agreements and others. Our employees have confidentiality obligations to us under the standard employment agreements. Our senior employees and senior management are also required to comply with the non-compete and confidentiality obligations under the non-compete and intellectual property protection agreements with us. These agreements also require that the intellectual property created by employees in pursuit of work objectives, tasks, or through the majority use of company-provided material and technical resources belongs to the Company.

We have implemented a comprehensive management system in place to address infringement incidents. Our front-line sales personnel, who maintain close communication with points of sale, would actively conduct inspections to identify any suspected infringements and report to the designated regional managers, who would then report to our legal department. After discovering incidences of infringements, we will collect detailed information, make an assessment on whether an infringement has actually taken place, and analyze the feasibility of defending our rights and the approaches we may take. Based on different infringements and specific circumstances, with the support of intellectual property experts or legal consultants, we defend our rights through strategic approaches, including, but not limited to, engaging legal counsels to issue warning letters, filing administrative complaints, litigation and reporting to the ministry of public security.

Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had not been involved in any pending or threatened disputes or legal proceedings regarding intellectual property that could have a material and adverse effect on our business, financial conditions, or results of operations.

INSURANCE

We primarily maintain property insurance with respect to our fixed assets and inventories. Such insurance covers risk of property damage and damage due to natural disasters and certain accidents such as fire and explosion. We also provide social insurance for our employees, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance. We believe our practice in relation to insurances is consistent with industry practice in the PRC.

PROPERTIES

Our corporate headquarters is located at Foshan, Guangdong Province, China. As of the Latest Practicable Date, all of our production bases were located in China.

As of December 31, 2024, we did not have any single property with a book value accounting for 15% or more of our total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of December 31, 2024, our Company and our Major Subsidiaries owned land use rights of seven parcels of land which occupied over 3,000 sq.m., with an aggregate site area of approximately 2,732,774.1 sq.m. in China, which were primarily for production, warehousing and management purposes. As of December 31, 2024, our Company and our Major Subsidiaries owned 67 buildings which occupied over 3,000 sq.m., with an aggregate floor area of approximately 1,126,201.2 sq.m. in China. All of these land parcels and buildings have been granted land use right certificates and ownership certificates. As of the Latest Practicable Date, we had not received any claims from third parties disputing the ownership of our properties.

Leased Properties

As of December 31, 2024, our Company and our Major Subsidiaries leased six parcels of land which occupied over 3,000 sq.m., with an aggregate site area of approximately 167,140.5 sq.m. in China. As of December 31, 2024, our Company and our Major Subsidiaries leased four properties which occupied over 3,000 sq.m., with an aggregate floor area of approximately 76,862.7 sq.m. in China. According to applicable PRC administrative regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within 30 days after the execution of the lease agreement. As of December 31, 2024, we had not filed our lease agreements for four properties we leased with the local housing administration authorities. As advised by our PRC Legal Advisor, the absence of registrations will not affect the validity of the lease agreements, nor materially and adversely affect the operations of our Company and our Major Subsidiaries.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become involved in various legal proceedings in the ordinary course of our business. See "Risk Factors — Risks Related to the Local Laws and Regulations of the Jurisdictions Where We Conduct Business — We may be subject to litigation and other legal proceedings and may not always be successful in defending ourselves against such claims or legal proceedings."

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral, or administrative proceedings, and we were not aware of any material pending or threatened legal, arbitral, or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

Compliance

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance. As advised by our PRC Legal Advisor, our Directors are of the view that our Group had complied, in all material respects, with all relevant laws and regulations in the PRC that are applicable to our operations during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

We face various risks in our operations and have established risk management systems with relevant policies and procedures that we believe are suitable for our business. These policies and procedures cover the management of procurement and production, as well as the monitoring of sales performance and product quality.

To ensure the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted, or will continue to adopt, the following measures:

- **Audit Committee**: Establish an Audit Committee to review and supervise our financial reporting process and internal control system. For details on the qualifications and experience of the committee members, see "Directors, Supervisors and Senior Management."

- **Compliance Policies**: Adopt various policies to ensure adherence to the Listing Rules, including those related to risk management and connected transactions.

- **Training Programs**: Provide periodic training to senior management and employees on professional behavior and ethics standards to enhance their knowledge and compliance with applicable laws and regulations. Include relevant policies against non-compliance in our employee discipline measures and supervision guidelines.

- **Director Training**: Organize training sessions for our Directors and senior management on the relevant requirements of the Listing Rules and the duties of directors of companies listed in Hong Kong.

- **Reporting and Records System**: Enhance our reporting and records system for production facilities, centralizing quality control and safety management systems, and conducting regular inspections.

- **Emergency Procedures**: Establish a set of emergency procedures for major quality-related issues.

- **Quality Assurance Training**: Provide enhanced training programs on quality assurance and product safety procedures.

To embed a culture of compliance into our daily workflow and set expectations for individual behavior across the organization, we will regularly review our risk management policies and internal management procedures, adopt strict internal accountability, and conduct compliance training.

Data Privacy Policy

We process certain customers' personal information in our daily operations, but only to the extent necessary for the sale and delivery of our products and services in conformity with the relevant laws and regulations. We have developed an in-house database with corresponding security mechanisms. Our data security system is built according to industry standards, and we collaborate with external service providers to ensure both technical and procedural security. During the Track Record Period, we had not experienced any major IT system failures or data and network security incidents.

We present our privacy policy to customers before processing their personal information. The policy states that we will follow the principles of legality, legitimacy, and necessity in collecting and processing personal information and ensure we have a legitimate reason for doing so. We will only store personal information for as long as necessary for the purposes stated in the privacy policy (unless mandatory storage is required by regulations) and will anonymize or delete personal information at the end of the storage period.

We highly value the protection of our customers' privacy and personal information, treating and processing it with great care. We have institutional and technical safeguards in place to ensure information security, complying with applicable data protection regulations and our privacy policy. Additionally, with database audits, high-strength firewalls, and security reinforcement from established security vendors, we regularly test and perform security scans on our systems. We have also provided employees with training on information security regulations to ensure the safety of relevant business information.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, our Company and our Major Subsidiaries had obtained all licenses, approvals, permits and certificates that are material and necessary for our business operations, and such licenses, permits, approvals and certificates are valid and subsisting.

The following table sets out a list of material licenses, permits and approvals held by us as of the Latest Practicable Date:

Holder	License, approval or permits	Issuing Date	Expiry Date
Our Company	Recordation of the sale of prepackaged food only	October 29, 2024	–
Gaoming Haitian	Food Production License	June 3, 2025	November 29, 2025
Vinegar Group	Food Production License	April 29, 2025	January 27, 2026
Xiaokang Technology	Recordation of the sale of prepackaged food only	March 24, 2023	–
Nanning Haitian	Food Production License	February 12, 2025	March 29, 2027
Tianjin Oyster	Recordation of the sale of prepackaged food only	October 19, 2023	–
Suqian Haitian	Food Production License	April 18, 2025	September 21, 2026
Zhejiang Cujiu	Recordation of the sale of prepackaged food only	April 4, 2023	–
Haitian Niangzao	Recordation of the sale of prepackaged food only	October 21, 2022	–

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our products, technology, and innovation, significant ones of which are set forth below:

Year	Award/Recognition	Awarding Institution
2025	Lighthouse Factory (燈塔工廠)	World Economic Forum (世界經濟論壇)
2024	2024 National 5G Factory (2024全國5G工廠)	Information and Communications Administration of the Ministry of Industry and Information Technology (工業和信息化部信息通信管理局)
2024	No. 1 in the soy sauce, oyster sauce, flavored sauce and vinegar markets (醬油、蠔油、醬料、食醋四項細分品類榜單第一)	China Brand Power Index^{SM} (C-BPI)

Year	Award/Recognition	Awarding Institution
2024 . .	National Quality Leading Enterprise in Condiments Industry, National Leading Brand in Condiments Industry, National Certified Stable and Quality Product, and National Product and Service Quality Integrity Model Enterprise (全國調味品行業質量領先企業、全國調味品行業質量領先品牌、全國質量檢驗穩定合格產品、全國產品和服務質量誠信示範企業)	China Association for Quality Inspection (中國質量檢驗協會)
2023 . .	Top 50 Enterprises in China's Light Industry Food Industry, Top 100 Technology Enterprises in China's Light Industry, and Top 200 Enterprises in China's Light Industry (中國輕工業食品行業五十強企業、中國輕工業科技百強企業、中國輕工業二百強企業)	China National Light Industry Council (中國輕工業聯合會)
2023 . .	Top 500 Private Manufacturing Enterprises in China (中國製造業民營企業500強)	All-China Federation of Industry and Commerce (中華全國工商業聯合會)
2023 . .	ESG Model Case of Chinese Enterprises (中國企業ESG優秀案例)	China Enterprise Reform and Development Society (中國企業改革與發展研究會)
2023 .	Green Manufacturing List (Green Factory) (綠色製造名單(綠色工廠))	General Office of the Ministry of Industry and Information Technology （工業和信息化部辦公廳）
2023 .	Gold Award in the Traditional Fermented Food Innovation Competition (2023傳統發酵食品創新大賽金獎)	National Food Fermentation Standardization Center (全國食品發酵標準化中心)
2023 . .	"Xinhua Credit Golden Orchid Cup" ESG Environmental Practice Pioneer Case ("新華信用金蘭杯" ESG環境實踐先鋒案例)	China Economic Information Service (中國經濟信息社)

Year	Award/Recognition	Awarding Institution
2022 . .	Provincial Water-saving Benchmark Enterprise in 2022 (2022年省級節水標桿企業)	Department of Industry and Information Technology of Guangdong Province, Water Resources Department of Guangdong Province (廣東省工業和信息化廳、廣東省水利廳)
2022 . .	National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)	China National Intellectual Property Administration (國家知識產權局)
2022 . .	The First Prize of Science and Technology Progress Award of Guangdong Province (廣東省科技進步獎一等獎)	People's Government of Guangdong Province (廣東省人民政府)

IMPACTS OF THE PUBLIC HEALTH INCIDENTS

Our business and results of operations had not been materially and directly affected by public health incidents, particularly the COVID-19 pandemic, during the Track Record Period. Since the COVID-19 pandemic, consumer behavior and the catering industry have experienced a series of changes. However, as condiment products are commonly used in daily meals, the demand for such products are stable and relatively resilient against economic fluctuations. We experienced a slight decrease in revenue in 2023 compared to 2022, primarily due to the strategic adjustment measures adopted in 2023, which were in response to (i) the diversification of distribution channels for condiments in China, and (ii) customer demand for quality and diversified products. See "Financial Information — Major Factors Affecting our Results of Operations — Market Demand for Our Products." The COVID-19 pandemic had since subsided. Our revenue subsequently increased in 2024.

OVERVIEW

Our Board consists of nine Directors, including six executive Directors and three independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

The Supervisory Committee is primarily responsible for supervising the performance of the Board and senior management and the financial operations, internal control and risk management. Our Supervisory Committee consists of three Supervisors including one employee representative Supervisor. Our Supervisors are elected for a term of three years and may be subject to re-election.

DIRECTORS

The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Executive Directors						
Ms. Cheng Xue (程雪) . . .	54	Executive Director and Chairwoman of the Board	July 1992	November 25, 2010	Responsible for overall development strategies, major decisions and overall management of the Group	None
Mr. Guan Jianghua (管江華). . .	51	Executive Director and President	July 1998	December 9, 2022	Responsible for overall development strategies, business plans and overall operation of the Group	None
Mr. Huang Wenbiao (黃文彪). . .	57	Executive Director	June 1989	September 19, 2024	Responsible for technology research and development and product research of our Group	None

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. Wen Zhizhou (文志州) . . .	46	Executive Director	July 1998	November 22, 2019	Responsible for the operation of subsidiaries and overall management of the Group	None
Mr. Liao Changhui (廖長輝) . . .	48	Executive Director	July 1999	December 9, 2022	Responsible for human resource, investment and audit management of the Group	None
Mr. Dai Wen (代文)	42	Executive Director	July 2005	September 19, 2024	Responsible for sales management of the Group	None
Independent non-executive Directors						
Mr. Zhang Kechun (張科春) . . .	46	Independent non-executive Director	September 2024	September 19, 2024	Responsible for providing independent advice on the operation and management of our Company	None
Mr. Qu Wenzhou (屈文洲) . . .	52	Independent non-executive Director	September 2024	September 19, 2024	Responsible for providing independent advice on the operation and management of our Company	None
Mr. Ding Bangqing (丁邦清) . . .	59	Independent non-executive Director	September 2024	September 19, 2024	Responsible for providing independent advice on the operation and management of our Company	None

Executive Directors

Ms. Cheng Xue (程雪), aged 54, is our executive Director and chairwoman of our Board.

Ms. Cheng joined our Group in 1992 and has been responsible for overall development strategies, major decisions and overall management of the Group. She successively held several positions in our Group, including corporate planning director, vice president, and executive vice president.

She obtained a bachelor's degree in economic geography and urban and rural planning from Sun Yat-sen University (中山大學) in Guangdong Province, the PRC, in July 1992.

Mr. Guan Jianghua (管江華), aged 51, is our executive Director and president.

Mr. Guan joined our Group in 1998 and successively held several positions in our Group, including sales department manager, operations director, deputy general manager of marketing, general manager of operations, assistant general manager and vice president responsible for overall operation.

He obtained a bachelor's degree in taxation from Dongbei University of Finance and Economics (東北財經大學) in Liaoning Province, the PRC, in June 1998.

Mr. Huang Wenbiao (黃文彪), aged 57, is an executive Director of our Company.

Mr. Huang joined our Group in 1989 and successively held several positions in our Group, including deputy head of the quality inspection section, director of the quality inspection department, director of the product research center, manager of the science and technology department, deputy director of technology, and director of the technology center and vice president responsible for technology R&D and product research.

He obtained a bachelor's degree in industrial analysis from Guangdong Institute of Technology (廣東工學院) (currently known as Guangdong University of Technology (廣東工業大學)) in Guangdong Province, the PRC, in July 1989, and a master's degree in fine chemical industry from Guangdong Institute of Technology in July 1992.

Mr. Wen Zhizhou (文志州), aged 46, is an executive Director of our Company.

Mr. Wen joined our Group in 1998 and successively held several positions in our Group, including soy sauce factory director, production department manager, deputy director of the engineering equipment center, chairman of the Gaoming Haitian Trade Union (高明海天工會), and chairman of the supervisory board.

He obtained a master's degree in business administration from University of Northampton in the United Kingdom, in September 2023.

Mr. Liao Changhui (廖長輝), aged 48, is an executive Director of our Company.

Mr. Liao joined our Group in 1999 and successively held several positions in our Group, including warehouse department manager, general manager of the investment department, director of the audit department, and director of the public relations center.

He obtained a bachelor's degree in technology and information from Zhengzhou Institute of Aeronautics (鄭州航空工業管理學院) in Henan Province, the PRC, in July 1999.

Mr. Dai Wen (代文), aged 42, is an executive Director of our Company.

Mr. Dai joined our Group in 2005 and successively held several positions in relation to sales management in our Group, including marketing department manager, regional marketing director, and general manager of the regional marketing center.

He obtained a bachelor's degree in accounting from Zhengzhou University (鄭州大學) in Henan Province, the PRC, in June 2005.

Independent non-executive Directors

Mr. Zhang Kechun (張科春), aged 46, is an independent non-executive Director of our Company.

He has previously served as an assistant professor and a tenured professor at the University of Minnesota from 2010 to 2019. He has been a professor at Westlake University (西湖大學) since 2019.

He obtained a bachelor's degree in chemistry in polymer science and engineering from the University of Science and Technology of China (中國科學技術大學) in the PRC in June 2001 and a doctorate degree in chemistry from the California Institute of Technology in the United States in June 2007.

Mr. Qu Wenzhou (屈文洲), aged 52, is an independent non-executive Director of our Company.

Mr. Qu conducted postdoctoral research at Tsinghua University (清華大學) from 2004 to 2005. He served as an associate professor from 2005 to 2007 and has been a professor since 2007 at the School of Management at Xiamen University (廈門大學管理學院). Mr. Qu has been the director of the China Capital Market Research Centre (廈門大學中國資本市場研究中心) and a doctoral supervisor at the School of Management since 2008. He served as the deputy director of the Institute of Financial Management and Accounting at Xiamen University (廈門大學財務管理與會計研究院) from 2010 to 2016. He has been the director of the Jinyuan Institute (廈門大學金圓研究院) since 2016 and the director of the MBA Centre since 2018.

Mr. Qu served as an independent non-executive director of Ronshine China Holdings Limited (融信中國控股有限公司) (a company listed on the Stock Exchange, stock code: 3301) from 2016 to 2022, Datang Group Holdings Limited (大唐集團控股有限公司) (a company formerly listed on the Stock Exchange, stock code: 2117) from 2020 to 2022, Fuyao Glass Industry Group Co., Ltd. (福耀玻璃工業集團股份有限公司) (a company listed on the Stock Exchange (stock code: 3606) and Shanghai Stock Exchange (stock code: 600660)) from 2019 to 2024, Suwen Electric Energy Technology Co., Ltd. (蘇文電能科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300982) from 2023 to 2024, and China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 001979) from 2018 to 2024. He currently serves as an independent non-executive director of Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司) (a company listed on the Stock Exchange (stock code: 914) and Shanghai Stock Exchange (stock code: 600585)) since May 2022 and Zhongji Innolight Co., Ltd. (中際旭創股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300308) since 2023 and their audit committee members responsible for, among others, the supervision over financial reporting and internal control system.

He obtained a bachelor's degree in applied mathematics in July 1995, a master's degree in finance in June 1999, a master's degree in business administration in October 2001 and a doctorate degree in finance in December 2003 from Xiamen University (廈門大學) in the PRC. He has been a certified public accountant in China since November 2003 and obtained a certificate of Chartered Financial Analyst in November 2004. Mr. Qu holds the appropriate professional qualifications, expertise and experience as required under Rule 3.10(2) of the Listing Rules.

Mr. Ding Bangqing (丁邦清), aged 59, is an independent non-executive Director of our Company.

Mr. Ding served as a lecturer of Guangdong Business College (廣東商學院) (currently known as Guangdong University of Finance & Economics (廣東財經大學)) from 1993 to 1995. He joined Guangdong Advertising Group Co., Ltd. (廣東省廣告集團股份有限公司) in 1995, and consecutively served as chief planning director, planning director, executive creative director and vice managing director, and he served as the vice chairman and president of Guangdong Advertising Group Co., Ltd. from 2014 to 2017. He was the deputy director of the Academic Committee of the China Advertising Association (中國廣告協會學術委員會) from 2016 to 2022. He has been the chairman of Guangzhou Qixidi Aroma Group Co., Ltd. (廣州市七溪地芳香集團有限公司) since 2017 and the deputy director of the Academic and Education Working Committee of the China Advertising Association (中國廣告協會學術與教育工作委員會) since 2023.

He obtained a master's degree in history of philosophy from Wuhan University (武漢大學) in Hubei Province, the PRC in August 1990.

SUPERVISORS

The following table sets out information regarding our Supervisors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Supervisor	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Ms. Chen Min (陳敏)	43	Chairwoman of the Supervisory Committee	July 2004	November 25, 2019	Performing duties as a Supervisor in accordance with the Articles as well as relevant laws and regulations	None
Mr. Huang Shuliang (黃樹亮) . . .	49	Supervisor	July 1998	September 19, 2024	Performing duties as a Supervisor in accordance with the Articles as well as relevant laws and regulations	None
Mr. He Tao (何濤)	44	Employee Supervisor	July 2004	September 19, 2024	Performing duties as a Supervisor in accordance with the Articles as well as relevant laws and regulations	None

Ms. Chen Min (陳敏), aged 43, is the chairwoman of the supervisory board of our Company.

Ms. Chen joined our Group in 2004 and has successively held several positions in our Group, including manager of the procurement business department, deputy director of the business management division, director of the company office, and director of the organizational performance center.

She obtained a bachelor's degree in food science and engineering from Zhanjiang Ocean University (湛江海洋大學) (currently known as Guangdong Ocean University (廣東海洋大學)), in Guangdong Province, the PRC, in June 2004.

Mr. Huang Shuliang (黃樹亮), aged 49, is a Supervisor of our Company.

Mr. Huang joined our Group in 1998 and has successively held several positions in our Group, including IT department manager, senior manager of the information center, director of the digital information center, and director.

He obtained a bachelor's degree in management engineering from Guangdong University of Technology in June 1998.

Mr. He Tao (何濤), aged 44, is an employee Supervisor on the Supervisory Committee of our Company.

Mr. He joined our Group in 2004 and has successively held several positions in our Group, including deputy director of the sauce factory, general manager of the fermentation sauce division, general manager of Vinegar Group, general manager of Guangdong Hailian Biological Technology Co., Ltd. (廣東海蓮生物科技有限公司), and general manager of Foshan Haitian (Nanning) Seasoning Food Co., Ltd. (佛山市海天(南寧)調味食品有限公司).

He obtained a bachelor's degree in food science and engineering from Zhengzhou Institute of Light Industry (鄭州輕工業學院) (currently known as Zhengzhou University of Light Industry (鄭州輕工業大學)) in Henan Province, the PRC in July 2004.

Guangdong Regulatory Bureau of the CSRC (中國證券監督管理委員會廣東監管局) (the "**CSRC Guangdong Bureau**") and Shanghai Stock Exchange issued caution letter (警示函) (the "**Caution Letter**") and imposed regulatory warning to Mr. He Tao, our employee representative Supervisor on November 4 and November 5, 2024, respectively (the "**Incident**"). Due to his inadvertent oversight and unfamiliarity with the relevant rule requirements, certain A Shares were acquired and disposed through Mr. He's securities account via centralized bidding from September 2024 to October 2024 (the "**Relevant Period**"). Pursuant to applicable securities laws in the PRC, disposal of A shares subsequent to acquisition within six months, or acquisition of A shares subsequent to disposal within six months constitute short-swing trading which is prohibited for a supervisor of an A-share listed company. Mr. He did not earn any profits through such trading of the Company's A Shares, and has taken rectification measures including repurchasing the A Shares disposed thereunder during the Relevant Period and attending training sessions to reinforce his knowledge of securities laws and regulations.

As of the Latest Practicable Date and to the Company's best knowledge, (i) such Incident has been concluded, (ii) there has not been any further regulatory request, action or correspondence imposed on Mr. He by the CSRC Guangdong Bureau and Shanghai Stock Exchange, and (iii) other than disclosed above, Mr. He has not been imposed any other penalties or involved in any other investigation, hearing or proceeding brought or instituted by any securities regulatory authority or stock exchange, relating to the aforementioned incident.

The Directors are of the view that Mr. He's suitability to act as a Supervisor is not affected by the Incident, with regard to the following reasons:

(i) as of the Latest Practicable Date, there are no facts and/or circumstances which suggest that Mr. He is not qualified to act as a supervisor of a listed company pursuant to applicable PRC laws and regulations. As advised by our PRC Legal Advisor, as of the Latest Practicable Date, in accordance with PRC Company Law and the applicable regulations of the Shanghai Stock Exchange, Mr. He will not be disqualified to serve as a Supervisor of the Company due to the Incident; and

(ii) as advised by our PRC Legal Advisor, the regulatory warning imposed by the CSRC Guangdong Bureau and Shanghai Stock Exchange against Mr. He did not constitute an administrative penalty or public censure under the PRC Securities Law or other securities regulations or rules of the CSRC. In addition, given the CSRC Guangdong Bureau and Shanghai Stock Exchange have already taken the above regulatory measure regarding the abovementioned non-compliant conduct of Mr. He and on condition that Mr. He has taken appropriate rectification measures, the possibility that the securities regulatory authority takes further action against Mr. He in respect of the abovementioned non-compliant conduct is remote.

Having taken into account the view of the Directors and based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would reasonably cause them to cast doubt on the abovementioned Directors' view in any material aspects.

SENIOR MANAGEMENT

The following table provides information about members of our senior management:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a senior manager	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. Guan Jianghua (管江華) . . .	51	Executive Director and President	July 1998	November 22, 2016	Responsible for overall development strategies, business plans, and overall operation of the Group	None
Mr. Gui Junqiang (桂軍強) . . .	40	Vice President	July 2007	December 9, 2022	Responsible for production management of our Group	None
Mr. Liu Zhiqing (柳志青) . . .	38	Vice President	July 2008	September 19, 2024	Responsible for procurement and supply chain management of our Group	The spouse of Ms. Ke Ying
Mr. Xia Zhendong (夏振東) . . .	41	Vice President	July 2006	September 19, 2024	Responsible for sales management of our Group	None
Ms. Ke Ying (柯瑩)	39	Secretary to the Board and Joint Company Secretary	July 2008	September 19, 2024	Responsible for corporate governance and compliance of our Group	The spouse of Mr. Liu Zhiqing
Mr. Li Jun (李軍)	41	Chief Financial Officer	July 2008	December 9, 2022	Responsible for the financial operations of our Group	None

Mr. Guan Jianghua (管江華) is an executive Director and general manager of our Company. See "— Directors — Executive Directors" in this section for his biographical details.

Mr. Gui Junqiang (桂軍強), aged 40, is a vice president of our Company.

Mr. Gui joined our Group in 2007 and has successively held several positions in relation to production management in our Group, including manager of the oyster sauce factory, manager of the process department, manager of the quality inspection department, general manager of the brewing department, general manager of Vinegar Group, and general manager of the Gaoming Haitian.

He obtained a bachelor's degree in biotech from Harbin Institute of Technology (哈爾濱工業大學) in Heilongjiang Province, the PRC in July 2007.

Mr. Liu Zhiqing (柳志青), aged 38, is a vice president of our Company.

Mr. Liu joined our Group in 2008 and has successively held several positions in relation to procurement and supply chain management in our Group, including manager of the warehousing department, deputy general manager of the logistics center, director of the procurement center, director of the agile center, general manager of the customization division, and rotating director of the president's office.

He obtained a master's degree in industrial engineering from Jinan University (暨南大學) in Guangdong Province, the PRC, in June 2021.

Mr. Xia Zhendong (夏振東), aged 41, is a vice president of our Company.

Mr. Xia joined our Group in 2006 and has successively held several positions in relation to sales management in our Group, including regional marketing manager, regional marketing director, general manager of the regional marketing company, and rotating director of the marketing business committee.

He obtained a bachelor's degree in bioengineering from Hubei University of Technology (湖北工業大學) in Hubei Province, the PRC in June 2006.

Ms. Ke Ying (柯瑩), aged 39, is the secretary of our Board and one of our joint company secretaries.

Ms. Ke has successively held several positions in relation to corporate governance and compliance matters in our Group since 2008, including director of the office, deputy director of the talent development center, deputy director of the public relations center, director of the marketing human resources center, and director of the legal center of our Group.

She obtained a master's degree in business administration from Sun Yat-sen University (中山大學) in Guangdong Province, the PRC in June 2022.

Mr. Li Jun (李軍), aged 41, is the chief financial officer of our Company.

Mr. Li has successively held several positions in relation to financial management in our Group, including director of the finance department, financial information manager, deputy director of the finance center, and supervisor.

He obtained a bachelor's degree in accounting from Chongqing Institute of Technology (重慶工學院) (currently known as Chongqing University of Technology (重慶理工大學)) in the PRC, in June 2008. Mr. Li has been an intermediate accountant since January 2014.

INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Saved as disclosed above, none of our Directors, Supervisors and senior management had been a director of any public company the securities of which were listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus. Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no other matters with respect to the appointment of our Directors and Supervisors that need to be brought to the attention of the Shareholders, nor is there any information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

JOINT COMPANY SECRETARIES

Ms. Ke Ying (柯瑩), aged 39, is the secretary of our Board and our joint company secretary. See "— Senior Management" in this section for her biographical details.

Ms. Zhang Xiao (張瀟), is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services, and has over ten years of experience in the corporate secretarial field. Ms. Zhang has been admitted as an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom in 2019.

Ms. Zhang obtained a bachelor's degree in computer science from The Chinese University of Hong Kong in 2010, a master's degree in corporate governance from The Open University of Hong Kong (currently known as Hong Kong Metropolitan University) in 2018 and a master's degree in Accountancy from Hong Kong Baptist University in 2024.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code and the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Remuneration and Evaluation Committee, the Nomination committee and the Strategy and Sustainability Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Qu Wenzhou, Mr. Zhang Kechun and Mr. Ding Bangqing. Mr. Qu Wenzhou, being the chairperson of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, the following:

- reviewing and evaluating the work of external auditors;
- monitoring and making recommendations concerning the internal audit work of our Company;
- reviewing and making recommendations concerning the financial reports of our Company;
- evaluating the effectiveness of internal control work;
- ensuring coordination between the management, internal audit department and relevant departments and external auditors; and
- performing other duties and responsibilities as assigned by our Board.

Remuneration and Evaluation Committee

We have established a Remuneration and Evaluation Committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration and Evaluation Committee consists of five Directors, namely Mr. Qu Wenzhou, Mr. Zhang Kechun, Mr. Ding Bangqing, Ms. Cheng and Mr. Guan. Mr. Qu Wenzhou serves as the chairperson of the Remuneration and Evaluation Committee. The primary duties of the Remuneration and Evaluation Committee include, but are not limited to, the following:

- reviewing and approving remuneration proposals of members of our senior management in accordance with our Company's policies and objectives as approved by our Board from time to time;
- making recommendations to our Board concerning our Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, including, but not limited to, performance evaluation standards, procedures and evaluation systems;
- conducting the evaluation of the annual performance of all Directors and senior management;
- monitoring remuneration payable to all Directors and senior management;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- performing other duties and responsibilities as assigned by our Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination committee consists of five Directors, namely Mr. Zhang Kechun, Mr. Qu Wenzhou, Mr. Ding Bangqing, Ms. Cheng and Mr. Dai Wen. Mr. Zhang Kechun serves as the chairperson of the Nomination committee. The primary duties of the Nomination Committee include, but are not limited to, the following:

- reviewing and making recommendations to the Board on the composition and number of our Board and senior management with reference to our Company's business activities, the scale of assets and shareholding structure;

- identifying individuals suitably qualified to become a member of our Board and senior management, and making recommendations to our Board on the selection of individuals nominated for directorships and senior management;

- reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors;

- accessing and making recommendations to the selection of other senior management appointed by our Board; and

- performing other duties and responsibilities as assigned by our Board.

Strategy and Sustainability Committee

We have established a Strategy and Sustainability Committee with written terms of reference. The Strategy and Sustainability Committee consists of five Directors, namely Ms. Cheng, Mr. Guan, Mr. Huang Wenbiao, Mr. Wen and Mr. Liao. Ms. Cheng serves as the chairperson of the Strategy and Sustainability Committee. The primary duties of the Strategy and Sustainability Committee include but not limited to make recommendations to our Board on the long-term development strategy and major investments and projects of our Company.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our executive Directors, Supervisors and senior management members, who are also the Company's employees, remuneration in the form of salaries, allowances and benefits in kind and performance related bonuses and pension scheme contributions. Our independent non-executive Directors receive remuneration with reference to their respective positions and duties, including being a member or the chairperson of Board committees.

For the years ended December 31, 2022, 2023 and 2024, the aggregate amount of remuneration paid or payable to our Directors and Supervisors amounted to RMB29.3 million, RMB26.7 million and RMB35.3 million, respectively. Under the arrangement currently in force, we estimate the total remuneration before taxation to be accrued to our Directors and Supervisors for the year ending December 31, 2025 to be approximately RMB28.0 million. The actual remuneration of Directors and Supervisors in 2025 may be different from the expected remuneration.

During the Track Record Period, no remuneration was paid to our Directors or any of the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, any of our Directors, former directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track

Record Period. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the Listing, receive recommendations from our Remuneration and Evaluation Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors, Supervisors and senior management and the performance of our Group.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company complies or intends to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the Listing.

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the Listing.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including, but not limited to, gender, skills, age, professional experience, knowledge, cultural background, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our board currently consists of one female Director and eight male Directors. Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, engineering, finance and accounting and corporate governance in addition to industry experience relevant to our Group's operations and business. They obtained degrees in various majors including accounting, engineering and biotech. This diverse academic background allows the Board to approach challenges and opportunities from multiple angles, fostering innovative solutions and comprehensive strategies. We have three independent non-executive Directors with different industry backgrounds, representing one third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the Listing, our Nomination committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness, and, when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval. The Nomination Committee will also include in annual reports a summary of the board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives.

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 on December 30, 2024 and (ii) understands the requirements under the Listing Rules that are applicable to him or her as a director of a listed issuer under the Listing Rules and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he 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) there are no other factors that may affect his independence at the time of his appointment.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances, including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction is contemplated, including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment of our Compliance Advisor will commence on the Listing Date and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

CONTROLLING SHAREHOLDERS

On December 27, 2023, Mr. Pang, Ms. Cheng, Mr. Guan, Mr. Chen, Mr. Wen and Mr. Liao (the "**Concert Party Group**") entered into the Concert Party Agreement with an effective period of 36 months from the date of the agreement, pursuant to which each of them, as a shareholder of Guangdong Haitian, undertook to vote unanimously when electing directors of Guangdong Haitian and exercising their voting rights in respect of the Shares in our Company directly or indirectly held by Guangdong Haitian.

As of the Latest Practicable Date, the total issued share capital of our Company was directly and indirectly (through Foshan Haipeng) held as to approximately 58.38% by Guangdong Haitian, in which the Concert Party Group held approximately 73.59% interest. The Concert Party Group is directly interested in the total issued share capital of the Company as to approximately 13.75% in aggregate (with Mr. Pang, Ms. Cheng, Mr. Guan, Mr. Chen, Mr. Wen and Mr. Liao having approximately 9.57%, 3.17%, 0.61%, 0.21%, 0.16% and 0.03% interest in the total issued share capital of our Company, respectively). Together with Guangdong Haitian's interest in our Company, the Concert Party Group is interested in the total issued share capital of our Company as to approximately 72.12% in aggregate.

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised), Guangdong Haitian and the Concert Party Group will, directly and indirectly and by virtue of the Concert Party Agreement, be interested in the total issued share capital of our Company as to approximately 68.86%. Accordingly, Guangdong Haitian, Foshan Haipeng and the Concert Party Group will be regarded as a group of Controlling Shareholders upon Listing.

CLEAR BUSINESS DELINEATION

Our Business

We are the leader in China's condiments industry in terms of revenue in 2024. According to Frost & Sullivan, we have maintained the leading position with highest sales volume for 28 consecutive years in China, where the market size reached RMB498.1 billion in 2024, and we have maintained the number one position in terms of market share of 4.8% in 2024, with a revenue over twice that of our nearest competitor. Our soy sauce and oyster sauce products have consistently ranked first in terms of sales volume in China's condiments market, while our flavored sauce, vinegar and cooking wine also hold leading positions in China.

The Business of Guangdong Haitian

Guangdong Haitian is an investment holding company incorporated under the laws of the PRC on March 6, 2000. Apart from the business of our Company, Guangdong Haitian also make investments in companies engaged in various industries including but not limited to investment management and manufacturing services. We have entered into certain transactions in the ordinary and normal course of our business with certain subsidiaries of Guangdong Haitian and/or its associates. See "Connected Transactions."

Each of Guangdong Haitian and the Concert Party Group has confirmed that he/she/it does not have any interests in any business (apart from the business of our Group) that competes or is likely to compete, directly or indirectly, with our principal business, which is required to be disclosed under Rule 8.10 of the Listing Rules.

NON-COMPETE UNDERTAKINGS

Guangdong Haitian has executed a non-competition undertaking on March 15, 2011, pursuant to which Guangdong Haitian undertakes that, among others:

(a) it is not and, for so long as Guangdong Haitian exercises direct or indirect control over the Company, will not be engaged in the same or similar business as the business of the Company and its controlled companies or business that constitutes substantial competition with the business of the Company and its controlled companies (the "**Competing Businesses**"); and

(b) it is not and, for so long as Guangdong Haitian exercises direct or indirect control over the Company, will not be engaged or participate in Competing Businesses through its control over other companies, organizations or business that economic entities.

In the event that it fails to fulfill its obligations and responsibilities conferred by the undertaking, it will bear the corresponding legal consequences pursuant to the relevant laws, rules and regulations.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the Listing, taking into consideration the factors below.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board consists of nine Directors, comprising six executive Directors and three independent non-executive Directors. For more details, see "Directors, Supervisors and Senior Management."

Our Directors consider that we are able to carry on our business independently from our Controlling Shareholders and their respective close associates from a management perspective for the following reasons:

(a) certain of our Directors and senior management hold non-executive roles and positions in Guangdong Haitian or its close associates as follows, which are non-executive in nature as they are not involved in the day-to-day management and operations of Guangdong Haitian's business, and are capable to contribute sufficient time and efforts to manage the daily operations of our Group;

Name of the Director or senior management	Position(s) in the Company	Non-executive Position(s) in the Controlling Shareholders and/or its close associates
Ms. Cheng Xue	Executive Director and Chairwoman	Director of Guangdong Haitian and one of its subsidiaries
Mr. Guan Jianghua	Executive Director and President	Director of Guangdong Haitian and one of its subsidiaries
Mr. Li Jun	Chief Financial Officer	Director of a subsidiary of Guangdong Haitian

In the event a conflict of interest arises, the conflicted Director shall abstain from voting and shall not be counted towards the quorum for the voting. In addition, our Company has appointed three independent non-executive Directors to provide a balance of the number of potentially interested and independent Directors with a view to protect the interests of our Company and our Shareholders as a whole and to ensure the effective functioning of the Board.

(b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(c) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as our Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions and the interested Director shall abstain from voting and shall not be counted towards the quorum for the voting;

(d) we have three independent non-executive Directors with extensive experience in their respective areas of expertise to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions and in the best interests of our Company and our Shareholders as a whole. Certain matters of our Company must always be referred to the independent non-executive Directors for review and approval; and

(e) our Company is an A-share listed company and has adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and Guangdong Haitian which would support our independent management. See "— Corporate Governance" below for details.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from our Controlling Shareholders and their respective close associates after the Listing.

Operational Independence

We do not rely on our Controlling Shareholders and their respective close associates for our daily operations. We have our own organizational structure with self-governing departments specializing in various aspects in relation to our business development, including but not limited to production, supply chain, sales and marketing, financing, human resources, administration, internal audit and legal and compliance which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their respective close associates. In addition, we have our own headcount of employees for our operations and management for human resources. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our businesses.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We also have sufficient capital, facilities, equipment and employees, administrative and corporate governance infrastructure, to operate the business independently. We are also in possession of all relevant licenses, certificates, facilities, intellectual property rights and approvals and permits from the relevant regulatory authorities necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

We entered into certain continuing connected transactions with our connected persons. See section headed "Connected Transactions" for more details. Considering that the amounts of the relevant transactions during the Track Record Period are not significant to our Group, our Directors believe that such transactions will not have any impact on the operational independence of our Group.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders and their respective close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have our own internal control and accounting systems and an independent finance department in charge of our treasury function and making financial decisions based on our Group's needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently from our Controlling Shareholders and their respective close associates. We do not expect to rely on our Controlling Shareholders and their respective close associates for financing after the Listing as we expect that our working capital will be funded by the cash, cash equivalents on hand as well as the proceeds from the Global Offering.

In addition, we are capable of obtaining financing from Independent Third Parties, if necessary, without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by our Controlling Shareholders or their respective close associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently from, and do not place undue reliance on our Controlling Shareholders and their respective close associates after the Listing.

CORPORATE GOVERNANCE

Our Company and Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

Our Directors recognize the importance of implementing good corporate governance and effective internal control measures in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders and their respective close associates:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders and their respective close associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(b) as part of our preparation for the Listing, we have amended our Articles of Association to comply with the Listing Rules which will become effective upon Listing. In particular, our Articles of Association provides that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;

(c) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Group enters into connected transactions with our Controlling Shareholders and their respective close associates, we will comply with the applicable Listing Rules;

(d) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere with the exercise of their independent judgment in any material manner, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. See "Directors, Supervisors and Senior Management" for details of the independent non-executive Directors;

(e) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our Shareholders;

(f) our Controlling Shareholder will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the annual review of any conflicts of interests between our Group and our Controlling Shareholder;

(g) where our Directors reasonably request the advice of independent professionals or advisors, such as financial advisors, valuers or legal advisors, the appointment of such independent professionals or advisors will be made at our Company's expenses;

(h) we have appointed Somerley Capital Limited as our Compliance Advisor to provide us with advice and guidance in respect of compliance with the applicable laws and regulations and the Listing Rules, including various requirements relating to Directors' duties and corporate governance; and

(i) we have established our Audit Committee, Remuneration and Evaluation Committee, Nomination Committee and Strategy and Sustainability Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code.

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 Controlling Shareholders, and to protect minority Shareholders' interests after the Listing.

Upon Listing, certain transactions between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

Guangdong Haitian is an investment company, which has made investments in companies engaged in various industries including but not limited to investment management and manufacture. We have entered into certain transactions in the ordinary and normal course of our business with Guangdong Haitian (together with its subsidiaries, "**Guangdong Haitian Group**") and/or its associates, which will constitute continuing connected transactions upon the Listing:

Name of our connected persons	Connected relationship
Guangdong Haitian	As of the Latest Practicable Date, Guangdong Haitian was directly and indirectly interested in 58.38% in our Company and was our Controlling Shareholder. Accordingly, the Guangdong Haitian Group constitutes a connected person of our Company under the Listing Rules.
Jiaxing Haitian Small Loan	Jiaxing Haitian Small Loan is a subsidiary held as to 80% by Guangdong Haitian.
Haitian Commercial Factoring	Haitian Commercial Factoring is a wholly-owned subsidiary of Guangdong Haitian.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

No.	Transaction	Counterparty	Applicable Listing Rule	Waiver sought	Historical amounts	Proposed annual cap
					(RMB in millions)	*(RMB in millions)*
Fully Exempt Continuing Connected Transactions						
1 . . .	Provision of goods to Guangdong Haitian Group	Guangdong Haitian Group	14A.76(1)	N/A	N/A	N/A
2 . . .	Lease of premises by Guangdong Haitian Group from our Group	Guangdong Haitian Group	14A.76(1)	N/A	N/A	N/A

No.	Transaction	Counterparty	Applicable Listing Rule	Waiver sought	Historical amounts	Proposed annual cap
					(RMB in millions)	*(RMB in millions)*
3. . .	Procurement of energy from Guangdong Haitian Group	Guangdong Haitian Group	14A.76(1)	N/A	N/A	N/A
4. . .	Procurement of services from Guangdong Haitian Group	Guangdong Haitian Group	14A.76(1)	N/A	N/A	N/A
Partially Exempt Continuing Connected Transactions						
5. . .	Cooperation with Jiaxing Haitian Small Loan on its provision of loans to the Group's distributors	Jiaxing Haitian Small Loan	14A.35, 14A.49, 14A.71, 14A.76(2) and 14A.105	Announcement	**For the year ended December 31,** 2022: 0 2023: 0 2024: 325.9	2025: 860 2026: 1,080 2027 (until the expiration of the Jiaxing Haitian Cooperation Framework Agreement on June 30, 2027): 650
6. . .	Provision of Supporting Services to Guangdong Haitian Group	Guangdong Haitian Group	14A.35, 14A.49, 14A.71, 14A.76(2) and 14A.105	Announcement	**For the year ended December 31,** 2022: 22.6 2023: 28.2 2024: 47.0	2025: 32 2026: 34 2027: 38
7. . .	Procurement of assets from Guangdong Haitian Group	Guangdong Haitian Group	14A.35, 14A.49, 14A.71, 14A.76(2) and 14A.105	Announcement	**For the year ended December 31,** 2022: 122.5 2023: 139.6 2024: 142.2	2025: 150 2026: 150 2027: 200

No.	Transaction	Counterparty	Applicable Listing Rule	Waiver sought	Historical amounts	Proposed annual cap
					(RMB in millions)	*(RMB in millions)*
8 . . .	Cooperation with Haitian Commercial Factoring on its financing to our suppliers	Haitian Commercial Factoring	14A.35, 14A.49, 14A.71, 14A.76(2) and 14A.105	Announcement	**For the year ended December 31,** 2023: 328.6 2024: 333.0	2025: 600 2026: 700 2027: 800
Non-exempt Continuing Connected Transactions						
9 . . .	Procurement of Raw Materials from Guangdong Haitian Group	Guangdong Haitian Group	14A.35, 14A.36, 14A.49, 14A.71 and 14A.105	Announcement and independent Shareholders' approval	**For the year ended December 31,** 2022: 385.5 2023: 530.9 2024: 570.6	2025: 648 2026: 739 2027: 847
10 . .	Procurement of Packaging Materials from Guangdong Haitian Group	Guangdong Haitian Group	14A.35, 14A.36, 14A.49, 14A.71 and 14A.105	Announcement and independent Shareholders' approval	**For the year ended December 31,** 2022: 740.8 2023: 589.9 2024: 592.5	2025: 668 2026: 742 2027: 825

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Provision of goods to Guangdong Haitian Group

We expect to continue to provide certain goods, including raw materials, as well as condiments gift boxes to Guangdong Haitian Group for the purpose of employee benefits. The consideration for the provision of goods has been arrived at after arm's length negotiations between our Group and Guangdong Haitian Group, with reference to, among others, the market price of the goods.

The provision of goods to Guangdong Haitian Group has been conducted in the ordinary and usual course of business and on normal commercial terms or better, and all applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%. Therefore, the provision of goods to Guangdong Haitian Group will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

2. Lease of premises by Guangdong Haitian Group from our Group

Our Group has entered into lease agreements with Guangdong Haitian Group, pursuant to which our Group agreed to lease to the Guangdong Haitian Group certain premises in various places in PRC, including Foshan, for production and office purposes. The rent was determined by the parties at arm's length negotiations with reference to prevailing market rent of comparable properties.

Such lease agreements were entered into and has been conducted in the ordinary and usual course of business and on normal commercial terms or better, and all applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%. Therefore, the lease of premises by Guangdong Haitian Group from our Group will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

3. Procurement of Energy from Guangdong Haitian Group

We expect to continue to procure energy from Guangdong Haitian Group, primarily including steam used for production by our Guangxi Nanning Production Base. The consideration for procurement of energy from Guangdong Haitian Group have been determined based on arm's length negotiation between our Group and Guangdong Haitian Group with reference to, among others, the scale of energy required for our production base and the market prices for the energy provided.

The procurement of fuel and energy from Guangdong Haitian Group has been conducted in the ordinary and usual course of business and on normal commercial terms or better, and all applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%. Therefore, the procurement of fuel and energy from Guangdong Haitian Group will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

4. Procurement of Services from Guangdong Haitian Group

We expect to continue to procure services from Guangdong Haitian Group, which mainly include warehousing services for our products and packaging materials, as well as property management and R&D service provided by Guangdong Haitian Group. The consideration for procurement of services by Guangdong Haitian Group has been determined based on arm's length negotiation between our Group and Guangdong Haitian Group with reference to, among others, the type and scale of services required and the prevailing market conditions.

The procurement of services from Guangdong Haitian Group has been conducted in the ordinary and usual course of business and on normal commercial terms or better, and all applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%. Therefore, the procurement of services from Guangdong Haitian Group will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

5. Cooperation with Jiaxing Haitian Small Loan on its provision of loans to the Group's distributors

On May 12, 2025, our Group has entered into a cooperation agreement with Jiaxing Haitian Small Loan (the "**Jiaxing Haitian Cooperation Framework Agreement**"), pursuant to which we will, with the consent from our distributors, provide relevant information of our distributors to Jiaxing Haitian Small Loan for its reference, and Jiaxing Haitian Small Loan will provide the distributors with loans and financing at their request using its own funds (the "**Loan Service**s"). The initial term of the Jiaxing Haitian Cooperation Framework Agreement is expected to be May 12, 2025 to June 30, 2027, subject to renewal upon the mutual agreement of both parties thereto upon expiration. Jiaxing Haitian Small Loan conducts independent assessment on the distributors taken into consideration their duration of cooperation with us, existing sales channels and historical sales performance. Jiaxing Haitian Small Loan has sole discretion on the loan amount and interest rate for the Loan Services and our Group is not involved in the decision-making process of the loans and financing provided by Jiaxing Haitian Small Loan to our distributors, nor the terms of the Loan Services provided by Jiaxing Haitian Small Loan to our distributors, and our Group is not liable for any default payment by our distributors to Jiaxing Haitian Small Loan unless the default is attributed to the Group. The above loan and financing arrangements do not affect the purchase and sales transactions between us and the distributors, including but not limited to sales prices, sales conditions and sales procedures. Such distributors would not receive any preferential treatment with respect to its business cooperation with us from the above financing arrangements with Jiaxing Haitian Small Loan. In addition, as distributors are typically required to make prepayments to us before we deliver our products, the distributors generally designate Jiaxing Haitian Small Loan to make prepayments directly to us with the loans received by the distributors as its prepayments for our goods (the "**Designated Payments of Goods to the Company**"). As advised by our PRC Legal Advisor, Jiaxing Haitian Small Loan has obtained the necessary qualifications for engaging in the above financing business in accordance with the PRC laws and regulations.

Reasons for the transaction

Jiaxing Haitian Small Loan is principally engaged in small amount loan services. The Group's cooperation with Jiaxing Haitian Small Loan on its provision of loans to our distributors can broaden financing channels for our distributors and relieve their liquidity pressure, which is beneficial to the business development of the Group.

Consideration and pricing policies

The Group and Jiaxing Haitian Small Loan are not required to pay any fees to each other for the Loan Services provided by Jiaxing Haitian to distributors under the Jiaxing Haitian Cooperation Framework Agreement. Jiaxing Haitian Small Loan only makes the Designated Payments of Goods at the request of the distributors.

Historical amounts

Since 2024, the Group cooperates with Jiaxing Haitian Small Loan on its provision of loans to our distributors. The amount of Designated Payments of Goods to the Company is RMB325.9 million for the year ended December 31, 2024.

Annual caps

The following table sets forth the proposed annual caps for the Designated Payments of Goods to the Company under the cooperation framework agreement with Jiaxing Haitian Small Loan on its provision of loans to our distributors:

	Year ending December 31,		
	2025	**2026**	**2027 (until the expiration of the Jiaxing Haitian Cooperation Framework Agreement on June 30, 2027)**
	(RMB in millions)		
Designated Payments of Goods to the Company	860	1,080	650

The proposed annual caps are determined based on:

(i) the historical amount and the steep increasing trend of the Designated Payments of Goods to the Company under the cooperation framework agreement with Jiaxing Haitian Small Loan on its provision of loans to our distributors. In particular, the Company recorded transaction amount of RMB325.9 million for the year ended December 31, 2024 since the date of the framework agreement in May 2024 under our cooperation agreement with Jiaxing Haitian Small Loan. During the Track Record Period, the majority of the businesses of Jiaxing Haitian Small Loan were relevant to the transactions under the Jiaxing Haitian Cooperation Framework Agreement; and

(ii) the estimated loan amount required by our distributors for the three years ending December 31, 2027 based on their demand in the Track Record Period.

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the cooperation framework agreement with Jiaxing Haitian Small Loan for the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules will exceed 0.1% but be less than 5%, on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

6. Provision of Supporting Services to Guangdong Haitian Group

On June 3, 2025, our Group entered into a framework agreement with Guangdong Haitian Group ("**Provision of Supporting Services Framework Agreement**"), pursuant to which, our Group would provide to Guangdong Haitian Group supporting services which include logistics, engineering and property management services (the "**Supporting Services**") as their production and operation may require from time to time.

The initial term of the Provision of Supporting Services Framework Agreement will commence on the Listing Date and will end on December 31, 2027, subject to renewal upon the mutual agreement of both parties thereto. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions for the provision of Supporting Services according to the principles provided in the Provision of Supporting Services Framework Agreement.

Reasons for the transaction

Our Group has operating locations in Foshan, Guangdong province and other parts of China, which are proximate to where Guangdong Haitian Group operates, and our Group has the experience and resources for provision of the Supporting Services in such areas.

Consideration and pricing policies

With respect to the customized services such as property management services we provide to Guangdong Haitian Group, the fee relating to provision of Supporting Services to Guangdong Haitian Group pursuant to the Provision of Supporting Services Framework Agreement shall be determined based on arm's length negotiation between our Group and Guangdong Haitian Group with reference to historical transaction price, the nature of services, the pricing mechanism of companies engaged in provision of services of similar nature and type in the market and costs associated thereunder.

For other services such as logistics services, the consideration shall be determined based on arm's length negotiation between our Group and Guangdong Haitian Group with reference to the prevailing market price of services rendered with similar nature and terms provided by Independent Third Parties, taking into account various factors including time required for delivery and service quality.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024, the historical transaction amounts with respect to the provision of Supporting Services to Guangdong Haitian Group were RMB22.6 million, RMB28.2 million and RMB47.0 million, respectively. The increase of historical transaction amount from 2023 to 2024 was primarily due to increased demand for engineering services from the subsidiary of Guangdong Haitian Group.

Annual caps

The following table sets forth the proposed annual caps for the transaction amounts to be paid by Guangdong Haitian Group to us under the Provision of Supporting Services Framework Agreement:

	Year ending December 31,		
	2025	**2026**	**2027**
		(RMB in millions)	
Total fees paid to us by Guangdong Haitian Group	32	34	38

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions between our Group and Guangdong Haitian Group during the Track Record Period in respect of our provision of Supporting Services with an expected decrease in demand for logistic services resulted from business streamline within Guangdong Haitian Group; and

(ii) our projected costs and expenses relating to labor for provision of Supporting Services.

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the Provision of Supporting Services Framework Agreement for the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules will exceed 0.1% but be less than 5%, on an annual basis, pursuant to Rule 14A.76(2) of the Listing Rules, such transactions will, upon Listing, constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

7. Procurement of Assets from Guangdong Haitian Group

On June 3, 2025, our Group entered into a framework agreement with Guangdong Haitian Group ("**Assets Procurement Framework Agreement**"), pursuant to which, Guangdong Haitian Group would supply to our Group certain assets which are primarily brewing equipment and packaging equipment as we may require from time to time.

The initial term of the Assets Procurement Framework Agreement will commence on the Listing Date and will end on December 31, 2027, subject to renewal upon the mutual agreement of both parties thereto. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions for the procurement of assets according to the principles provided in the Assets Procurement Framework Agreement.

Reasons for the transaction

Guangdong Haitian Group manufactures and sells brewing equipment and packaging equipment. We procured brewing and packaging equipment from Guangdong Haitian Group to manufacture our products, taking into consideration that Guangdong Haitian Group is familiar with our business needs, quality standards and operational requirements.

Consideration and pricing policies

For customized equipment we procured from Guangdong Haitian Group, the fee relating to procurement of assets from Guangdong Haitian Group pursuant to the Assets Procurement Framework Agreement shall be determined based on arm's length negotiation between our Group and Guangdong Haitian Group with reference to historical transaction price, the type and specification of such equipment, transaction volume, the pricing mechanism of companies engaged in provision of equipment of similar nature and type in the market and the costs associated thereunder.

For other equipment, the consideration shall be determined based on arm's length negotiation between our Group and Guangdong Haitian Group with reference to the prevailing market price of similar nature and terms provided by Independent Third Parties, taking into account various factors including qualifications, product and service quality and time required for product delivery. The terms under the Assets Procurement Framework Agreement shall be no less favorable to our Group compared to those transactions between our Group and Independent Third Parties.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024, the historical transaction amounts with respect to the procurement of assets from Guangdong Haitian Group were RMB122.5 million, RMB139.6 million and RMB142.2 million, respectively.

Annual caps

The following table sets forth the proposed annual caps for the transaction amounts to be paid by us to Guangdong Haitian Group under the Assets Procurement Framework Agreement:

	Year ending December 31,		
	2025	**2026**	**2027**
	(RMB in millions)		
Total fees paid by us to Guangdong Haitian Group	150	150	200

The proposed annual caps are determined based on:

(i) the historical amounts of transactions between our Group and Guangdong Haitian Group during the Track Record Period in respect of procurement of assets;

(ii) the expected increasing procurement of brewing equipment and packaging equipment from Guangdong Haitian Group to meet our future needs of business development; and

(iii) other factors including but not limited to the expected unit prices of the brewing equipment and packaging equipment, taking into account the costs and expenses and market trends.

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the Assets Procurement Framework Agreement for the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules will exceed 0.1% but be less than 5%, on an annual basis, pursuant to Rule 14A.76(2) of the Listing Rules, such transactions will, upon Listing, constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

8. Cooperation with Haitian Commercial Factoring on its financing to our suppliers

On May 18, 2023, our Group entered into a cooperation framework agreement with Haitian Commercial Factoring with a term of two years, which will be renewed after arm's length negotiation on May 18, 2025 upon expiration ("**Haitian Commercial Factoring Cooperation Framework Agreement**"), pursuant to which, we cooperate with Haitian Commercial Factoring on its financing to our suppliers. Based on accounts receivable from us under suppliers' contracts, our suppliers could make an application on the financing platform operated by Haitian Commercial Factoring, and we would issue an electronic certificate to such supplier with an amount of our payables to such supplier. Upon the issuance of such electronic certificate, we are only obligated to make payments to Haitian Commercial Factoring based on the actual amount under such electronic certificate. Such supplier could choose to receive payments from Haitian Commercial Factoring based on credit terms between the supplier and our Group, or transfer such electronic certificate to Haitian Commercial Factoring for financing before the expiry of the credit terms. Haitian Commercial Factoring has sole discretion over the interest rate for financing granted to these suppliers and would provide loans to such suppliers with the amount under the electronic certificate after deduction of interests for providing the financing. Such suppliers would not receive any preferential treatment with respect to its business cooperation with Haitian Commercial Factoring by virtue of the above arrangements. As advised by our PRC Legal Advisor, Haitian Commercial Factoring has obtained the necessary qualifications for engaging in the above financing business in accordance with the PRC laws and regulations.

The term of the Haitian Commercial Factoring Cooperation Framework Agreement, upon renewal by our Group and Haitian Commercial Factoring, is expected to be from May 18, 2025 to June 30, 2027, which is expected to be renewed after arm's length negotiation upon expiration.

Reasons for the transaction

Haitian Commercial Factoring is principally engaged in factoring business. The above-mentioned cooperation with Haitian Commercial Factoring on its provision of financing to our suppliers broadens financing channels for our suppliers and relieves their liquidity pressure, which in turn is beneficial to our supply chain development.

Consideration and pricing policies

Our Group shall pay Haitian Commercial Factoring the amount under the electronic certificate issued to our suppliers.

Historical amounts

For the years ended December 31, 2023 and 2024, the maximum daily amount payable to Haitian Commercial Factoring under the Haitian Commercial Factoring Cooperation Framework Agreement (the "**Maximum Daily Amount Payable to Haitian Commercial Factoring**") were RMB328.6 million and RMB333.0 million, respectively.

Annual caps

The following table sets forth the proposed annual caps for the transaction amounts of the Maximum Daily Amount Payable to Haitian Commercial Factoring under the Haitian Commercial Factoring Cooperation Agreement:

	Year ending December 31,		
	2025	**2026**	**2027**
	(RMB in millions)		
Maximum Daily Amount Payable to Haitian Commercial Factoring	600	700	800

Pursuant to the Notice on Strengthening the Supervision and Administration of Commercial Factoring Enterprise issued by the China Banking and Insurance Regulatory Commission, the maximum leverage for a commercial factoring enterprise shall not exceed 10 times of its net assets. During the Track Record Period, the majority of the businesses of Haitian Commercial Factoring were relevant to the transactions under the Haitian Commercial Factoring Cooperation Framework Agreement. The proposed annual caps are determined with reference to the net asset of approximately RMB95 million of Haitian Commercial Factoring as of December 31, 2024 as well as the potential increase in net asset of Haitian Commercial Factoring for the three years ending December 31, 2027 and the leverage of Haitian Commercial Factoring under such requirements, as well as the expected maximum balance under the electronic certificates to be issued by us which could be transferred by the suppliers to Haitian Commercial Factoring for financing whereby the Group will make payments to Haitian Commercial Factoring based on the amount under the electronic certificate.

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the Haitian Commercial Factoring Cooperation Framework Agreement for the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules will exceed 0.1% but be less than 5% on an annual basis, pursuant to Rule 14A.76(2) of the Listing Rules, such transactions will, upon Listing, constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, and the announcement requirement under Rule 14A.35 of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

9. Procurement of Raw Materials from Guangdong Haitian Group

On June 3, 2025, our Group entered into a framework agreement with Guangdong Haitian Group ("**Raw Material Procurement Framework Agreement**"), pursuant to which, Guangdong Haitian Group would supply to our Group raw materials including but not limited to oyster extracts, starch and other food raw materials (collectively, the "**Raw Materials**") as we may require for the production of our seasoning products from time to time.

The initial term of the Raw Material Procurement Framework Agreement will commence on the Listing Date and will end on December 31, 2027, subject to renewal upon the mutual agreement of both parties thereto. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions for the procurement of Raw Materials according to the principles provided in the Raw Material Procurement Framework Agreement.

Reasons for the transaction

Guangdong Haitian Group manufactures and sells the Raw Materials which we may require for the production of our seasoning products. We procured Raw Materials from Guangdong Haitian Group mainly due to the competitiveness of the prices and quality of the Raw Materials produced by Guangdong Haitian Group.

Our Group has a long-term and stable business cooperation with Guangdong Haitian Group, and Guangdong Haitian Group is familiar with our business needs, quality standards and operational requirements. Our Directors believe that maintaining a stable and quality business relationship with Guangdong Haitian Group will facilitate our business growth.

Consideration and pricing policies

The pricing relating to procurement of the Raw Materials from Guangdong Haitian Group pursuant to the Raw Material Procurement Framework Agreement shall be determined based on arm's length negotiation between our Group and Guangdong Haitian Group with reference to the unit price we obtained from Independent Third Parties for procurement of raw materials of similar nature, taking into account various factors including but not limited to the type of products, quality and quantity of the raw materials we required, and the availability of stable supply of the relevant raw materials. The terms are to be no less favorable to our Group compared to those transactions between our Group and Independent Third Parties.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024, the historical transaction amounts with respect to the procurement of the Raw Materials from Guangdong Haitian Group were RMB385.5 million, RMB530.9 million and RMB570.6 million, respectively.

Annual caps

The following table sets forth the proposed annual caps for the transaction amounts to be paid by us to Guangdong Haitian Group under the Raw Materials Procurement Framework Agreement:

	Year ending December 31,		
	2025	**2026**	**2027**
		(RMB in millions)	
Total fees paid by us to Guangdong Haitian Group	648	739	847

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions between our Group and Guangdong Haitian Group during the Track Record Period in respect of our procurement of the Raw Materials;

(ii) the expected amount of procurement of the Raw Materials by our Group from Guangdong Haitian Group to meet the needs of our future business development; and

(iii) other factors including but not limited to the expected unit prices of the Raw Materials and their potential fluctuations, taking into account the costs and expenses relating to labor and market trends.

Listing Rules implications

Notwithstanding that the highest applicable percentage ratio of the transactions contemplated under the Raw Material Framework Agreement for the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5%, considering the similar nature of the transactions contemplated under the Raw Material Procurement Framework Agreement and the Packaging Material Procurement Framework Agreement (as defined below), the highest applicable percentage ratio of the transactions contemplated under these two agreements for the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules shall, in aggregate, exceed 5%, on an annual basis, and such transactions will, upon Listing, constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

10. Procurement of Packaging Materials from Guangdong Haitian Group and its associates

On June 3, 2025, our Group entered into a framework agreement with Guangdong Haitian Group (on behalf of itself and its associates)("**Packaging Material Procurement Framework Agreement**"), pursuant to which, Guangdong Haitian Group and its associates would supply to our Group packaging materials, mainly including glass bottles (collectively, "**Packaging Materials**") as we may require from time to time.

The initial term of the Packaging Material Procurement Framework Agreement will commence on the Listing Date and will end on December 31, 2027, subject to renewal upon the mutual agreement of both parties thereto. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions for the procurement of Packaging Materials according to the principles provided in the Packaging Material Procurement Framework Agreement.

Reasons for the transaction

Guangdong Haitian Group and its associates manufactures and sells glass bottles and other packaging materials which we may require for the production of our seasoning products. We procured Packaging Materials from Guangdong Haitian Group and its associates mainly due to the competitiveness of the prices and quality of the Packaging Materials produced by Guangdong Haitian Group and its associates.

Our Group has a long-term and stable business cooperation with Guangdong Haitian Group and its associates, and Guangdong Haitian Group and its associates are familiar with our business needs, quality standards and operational requirements. Our Directors believe that maintaining a stable and quality business relationship with Guangdong Haitian Group and its associates will facilitate our business growth.

Consideration and pricing policies

The fee relating to procurement of the Packaging Materials from Guangdong Haitian Group and its associates pursuant to the Packaging Material Procurement Framework Agreement shall be determined based on arm's length negotiation between our Group and Guangdong Haitian Group and its associates with reference to the unit price we obtained from Independent Third Parties for procurement of packaging materials of similar nature, taking into account various factors including but not limited to the type of products, quality and quantity of the packaging materials we required, and the availability of stable supply of the relevant packaging materials. The terms are to be no less favorable to our Group compared to those transactions between our Group and Independent Third Parties.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024, the historical transaction amounts with respect to the procurement of the Packaging Materials from Guangdong Haitian Group and its associates were RMB740.8 million, RMB589.9 million and RMB592.5 million, respectively.

Annual caps

The following table sets forth the proposed annual caps for the transaction amounts to be paid by us to Guangdong Haitian Group and its associates under the Packaging Materials Procurement Framework Agreement:

	Year ending December 31,		
	2025	**2026**	**2027**
	(RMB in millions)		
Total fees paid by us to Guangdong Haitian Group and its associates	668	742	825

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions between our Group and Guangdong Haitian Group and its associates during the Track Record Period in respect of our procurement of the Packaging Materials;

(ii) the expected amount of procurement of the Packaging Materials by our Group from Guangdong Haitian Group and its associates to meet the needs of our future business development; and

(iii) other factors including but not limited to the expected unit prices of the Packaging Materials, taking into account the costs and expenses relating to labor and market trends.

Listing Rules implications

Notwithstanding that the highest applicable percentage ratio of the transactions contemplated under the Packaging Material Framework Agreement for the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5%, considering the similar nature of the transactions contemplated under the Packaging Material Procurement Framework Agreement and the Raw Material Procurement Framework Agreement, the highest applicable percentage ratio of the transactions contemplated under these two agreements for the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules shall, in aggregate, exceed 5%, on an annual basis, and such transactions will, upon Listing, constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant framework agreements for the continuing connected transactions are fair and reasonable, and no less favorable to us than terms available to or from Independent Third Parties, and the connected transactions are carried out under normal commercial terms, we have adopted the following internal control procedures:

- we have adopted and implemented a management system on connected transactions. Under such system, the audit committee under the Board is responsible for the review on compliance with relevant laws, regulations, our Company's policies and the Listing Rules in respect of the continuing connected transactions. In addition, the Audit Committee under the Board, the Board and various internal departments of our Company are jointly responsible for evaluating the terms under framework agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;

- the Audit Committee under the Board, the Board and various internal departments of our Company also regularly monitor the fulfillment status and the transaction updates under the framework agreements. In addition, the management of our Company also regularly reviews the pricing policies of the framework agreements;

- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmation in accordance with Rules 14A.55 and 14A.56 of the Listing Rules; and

- when considering the service fees and other fees provided by us to the above connected persons, our Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between our Company and Independent Third Parties for similar transactions, to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties. For the specific internal control procedures for each of the continuing connected transaction under their framework agreements, please refer to the relevant disclosure for the respective continuing connected transaction in this section.

CONFIRMATION BY DIRECTORS

Our Directors (including independent non-executive Directors) are of the view that the continuing connected transactions set out above have been and will continue to be carried out in our ordinary and usual course of business of our Company and on normal commercial terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for these transactions (where applicable) are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONFIRMATION BY THE JOINT SPONSORS

The Joint Sponsors have (i) reviewed the relevant documents and information provided by the Company in relation to the aforesaid partially exempt continuing connected transactions and non-exempt continuing connected transactions, (ii) obtained necessary representations and confirmations from the Company and the Directors, and (iii) participated in the due diligence and discussions with the management of our Group. Based on the above, the Joint Sponsors are of the view that the aforesaid partially-exempt continuing connected transactions and non-exempt continuing connected transactions, for which a waiver has been sought, have been entered into in the ordinary and usual course of our business on normal commercial terms or better terms, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps in respect of such partially-exempt continuing connected transactions and non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

WAIVERS GRANTED BY THE STOCK EXCHANGE

In respect of the continuing connected transactions as described above under the Jiaxing Haitian Cooperation Framework Agreement, the Provision of Supporting Services Framework Agreement, the Assets Procurement Framework Agreement and the Haitian Commercial Factoring Cooperation Framework Agreement, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules for the three years ending December 31, 2027 will be more than 0.1% but less than 5% on an annual basis. Accordingly, the continuing connected transactions under these framework agreements are subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules. In respect of the continuing connected transactions as described under the Raw Material Procurement Framework Agreement and the Packaging Material Procurement Framework Agreement, the highest applicable percentage ratio of these two agreements in aggregate will be more than 5% on an annual basis. Accordingly, the continuing connected transactions under these framework agreements are subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

As the above continuing connected transactions are expected to be carried out on a recurring basis, our Directors consider that strict compliance with the aforesaid announcement requirement will be impractical, and such requirements will lead to unnecessary administrative costs and create an onerous burden on us. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the aforesaid partially-exempt continuing connected transactions, and announcement requirement under Rule 14A.35 of the Listing Rules and the independent shareholders' approval requirement under Rule 14A.36 of the Listing Rules in respect of the aforesaid non-exempt continuing connected transactions, provided that the total amount of transactions for each of the three years ending December 31, 2027 will not exceed the relevant proposed annual caps as set out in this section. The independent non-executive Directors and auditors of the Company will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmation in accordance with Rules 14A.55 and 14A.56 of the Listing Rules.

So far as our Directors are aware, immediately following the completion of the Global Offering (and assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised), the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to 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 our Company:

				Assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised		Assuming that the Offer Size Adjustment Option and the Over-allotment Option are fully exercised	
Name of Shareholder	**Nature of interest**	**Class and number of Shares directly and indirectly held**	**Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date**	**Approximate % of shareholding in our A Shares immediately after the Global Offering**	**Approximate % of shareholding in the total share capital of our Company immediately after the Global Offering**	**Approximate % of shareholding in our A Shares immediately after the Global Offering**	**Approximate % of shareholding in the total share capital of our Company immediately after the Global Offering**
Guangdong Haitian[(1)(2)] . .	Beneficial owner	3,239,509,183 A Shares	58.26%	58.26%	55.62%	58.26%	55.08%
	Interest held by controlled corporation	6,492,001 A Shares	0.12%	0.12%	0.11%	0.12%	0.11%
	Interest in treasury Shares[(4)]	10,289,491 A Shares	0.19%	0.19%	0.18%	0.19%	0.17%
Mr. Pang [(1)] . . .	Interest in controlled corporation	3,246,001,184 A Shares	58.38%	58.38%	55.74%	58.38%	55.19%
	Beneficial owner	532,115,177 A shares	9.57%	9.57%	9.14%	9.57%	9.05%
	Interest in treasury Shares[(4)]	10,289,491 A Shares	0.19%	0.19%	0.18%	0.19%	0.17%
Ms. Cheng[(1)] . .	Interest in controlled corporation	3,246,001,184 A Shares	58.38%	58.38%	55.74%	58.38%	55.19%
	Beneficial owner	176,365,478 A Shares	3.17%	3.17%	3.03%	3.17%	3.00%
	Interest in treasury Shares[(4)]	10,289,491 A Shares	0.19%	0.19%	0.18%	0.19%	0.17%
Mr. Guan[(1)(3)] . .	Interest in controlled corporation	3,246,001,184 A Shares	58.38%	58.38%	55.74%	58.38%	55.19%
	Beneficial owner	15,409,690 A Shares	0.28%	0.28%	0.26%	0.28%	0.26%
	Interest of spouse	18,312,589 A Shares	0.33%	0.33%	0.31%	0.33%	0.31%
	Interest in treasury Shares[(4)]	10,289,491 A Shares	0.19%	0.19%	0.18%	0.19%	0.17%

Name of Shareholder	Nature of interest	Class and number of Shares directly and indirectly held	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date	Assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised: Approximate % of shareholding in our A Shares immediately after the Global Offering	Assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised: Approximate % of shareholding in the total share capital of our Company immediately after the Global Offering	Assuming that the Offer Size Adjustment Option and the Over-allotment Option are fully exercised: Approximate % of shareholding in our A Shares immediately after the Global Offering	Assuming that the Offer Size Adjustment Option and the Over-allotment Option are fully exercised: Approximate % of shareholding in the total share capital of our Company immediately after the Global Offering
Mr. Chen(1) . . .	Interest in controlled corporation	3,246,001,184 A Shares	58.38%	58.38%	55.74%	58.38%	55.19%
	Beneficial owner	11,762,384 A Shares	0.21%	0.21%	0.20%	0.21%	0.20%
	Interest in treasury Shares(4)	10,289,491 A Shares	0.19%	0.19%	0.18%	0.19%	0.17%
Mr. Wen(1) . . .	Interest in controlled corporation	3,246,001,184 A Shares	58.38%	58.38%	55.74%	58.38%	55.19%
	Beneficial owner	8,885,967 A Shares	0.16%	0.16%	0.15%	0.16%	0.15%
	Interest in treasury Shares(4)	10,289,491 A Shares	0.19%	0.19%	0.18%	0.19%	0.17%
Mr. Liao(1) . . .	Interest in controlled corporation	3,246,001,184 A Shares	58.38%	58.38%	55.74%	58.38%	55.19%
	Beneficial owner	1,538,323 A Shares	0.03%	0.03%	0.03%	0.03%	0.03%
	Interest in treasury Shares(4)	10,289,491 A Shares	0.19%	0.19%	0.18%	0.19%	0.17%

Notes:

(1) As of the Latest Practicable Date, pursuant to a concert party agreement dated December 27, 2023, Guangdong Haitian was controlled by the Concert Party Group as to 73.59% interest in total (with Mr. Pang, Ms. Cheng, Mr. Guan, Mr. Chen, Mr. Wen and Mr. Liao having approximately 50.63%, 16.78%, 3.27% (including 1.79% equity interest held by Mr. Guan's spouse), 1.17%, 1.11% and 0.62% interests in Guangdong Haitian, respectively). See "Relationship with our Controlling Shareholders."

(2) As of the Latest Practicable Date, Foshan Haipeng, which held 0.12% A Shares in our Company, was a wholly-owned subsidiary of Guangdong Haitian. As such, Guangdong Haitian will be deemed to be interested in the A Shares held by Foshan Haipeng.

(3) As of the Latest Practicable Date, the spouse of Mr. Guan held 18,312,589 A Shares and Mr. Guan was deemed to be interested in the A Shares held by his spouse.

(4) As of the Latest Practicable Date, there were 10,289,491 A Shares repurchased and held in our Company's stock repurchase account. Our Controlling Shareholders who control more than one-third of the voting power at the general meetings of our Company would be taken to have an interest in such repurchased A Shares held by our Company.

Save as disclosed above and in section headed "Appendix VI — Statutory and General Information — C. Further Information about our Directors, Supervisors and Senior Management", our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

This section presents certain information regarding our share capital before and upon completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the total issued capital of our Company was 5,560,600,544 A Shares (including 10,289,491 treasury Shares and 5,000,000 A Shares under the 2024 employee stock ownership plan) of nominal value of RMB1.00 each, which are all listed on the main board of the Shanghai Stock Exchange.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
A Shares in issue	5,560,600,544	95.5
H Shares to be issued pursuant to the Global Offering	263,237,500	4.5
Total	**5,823,838,044**	**100**

Immediately following the Global Offering, assuming the Offer Size Adjustment Option is exercised in full and the Over-allotment Option is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
A Shares in issue	5,560,600,544	95.2
H Shares to be issued pursuant to the Global Offering	279,031,700	4.8
Total	**5,839,632,244**	**100**

Immediately following the Global Offering, assuming the Offer Size Adjustment Option is not exercised and the Over-allotment Option is exercised in full, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
A Shares in issue	5,560,600,544	94.8
H Shares to be issued pursuant to the Global Offering	302,723,100	5.2
Total	**5,863,323,644**	**100**

Immediately following the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
A Shares in issue	5,560,600,544	94.5
H Shares to be issued pursuant to the Global Offering	320,886,400	5.5
Total	**5,881,486,944**	**100**

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will 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 of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

OUR SHARES

Our H Shares in issue upon completion of the Global Offering, and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. Our H Shares can be subscribed for or traded by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by mainland Chinese investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the Global Offering. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE GLOBAL OFFERING

Approval from holders of A Shares is required for our Company to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the shareholders' general meeting of our Company held on December 30, 2024 and is subject to the following conditions:

(i) *Size of the offer.* The proposed number of H Shares to be offered shall not exceed 10% of the total issued share capital enlarged by the H Shares to be issued pursuant to the Global Offering (before the exercise of the Over-allotment Option). The number of H Shares to be issued pursuant to the full exercise of the Over-allotment Option shall not exceed 15% of the total number of H Shares to be offered initially under the Global Offering.

(ii) *Method of offering.* The method of offering shall be by way of Hong Kong public offering and international placement of new shares.

(iii) *Target investors.* Institutional investors, enterprises and natural persons outside China, as well as qualified domestic institutional investors and other investors in compliance with regulatory requirements.

(iv) *Price determination basis.* Fully considering the interests of the Company's existing shareholders, the acceptability of investors, the domestic and overseas capital markets and the issuance risks, and adopting a market-based pricing method according to international practices, market subscriptions, roadshows and bookkeeping results.

(v) *Validity period.* The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date of passing the resolution at the shareholders' meeting held on December 30, 2024.

There are no other approved offering plans for our Shares except the Global Offering.

SHAREHOLDERS' GENERAL MEETINGS

For details regarding convening of shareholders' general meeting, see "Appendix V — Summary of Articles of Association — Shareholders and Shareholders' General Meetings" to this prospectus.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**" and collectively, the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**" and collectively, the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 100 Shares) that may be purchased for an aggregate amount of US$595 million or HK$4,667.5 million, calculated based on the conversion rate of US$1.00 to HK$7.84 (the "**Cornerstone Placing**"). The aggregate amount of the investment contributed by the Cornerstone Investors does not include brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee which the Cornerstone Investors will pay in respect of the International Offer Shares to be subscribed by them.

Based on an Offer Price of HK$36.30 per H Share, being the high-end of the indicative Offer Price range, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 128,580,500 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
48.85	2.21	42.47	2.19	46.08	2.20	40.07	2.19

Based on an Offer Price of HK$35.65 per H Share, being the mid-point of the indicative Offer Price range, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 130,924,800 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
49.74	2.25	43.25	2.23	46.92	2.24	40.80	2.23

Based on an Offer Price of HK$35.00 per H Share, being the low-end of the indicative Offer Price range, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 133,356,200 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
50.66	2.29	44.05	2.27	47.79	2.28	41.56	2.27

Our Company is of the view that the Cornerstone Investment will help raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Further, we believe that we will benefit from the cornerstone investment, taking into account the business sectors they primarily focus on. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group's business network or through introduction by the Company's business partners or Overall Coordinators.

The Cornerstone Placing will form part of the International Offering, and save as otherwise obtained consent by the Stock Exchange, 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 respects with the fully paid Shares in issue and all the H Shares to be subscribed by the cornerstone investors will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any Board representation in our Company; and none of the Cornerstone Investors will become a Substantial Shareholder of our Company. The Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

As confirmed by each of the Cornerstone Investors, there are no side 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 Listing, 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 Applicants.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's Shares commence on the Stock Exchange. There will be no deferred settlement of the Offer Shares to be subscribed by the Cornerstone Investors. Where delayed delivery takes place, each Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares in full before the Listing.

Among the Cornerstone Investors, GIC is an Existing Minority Shareholder holding less than 1% of the issued share capital of our Company as of the date of this prospectus. The Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 10.04 and consent under Paragraph 5(2) of the Appendix F1 to the Listing Rules and paragraph 17 of Chapter 4.15 of the Guide for New Listing Applicants to permit H Shares in the International Offering to be placed to certain existing minority Shareholders and/or their close associates. For further details, see "Waivers and Exemptions – Allocation of H Shares to Existing Minority Shareholders and their Close Associates."

To the best of the knowledge, information and belief of our Company, (i) other than GIC which is an Existing Minority Shareholder, the Cornerstone Investors are independent of the Company, its connected persons and their respective associates; (ii) other than GIC which is an Existing Minority Shareholder, none of the Cornerstone Investor is accustomed to take and has not taken instructions from the Company, our Directors, Supervisors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; and (iii) other than GIC which is an Existing Minority Shareholder, none of the subscription of the Offer Shares by the Cornerstone Investors is financed by the Company, our Directors, Supervisors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates.

To the best knowledge of the Company and the Overall Coordinators, and based on the indicative interest of investment of the Cornerstone Investors and/or their close associates as of the date of this prospectus, certain Cornerstone Investors and/or their close associates may participate in the International Offering as placees and subscribe for further Offer Shares in the Global Offering. The Company will seek the Stock Exchange's consent and/or waiver to allow the Cornerstone Investors and/or their close associates to participate in the International Offering as placees pursuant to Chapter 4.15 of the Guide for New Listing Applicants. Whether such Cornerstone Investors and/or their close associates will place orders in the International Offering are uncertain and will be subject to the final investment decisions of such investors and the terms and conditions of the Global Offering.

To the best knowledge of our Company, the Cornerstone Investors make independent investment decisions, and their subscription under the Cornerstone Investment Agreements would be financed by their own internal resources, financial resources of its shareholders or (in the case of Cornerstone Investors which are funds or investment managers) the assets managed for its investors as its source of funding for the subscription of the Offer Shares, and they have sufficient funds to settle their respective investment under the Cornerstone Placing. Each of the Cornerstone Investor has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing, and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around June 18, 2025.

The table below sets forth the details of the Cornerstone Placing:

Based on the Offer Price of HK$36.30 (being the high-end of the Offer Price range)

			Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investors	Total Investment Amount	Number of Offer Shares[1]	Approximate % of the Offer Shares	Approximate % of our total issued share capital	Approximate % of the Offer Shares	Approximate % of our total issued share capital	Approximate % of the Offer Shares	Approximate % of our total issued share capital	Approximate % of the Offer Shares	Approximate % of our total issued share capital
	(US$ in million)									
HHLR Advisors, Ltd. (“**HHLRA**”)	350	75,635,700	28.73	1.30	24.99	1.29	27.11	1.30	23.57	1.29
GIC Private Limited (“**GIC**”)	60	12,966,100	4.93	0.22	4.28	0.22	4.65	0.22	4.04	0.22
RBC Global Asset Management (Asia) Limited (“**RBC**”)	50	10,805,100	4.10	0.19	3.57	0.18	3.87	0.19	3.37	0.18
China Pinnacle Equity Management Limited (“**CPE**”)	50	10,805,100	4.10	0.19	3.57	0.18	3.87	0.19	3.37	0.18

			Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investors	Total Investment Amount	Number of Offer Shares[1]	Approximate % of the Offer Shares	Approximate % of our total issued share capital	Approximate % of the Offer Shares	Approximate % of our total issued share capital	Approximate % of the Offer Shares	Approximate % of our total issued share capital	Approximate % of the Offer Shares	Approximate % of our total issued share capital
	(US$ in million)									
UBS Asset Management (Singapore) Ltd. ("**UBS AM Singapore**")	30	6,483,000	2.46	0.11	2.14	0.11	2.32	0.11	2.02	0.11
Supercluster Universe Limited	30	6,483,000	2.46	0.11	2.14	0.11	2.32	0.11	2.02	0.11
HSG Growth VII Holdco, Ltd. ("**HSG Growth**")	15	3,241,500	1.23	0.06	1.07	0.06	1.16	0.06	1.01	0.06
Foshan Development Co., Ltd. ("**Foshan Development**")	10	2,161,000	0.82	0.04	0.71	0.04	0.77	0.04	0.67	0.04
Total	**595**	**128,580,500**	**48.85**	**2.21**	**42.47**	**2.19**	**46.08**	**2.20**	**40.07**	**2.19**

Based on the Offer Price of HK$35.65 (being the mid-point of the Offer Price range)

			Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investors	Total Investment Amount	Number of Offer Shares [1]	Approximate % of the Offer Shares	Approximate % of our total issued share capital	Approximate % of the Offer Shares	Approximate % of our total issued share capital	Approximate % of the Offer Shares	Approximate % of our total issued share capital	Approximate % of the Offer Shares	Approximate % of our total issued share capital
	(US$ in million)									
HHLRA	350	77,014,700	29.26	1.32	25.44	1.31	27.60	1.32	24.00	1.31
GIC	60	13,202,500	5.02	0.23	4.36	0.23	4.73	0.23	4.11	0.22
RBC	50	11,002,100	4.18	0.19	3.63	0.19	3.94	0.19	3.43	0.19
CPE	50	11,002,100	4.18	0.19	3.63	0.19	3.94	0.19	3.43	0.19
UBS AM Singapore	30	6,601,200	2.51	0.11	2.18	0.11	2.37	0.11	2.06	0.11
Supercluster Universe Limited	30	6,601,200	2.51	0.11	2.18	0.11	2.37	0.11	2.06	0.11
HSG Growth	15	3,300,600	1.25	0.06	1.09	0.06	1.18	0.06	1.03	0.06
Foshan Development	10	2,200,400	0.84	0.04	0.73	0.04	0.79	0.04	0.69	0.04
Total	**595**	**130,924,800**	**49.74**	**2.25**	**43.25**	**2.23**	**46.92**	**2.24**	**40.80**	**2.23**

Based on the Offer Price of HK$35.00 (being the low-end of the Offer Price range)

			Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investors	Total Investment Amount	Number of Offer Shares [1]	Approximate % of the Offer Shares	Approximate % of our total issued share capital	Approximate % of the Offer Shares	Approximate % of our total issued share capital	Approximate % of the Offer Shares	Approximate % of our total issued share capital	Approximate % of the Offer Shares	Approximate % of our total issued share capital
	(US$ in million)									
HHLRA	350	78,445,000	29.80	1.35	25.91	1.34	28.11	1.34	24.45	1.33
GIC	60	13,447,700	5.11	0.23	4.44	0.23	4.82	0.23	4.19	0.23
RBC	50	11,206,400	4.26	0.19	3.70	0.19	4.02	0.19	3.49	0.19
CPE	50	11,206,400	4.26	0.19	3.70	0.19	4.02	0.19	3.49	0.19
UBS AM Singapore . .	30	6,723,800	2.55	0.12	2.22	0.11	2.41	0.12	2.10	0.11
Supercluster Universe Limited	30	6,723,800	2.55	0.12	2.22	0.11	2.41	0.12	2.10	0.11
HSG Growth	15	3,361,900	1.28	0.06	1.11	0.06	1.20	0.06	1.05	0.06
Foshan Development . .	10	2,241,200	0.85	0.04	0.74	0.04	0.80	0.04	0.70	0.04
Total	**595**	**133,356,200**	**50.66**	**2.29**	**44.05**	**2.27**	**47.79**	**2.28**	**41.56**	**2.27**

Notes:

(1) Exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy, and to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus.

(2) Subject to rounding down to the nearest whole board lot of 100 Shares. Calculated based on the exchange rate set out in the section headed "*Information about this Prospectus and the Global Offering — Currency Translations*."

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Placing.

HHLRA

HHLR Advisors, Ltd. ("**HHLRA**"), as part of the Hillhouse Group, is an exempted company incorporated in the Cayman Islands that acts as the investment manager of relevant investment funds (collectively the "**HHLRA Funds**"), which are limited partnerships formed under the laws of the Cayman Islands. There is no individual limited partner investor who holds an economic interest of 30% or more in the HHLRA Funds.

HHLRA collaborates with industry-defining enterprises, aiming to establish alignment with sustainable, forward-thinking companies across consumer, healthcare, business services, and industrial sectors. HHLRA manages capital for global institutions, including non-profit foundations, endowments, and pensions. HHLRA is entering the cornerstone investment agreement with the Company in its capacity as an investment manager and on behalf of the HHLRA Funds.

GIC

GIC Private Limited ("**GIC**") is a leading global investment firm established in 1981 to secure Singapore's financial future. As the manager of Singapore's foreign reserves, GIC takes a long-term, disciplined approach to investing, and are uniquely positioned across a wide range of asset classes and active strategies globally, which includes equities, fixed income, real estate, private equity, venture capital, and infrastructure. Headquartered in Singapore, GIC has a global talent force of over 2,300 people in 11 key financial cities and has investments in over 40 countries.

RBC

RBC China Equity Fund and RBC Asia Pacific ex-Japan Equity Fund and RP – Fonds Institutionnel – Actions marchés émergents are sub-advised by RBC Global Asset Management (Asia) Limited, a member company of RBC Global Asset Management ("**RBC GAM**"), the asset management division of Royal Bank of Canada. RBC GAM is a provider of global investment management services and solutions to institutional, high-net-worth and individual investors through separate accounts, pooled funds, mutual funds, hedge funds, exchange-traded funds and specialty investment strategies. As of March 31, 2025, the RBC GAM group of companies manage approximately US$491 billion in assets and have approximately 1,700 employees located across Canada, the United States, Europe and Asia. No ultimate beneficial owner is holding 30% or more interests in either RBC China Equity Fund or RBC Asia Pacific ex-Japan Equity Fund and RP – Fonds Institutionnel – Actions marchés émergents.

CPE

CPE Greater China Enterprises Growth Fund and CPE Growth Fund #1 (collectively, the "**CPE Funds**") are exempted companies incorporated with limited liability under the laws of the Cayman Islands. The CPE Funds are managed by China Pinnacle Equity Management Limited ("**CPE**"), a company incorporated with limited liability in August 2017 in Hong Kong and is licensed to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under Part V of the SFO with CE number BKY108. It is principally engaged in fund management and the provision of investment advisory services to professional investors as defined under the SFO, including corporations, institutions and high net worth individual investors. CPE holds 100 management shares in CPE Funds, and controls their entire voting rights.

UBS AM

UBS Asset Management (Singapore) Ltd. ("**UBS AM Singapore**"), a company incorporated in Singapore in December 1993, has entered into a cornerstone investment agreement with the Company and the Overall Coordinators, in its capacity as the delegate of the investment manager for and on behalf of the following fund(s): (i) UBS (Lux) Equity Fund – Greater China (USD); (ii) UBS (Lux) Equity Fund – China Opportunity (USD); (iii) UBS (HK) Fund Series – China Opportunity Equity (USD); (iv) UBS (Lux) Equity SICAV – All China (USD); (v) UBS (Lux) Investment SICAV – China A Opportunity (USD); (vi) UBS (CAY) China A Opportunity; (vii) UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD); and (viii) certain other segregated accounts and mandates. As confirmed by UBS AM Singapore, no single ultimate beneficial owner holds 30% or more interest in those funds.

UBS AM Singapore is a wholly owned subsidiary of UBS Asset Management AG, an investment management company, which is wholly ultimately owned by UBS Group AG, which is a company organized under Swiss law as a corporation that has issued shares of common stock to investors. UBS Group AG's shares are listed on the SIX Swiss Exchange (stock code: UBSG) and the New York Stock Exchange (stock code: UBS).

Boyu

Supercluster Universe Limited is an exempted company incorporated under the laws of the Cayman Islands and a controlled subsidiary of Boyu Capital Opportunities Master Fund. Boyu Capital Opportunities Master Fund is an exempted company incorporated under the laws of the Cayman Island and an investment fund managed by Boyu Capital Management (Singapore) Pte. Ltd. ("**Boyu**"). Boyu holds a capital markets services license and is regulated by the Monetary Authority of Singapore. Boyu provides growth and transformational capital for leading businesses and entrepreneurs in areas that include technology, healthcare, consumer and business services. Boyu is 100% indirectly owned by Boyu Group, LLC, which is in turn ultimately controlled by Mr. Xiaomeng Tong, an Independent Third Party. There is no single investor holding 30% or more interest in Supercluster Universe Limited through Boyu Capital Opportunities Master Fund.

HSG Growth

HSG Growth VII Holdco, Ltd. ("**HSG Growth**") is incorporated in the Cayman Islands with limited liability, which is wholly owned by HongShan Capital Growth Fund VII, L.P. ("**HSG GVII Fund**"). HSG GVII Fund is an investment fund whose primary purpose is to make equity investments in private companies. The general partner of HSG GVII Fund is HSG Growth VII Management, L.P., whose general partner is HSG Holding Limited, a wholly-owned subsidiary of SNP China Enterprises Limited. Neil Nanpeng Shen is the sole shareholder of SNP China Enterprises Limited.

Foshan Development

Foshan Development Co., Ltd. ("**Foshan Development**") is established in Hong Kong and is a wholly-owned subsidiary of Foshan Talent and Data Technology Group Co., Ltd., whose ultimate controller is the Foshan State-owned Assets Supervision and Administration Commission. Founded in 1984 and headquartered in Hong Kong, the businesses of Foshan Development cover the Guangdong-Hong Kong-Macao Greater Bay Area and internationally, focusing on providing one-stop solutions for strategic consulting, talent empowerment, scientific and technological innovation incubation and capital support for growing companies.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(ii) the Offer Price having been agreed upon between our Company and the Overall Coordinators (for themselves and on behalf of the underwriters of the Global Offering);

(iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(iv) no laws shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in the Global Offering or the respective Cornerstone Investment Agreement, and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective agreements, representations, warranties, undertakings, confirmations and acknowledgements of the Cornerstone Investors under the respective Cornerstone Investment Agreement are (as of the date of the Cornerstone Investment Agreement) and will be (as of the Closing (as defined in the Cornerstone Investment Agreement)) accurate and true in all respects and not misleading and that there is no breach of the respective Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each Cornerstone Investor has agreed that without the prior written consent of our Company, the Joint Sponsors and the Overall Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares it has purchased, pursuant to the respective Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of the Cornerstone Investor, including the Lock-up Period restriction.

You should read the following discussion and analysis in conjunction with our historical financial information, included in the Accountants' Report in Appendix I, together with the respective accompanying notes. Our historical financial information has been prepared in accordance with the IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed "Risk Factors" and "Business," and elsewhere in this prospectus. For further details, see "Forward-Looking Statements."

OVERVIEW

We are China's leading condiments company with long-standing heritage. We are dedicated to providing quality condiment products serving the seasoning needs for home cooking and dining experiences. Our main product categories include soy sauce, oyster sauce, flavored sauce, specialty condiment products and others. Our revenue decreased by 4.1% from RMB25,609.7 million in 2022 to RMB24,559.3 million in 2023. Our revenue subsequently increased by 9.5% from RMB24,559.3 million in 2023 to RMB26,901.0 million in 2024. In 2022, 2023 and 2024, we recorded net profits of RMB6,203.2 million, RMB5,642.2 million and RMB6,355.9 million, respectively. In 2022, 2023 and 2024, our net profit margin was 24.2%, 23.0% and 23.6%, respectively.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with all applicable IFRS. Further details of the material accounting policy information adopted are set out in Note 2 to the Accountants' Report included in Appendix I to this prospectus.

The IASB has issued a number of new and revised IFRS. For the purpose of preparing the historical financial information, our Group has adopted all applicable new and revised IFRS effective for the accounting period beginning January 1, 2024, except for any new standards or interpretations that are not yet effective for the accounting period beginning January 1, 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning January 1, 2024 are set out in Note 36 to the Accountants' Report included in Appendix I to this prospectus.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following factors are the principal factors that have affected and, we expect, will continue to affect our business, financial condition, results of operations and prospects:

Market Demand for Our Products

As a leader in China's condiments industry, our product portfolio is comprehensive, and main product categories include soy sauce, oyster sauce, flavored sauce products, and specialty condiment products and others. Our results of operations have been and will continue to be largely dependent on our ability to grasp and meet changing market demand.

According to Frost & Sullivan, China is the second-largest country in the global condiments industry. The market size of China's condiments industry was RMB498.1 billion in 2024 in terms of revenue. Driven by factors such as growth in per capita disposable income, rising urbanization rate, diversification of condiment categories and sales channels, the market size of China's condiments industry is expected to increase to RMB699.8 billion by 2029, with a CAGR of 7.0% from 2024 to 2029. According to Frost & Sullivan, as living standards improve, customer needs for healthy food, taste, and packaging are becoming increasingly refined. Our well-established product portfolio and industry-leading research and development capabilities enable us to continuously upgrade existing products, as well as launch new ones that cater to changing customer demands.

Since the COVID-19 pandemic, consumer behavior and the catering industry have experienced a series of changes. For example, in 2022, consumers had to reduce dining out, which affected the catering industry, leading to a slowdown in the overall inventory turnover of condiments and a residual impact on the overall sales of condiments in 2023. However, as condiment products are commonly used in consumers' daily meals, the demand for such products are stable and relatively resilient against economic fluctuations. In addition, the pandemic has also accelerated the diversification of distribution channels for condiments in China, and further enhanced customer demand for quality and diversified products.

In response to these trends, leveraging our strengths in brand and product, distribution channels, advanced core technologies, research and development, production capacity and economies of scale accumulated over the years, we proactively implemented a series of strategic adjustments in 2023. These measures include optimizing our product portfolio, refining our sales strategies to better meet market demand, and adopting technologies to enhance production efficiency and operational efficiency. Whilst these strategic adjustments had certain short-term impacts on our product sales in 2023 as we witnessed a decrease in revenue compared to 2022, they gradually took effect and we recorded a revenue growth in 2024. We believe these measures will continue to benefit our long-term development. Our revenue from product sales increased from RMB22,815.1 million in 2023 to RMB25,127.8 million in 2024. See "— Description of Major Components of Our Results of Operations — Revenue."

Our Sales and Distribution Network

We primarily sell our products to distributors. We have established an extensive and in-depth sales and distribution network in China that enables our products to reach end-customers nationwide. Our distributors in turn resell our products to their downstream channels, which mainly include supermarkets, grocery stores, wholesale markets and e-commerce channels, or directly sell to retail customers. We generally require the distributors to make full upfront payment to us before we ship our products, and require the distributors to meet certain sales targets during the term of the distribution agreements. In 2022, 2023 and 2024, our sales to distributors amounted to RMB23,384.1 million, RMB22,366.8 million and RMB24,531.6 million, respectively, representing 98.3%, 98.0% and 97.6% of our total revenue from product sales in the same periods.

During the Track Record Period, we proactively managed, upgraded and empowered our network of distributors, expanding the coverage of our sales and increasing the sales volume. The pandemic has accelerated the diversification of distribution channels for condiments in China and generated new demands that are specific to certain channels. In particular, we adopted a series of strategic adjustments in 2023 amidst the evolving consumption environment following the COVID-19 pandemic and the wider economic conditions. We manage the distribution network closely and effectively so as to be closer to distributors and points of sale and become more responsive to their demands. In 2023, the number of new distributors joined and the number of distributors ceased to distribute our products were 672 and 1,253, respectively. Such movements were part of our efforts to refine our distributor network and are in line with our goal of optimizing the overall efficiency and quality of distributors. See "Business — Our Sales and Distribution Network — Distributorship." This resulted in an overall decrease in the number of distributors from 7,172 as of December 31, 2022 to 6,591 as of December 31, 2023. Subsequently, in 2024, the number of new distributors joined and distributors ceased to distribute our products were 725 and 609, respectively. This resulted in an overall increase in the number of distributors from 6,591 as of December 31, 2023 to 6,707 as of December 31, 2024.

We have dedicated sales personnel to communicate with distributors, so as to enhance their distribution capabilities and establish a streamlined and responsive distributor management system. In addition, we have optimized our sales and distribution network to include distributors with specialization in emerging channels such as e-commerce and food processing enterprises, as well as to improve the overall quality of distributors. See "Business — Our Sales and Distribution Network — Distributorship."

Our direct sales customers primarily include catering businesses, food processing enterprises, corporate welfare programs and customers via self-operated stores on e-commerce platforms. As different customer types may have diverse consumption needs, we have improved our operational efficiency in various respects. These efforts have significantly enhanced our responsiveness and service capabilities to our direct sales customers, enabling us to meet their diversified needs more rapidly. In 2022, 2023 and 2024, the revenue from direct sales amounted to RMB409.8 million, RMB448.3 million and RMB596.2 million, respectively, accounting for 1.7%, 2.0% and 2.4% of our total revenue from product sales in the same periods.

Our Product Portfolio

We have strategically curated our product portfolio by offering diversified products with excellent quality and affordability, catering to different consumption preferences in different sales channels and enhancing the penetration of our products across sales channels. Our highly competitive product portfolio allowed us to effectively address varied needs across household and commercial applications. As of December 31, 2024, our comprehensive product portfolio included multiple product lines with over 1,450 SKUs strategically covered across a number of main product categories including soy sauce, oyster sauce, flavored sauce products, specialty condiment products and others.

We have established leadership across multiple product categories demonstrated by our bestselling product series, including seven product series with annual sales revenue exceeding RMB1 billion and 31 product series with annual sales revenue exceeding RMB100.0 million. Our diverse range of products is crafted to meet a variety of consumption needs from daily cooking scenarios to professional catering service and food processing business, ensuring our ability to capture varied market opportunities in different channels. Our diversified product portfolio allows distributors to enhance their market coverage, and increase their scale of operations and profitability, as well as promote long-term and stable business relationships with their downstream customers. See "Business — Our Brand and Products."

In particular, soy sauce products remain a cornerstone of our product portfolio, and revenue from sales of soy sauce products accounted for the majority of our total revenue during the Track Record Period. In 2022, 2023 and 2024, the revenue from sales of soy sauce products amounted to RMB13,861.2 million, RMB12,637.4 million and RMB13,757.9 million, respectively, representing 54.1%, 51.5% and 51.1% of our total revenue in the same periods. In addition, we actively expanded into other product categories, namely oyster sauce products, flavored sauce products and specialty condiment products and others, so as to diversify our product offerings to our customer base. In 2022, 2023 and 2024, revenue from sales of oyster sauce products, flavored sauce products and specialty condiment products and others, in aggregate, amounted to RMB9,932.7 million, RMB10,177.7 million and RMB11,369.9 million, respectively, representing 38.8%, 41.4% and 42.3% of our total revenue in the same periods, demonstrating a steady growth in absolute amounts and as a percentage of our total revenue.

Based on insights on customer needs and diversified channels, we have upgraded existing products and consistently launched new products in terms of flavors, ingredients and packaging, leveraging our flexible production lines and agile R&D capabilities to adapt accordingly. We consistently upgrade and expand our product portfolio, so as to capture ever-changing market demand and to better align with diversified customer preferences. We have continued to upgrade our existing products, such as (i) launching better-for-you product lines, including the reduced-salt products, so as to satisfy customers' health-conscious demands, which achieved a year-on-year revenue growth of 33.6% in 2024; and (ii) upgrading some of our existing oyster sauce products with "easy-squeeze" bottle packaging. As of December 31, 2024, the cumulative sales of "easy-squeeze" bottle oyster sauce products have reached 460 million bottles. Further, in order to capture the market opportunities from an increased market trend of diversified channel, we introduced a variety of product sizes and categories that are better suited to each channel.

Our revenue will be impacted by our abilities to continuously develop and launch successful products. By leveraging our market-oriented innovation capabilities and marketing activities, our continuously upgraded and expanded product portfolio has propelled our sustained and robust business growth.

Our Ability to Effectively Improve Operating Efficiency by Investing in Technological Innovation and Digitalization Capabilities

As technology is the cornerstone of our success, our technological innovation and digitalization capabilities are critical to our business operations. Such capabilities enable us to improve operational efficiency, reduce costs, create high-quality, value-for-money products and gain insights into customer demand and the trend of diversified channels. Our enhanced intelligence and digitalization capabilities have significantly contributed to our operational efficiency across our supply chain, production, sales and marketing activities during the Track Record Period. By investing in advanced technologies to further enhance digitalization, we have improved production efficiency, our supply chain management, as well as inventory tracking and logistics efficiency. Such improvements enable us to effectively mitigate the impact of fluctuations in the market prices of raw materials and finished products.

In particular, our digital transformation initiatives have enabled us to gain better market insights and data analytics. We have established a designated team to lead the direction of R&D through multi-directional insights into market demand. We have built data analytics platforms integrating information across all production processes. This platform leverages the data and information we have accumulated over the years and supports product R&D, operational management and decision-making through presenting our business process and data analytics in a digital and transparent way, which improves the transparency of business operations and empowers us through the utilization of past experience. This has also empowered us to make more informed decisions regarding product development, marketing strategies and production planning. As a result, we have been able to diversify product portfolio and marketing strategies to remain competitive while maintaining healthy profit margins.

Our commitment to technology and digitalization not only enhances our operational efficiency but also strengthens our ability to adapt to the rapidly evolving market landscape. Our research and development costs amounted to RMB751.3 million, RMB715.4 million and RMB839.5 million in 2022, 2023 and 2024, respectively, representing 2.9%, 2.9% and 3.1% of our revenue in the same periods. By continuing to invest in technological innovation and digitalization, we endeavor to further improve our operational efficiency and maintain sustainable growth in an increasingly competitive industry.

Our Ability to Manage Costs of Sales Efficiently

Our ability to manage cost of sales and strengthen our supply chain is critical to our operations. Our ability to manage these costs has benefited greatly from the improved efficiency and market insights brought about by our technology investments and digital capabilities, economies of scale, long-standing relationships with our suppliers, excellent supplier management system and extensive industry experience. See "— Our Ability to Effectively Improve Operating Efficiency by Investing in Technological Innovation and Digitalization Capabilities."

Our cost of sales primarily consists of the cost of raw materials and packaging materials. Our raw materials for production mainly include soybeans, oyster extracts, sugar and salt. Our packaging materials mainly include corrugated fiberboard and glass. In 2022, 2023 and 2024, the cost of raw materials and packaging materials amounted to RMB12,554.8 million, RMB12,208.7 million and RMB12,778.0 million, respectively, representing 49.0%, 49.7% and 47.5% of our revenue in the same periods. In particular, the prices of key raw materials, such as soybeans and sugar, are subject to volatility due to market supply and demand, climate, environmental conditions, commodity price fluctuations, currency fluctuations, changes in governmental policies and natural disasters.

We have taken various measures to mitigate the impact of price fluctuation of raw materials and packaging materials. For instance, we have enhanced our ability to manage raw material costs by upgrading our procurement and production processes, streamlining management structure, promoting potential operational efficiency, applying advanced technology and data-based management measures. Other measures to mitigate the impact of price fluctuations include maintaining diversified suppliers, adopting a centralized procurement system to leverage our scale of procurement and enhance our bargaining power over suppliers, and leveraging our established brand reputation and market position and advantages from economies of scale, to negotiate more favorable terms. We closely monitor the market prices of key raw materials, and manage the inventory levels to ensure that scheduled production meets anticipated market demand. We typically collaborate with multiple suppliers for each major raw material needed for production to avoid over-reliance on any single supplier. Since our inception, we have established stable, trustworthy relationships with reliable suppliers for each major raw material. We collaborate closely with our strategic suppliers to empower their operational efficiencies, which include measures to improve the quality of their supplies, logistics and warehousing arrangements. As we continue to scale up our business, we also seek to leverage our improved economies of scale to reduce operating costs and enhance operational efficiency, which will improve our profit margins.

MATERIAL ACCOUNTING POLICY INFORMATION

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Other material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial position and results of operation and results of operations, are set forth in detail in Notes 2 and 3 to the Accountants' Report in Appendix I to this prospectus.

Revenue Recognition

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of our Group's revenue and other income recognition policies are as follows:

Revenue From Contracts With Customers

We are the principal for our revenue transactions and recognize revenue on a gross basis. In determining whether we act as principal or as agents, we consider whether we obtain control of the products before they are transferred to the customers. Control refers to our Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax.

Sales of Flavoring Products

Revenue is recognized when the products are delivered to customers at the locations specified in the sales orders or sales contracts, or when the products are despatched if the customers designate our Group as the carrier. Revenue is recognized based on the price agreed in the contract net of the expected sales rebates and customer incentives paid to customers.

Revenue From Transportation Services

Revenue from transportation services is recognized over time.

Other Practical Expedients Applied

For sales contracts that had an original expected duration of one year or less, our Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.

Revenue From Other Sources and Other Income

Rental Income From Operating Leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income over the term of the lease.

Interest Income

Interest income is recognized using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Government Grants

Government grants are recognized in the consolidated statements of financial position when there is reasonable assurance that they will be received and that our Group will comply with the conditions attaching to them.

Grants that compensate our Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate our Group for the cost of an asset are recognized by setting up the grant as deferred income that is recognized in profit or loss on a systematic basis over the useful life of the asset.

Dividends

Dividend income is recognized in profit or loss on the date on which our Company's right to receive payment is established.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gains or losses on disposal of an item of property, plant and equipment are recognized in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss as follows:

Land-use rights, other leased properties, machinery and equipment are depreciated over the unexpired term of lease

Buildings	5 – 30 years
Machinery and equipment	2 – 15 years
Vehicles	3 – 10 years
Office equipment and others	2 – 10 years
Leasehold improvements	2 – 5 years

Depreciation methods, useful lives and residual values are reviewed in each year during the Track Record Period and adjusted if appropriate.

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as interest expense capitalized during the periods of construction and installation. Capitalization of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

Inventories

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of our Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as of the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Income Tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income ("**OCI**").

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted in each year during the Track Record Period. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries to the extent that we are able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

We recognize deferred tax assets and deferred tax liabilities separately in relation to lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered based on the business plans for individual subsidiaries in our Group. Deferred tax assets are reviewed in each year during the Track Record Period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

KEY ITEMS OF THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Revenue	25,609,652	24,559,312	26,900,978
Cost of sales	(16,679,019)	(16,222,544)	(17,175,902)
Gross profit	**8,930,633**	**8,336,768**	**9,725,076**
Other revenue	894,358	748,533	712,801
Other net income	151,254	225,143	263,233
Selling and marketing expenses	(1,378,054)	(1,305,747)	(1,628,602)
Administrative expenses	(449,008)	(534,411)	(595,339)
Research and development costs	(751,339)	(715,418)	(839,532)
Provision for expected credit losses on trade and other receivables	(2,592)	(203)	(1,041)
Provision for impairment losses	(16,551)	(3,739)	(99,553)
Profit from operations	**7,378,701**	**6,750,926**	**7,537,043**
Finance costs	(14,496)	(11,888)	(23,961)
Profit before taxation	**7,364,205**	**6,739,038**	**7,513,082**
Income tax	(1,161,039)	(1,096,851)	(1,157,221)
Profit for the year	**6,203,166**	**5,642,187**	**6,355,861**

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we mainly derived revenue from sales of products in China.

Revenue by Product Category

During the Track Record Period, revenue from product sales accounted for a majority of our total revenue. In particular, we derived 92.9%, 92.9% and 93.4% of our total revenue from product sales in 2022, 2023 and 2024, respectively.

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

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Product sales						
Soy sauce products	13,861,182	54.1	12,637,386	51.5	13,757,879	51.1
Oyster sauce products	4,416,535	17.2	4,251,221	17.3	4,615,205	17.2
Flavored sauce products	2,584,009	10.1	2,427,007	9.9	2,668,946	9.9
Specialty condiment products and others	2,932,177	11.5	3,499,473	14.2	4,085,756	15.2
Subtotal	**23,793,902**	**92.9**	**22,815,087**	**92.9**	**25,127,786**	**93.4**
Others[1]	**1,815,749**	**7.1**	**1,744,225**	**7.1**	**1,773,192**	**6.6**
Total	**25,609,652**	**100.0**	**24,559,312**	**100.0**	**26,900,978**	**100.0**

Note:

(1) Others primarily consist of (i) sales of raw materials, packaging materials, by-products and others, (ii) logistics and transportation services and (iii) rental income.

During the Track Record Period, we also generated revenue for (i) sales of raw materials, packaging materials, by-products and others, (ii) logistics and transportation services and (iii) rental income. For the sales of raw materials, packaging materials, by-products and others, we generally sell by-products generated from the production of our main products, as well as some raw materials and packaging materials to third parties. In addition, for our logistics and transportation services, we provide logistics and transportation services to third parties. Furthermore, we leased certain self-owned properties and generated rental incomes accordingly.

For details in relation to the changes in our revenue by product category during the Track Record Period, see "— Year-to-Year Comparison of Results of Operations."

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

	Year ended December 31,					
	2022		2023		2024	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(tonnes)	*(RMB/ton)*	*(tonnes)*	*(RMB/ton)*	*(tonnes)*	*(RMB/ton)*
Soy sauce products	2,502,658	5,539	2,298,231	5,499	2,565,455	5,363
Oyster sauce products	877,936	5,031	861,076	4,937	930,833	4,958
Flavored sauce products . . .	284,712	9,076	283,546	8,559	321,750	8,295
Specialty condiment products and others	510,056	5,749	616,036	5,681	692,872	5,897
Total/overall	**4,175,362**	**5,699**	**4,058,889**	**5,621**	**4,510,910**	**5,571**

Revenue of Product Sales by Customer Type

The following table sets forth a breakdown of revenue from product sales by customer type in absolute amounts and as a percentage of our total revenue from product sales for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Sales to distributors	23,384,100	98.3	22,366,817	98.0	24,531,583	97.6
Direct sales	409,802	1.7	448,270	2.0	596,203	2.4
Total	**23,793,902**	**100.0**	**22,815,087**	**100.0**	**25,127,786**	**100.0**

During the Track Record Period, the majority of our revenue was primarily derived from our product sales to distributors. Revenue from sales to distributors amounted to RMB23,384.1 million, RMB22,366.8 million and RMB24,531.6 million in 2022, 2023 and 2024, respectively, accounting for 98.3%, 98.0% and 97.6% of our revenue from the product sales in the same period. We also proactively developed our direct sales to catering businesses, food processing enterprises, corporate welfare programs and customers via self-operated stores on e-commerce platforms. In 2022, 2023 and 2024, revenue from direct sales amounted to RMB409.8 million, RMB448.3 million and RMB596.2 million, respectively, accounting for 1.7%, 2.0% and 2.4% of our total revenue from product sales in the same periods.

Revenue of Product Sales by Geographical Region

We established a sales and distribution network with nationwide coverage, and primarily sold our products via distributors that are located in different regions. The following table sets forth a breakdown of revenue from product sales by geographical region of our customers in absolute amounts and as a percentage of our total revenue from product sales for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Northern Region	6,223,006	26.2	5,925,391	26.0	6,401,330	25.5
Central Region	5,270,030	22.1	5,049,409	22.1	5,605,112	22.3
Eastern Region	4,694,852	19.7	4,354,221	19.1	4,792,395	19.1
Southern Region	4,599,431	19.3	4,499,796	19.7	5,079,258	20.2
Western Region	3,006,583	12.6	2,986,269	13.1	3,249,691	12.9
Total	**23,793,902**	**100.0**	**22,815,087**	**100.0**	**25,127,786**	**100.0**

Cost of Sales

Our cost of sales primarily consisted of costs of raw materials and packaging materials. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of our total cost of sales, for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Raw materials	8,206,541	49.2	8,486,385	52.3	8,738,720	50.9
Packaging materials	4,348,304	26.1	3,722,280	22.9	4,039,243	23.5
Transportation expenses	757,336	4.5	690,289	4.3	799,406	4.7
Depreciation	669,429	4.0	708,352	4.4	712,877	4.2
Manufacturing expenses	564,590	3.4	550,968	3.4	637,578	3.7
Employee benefits expenses	416,943	2.5	408,954	2.5	494,806	2.9
Others[(1)]	1,715,876	10.3	1,655,316	10.2	1,753,272	10.1
Total	**16,679,019**	**100.0**	**16,222,544**	**100.0**	**17,175,902**	**100.0**

Note:

(1) Others primarily consist of certain costs related to by-products and service fees.

Gross Profit and Gross Profit Margin

Our gross profit amounted to RMB8,930.6 million, RMB8,336.8 million and RMB9,725.1 million in 2022, 2023 and 2024, respectively. Our gross profit margin was 34.9%, 33.9% and 36.2% in 2022, 2023 and 2024, respectively.

Gross Profit and Gross Profit Margin of Product Sales by Product Category

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

	Year ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(RMB in thousands, except for percentages)					
Soy sauce products	5,584,058	40.3	5,387,720	42.6	6,150,027	44.7
Oyster sauce products	1,486,261	33.7	1,232,950	29.0	1,554,635	33.7
Flavored sauce products	963,396	37.3	861,438	35.5	999,299	37.4
Specialty condiment products and others	797,045	27.2	765,753	21.9	1,001,195	24.5
Total/overall	**8,830,759**	**37.1**	**8,247,861**	**36.2**	**9,705,156**	**38.6**

The gross profit margin of our products is largely affected by (i) fluctuations in market prices of key raw materials, and (ii) the product mix. As product categories have varying gross profit margins, changes in sales contribution from product categories with different gross profit margins may offset the effects and contribute to the overall changes of gross profit margin. In 2022, 2023 and 2024, the overall gross profit margin for our products was 37.1%, 36.2% and 38.6%, respectively. See "— Year-to-Year Comparison of Results of Operations" in relation to changes in revenue and gross profit margin of our products by product category.

Gross Profit and Gross Profit Margin of Product Sales by Geographical Region

The following table sets forth a breakdown of our gross profit and gross profit margin of our products sales by geographical region of our customers for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(RMB in thousands, except for percentage)					
Northern Region	2,282,079	36.7	2,039,781	34.4	2,442,517	38.2
Central Region	1,959,255	37.2	1,819,722	36.0	2,169,752	38.7
Eastern Region	1,760,402	37.5	1,607,882	36.9	1,889,165	39.4
Southern Region	1,736,787	37.8	1,690,677	37.6	2,012,969	39.6
Western Region	1,092,236	36.3	1,089,799	36.5	1,190,753	36.6
Total/Overall	**8,830,759**	**37.1**	**8,247,861**	**36.2**	**9,705,156**	**38.6**

Our overall gross profit margins of our products for each geographical region remained relatively stable throughout the Track Record Period. During the Track Record Period, we primarily sold our products via our network of distributors, and the gross profit margin for each region varied slightly, primarily due to the varying product mix sold and the differences in transportation methods and distance in each region.

For details in relation to the changes in our gross profit and gross margin during the Track Record Period, see "— Year-to-Year Comparison of Results of Operations."

Other Revenue

Our other revenue primarily consisted of (i) interest income and (ii) government grants. During the Track Record Period, government grants mainly included subsidies in relation to our contributions to the local economy. Our other revenue amounted to RMB894.4 million, RMB748.5 million and RMB712.8 million in 2022, 2023 and 2024, respectively.

The following table sets forth a breakdown of our other revenue for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Interest income	750,174	83.9	604,372	80.8	527,623	74.0
Government grants	143,894	16.1	73,704	9.8	91,440	12.8
Additional deduction for VAT	–	–	70,457	9.4	93,738	13.2
Others	290	0.0	–	–	–	–
Total	**894,358**	**100.0**	**748,533**	**100.0**	**712,801**	**100.0**

Other Net Income

Our other net income primarily included (i) net fair value changes on other financial assets at FVPL, (ii) net gains/(losses) on disposal of property, plant and equipment and (iii) net foreign exchange gains.

The following table sets forth a breakdown of our other net income for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Net fair value changes on other financial assets at FVPL	134,372	88.8	230,126	102.2	237,355	90.1
Net gains/(losses) on disposal of property, plant and equipment	851	0.6	(951)	(0.4)	8,091	3.1
Net foreign exchange gains	3,767	2.5	1,374	0.6	10,511	4.0
Others	12,264	8.1	(5,406)	(2.4)	7,276	2.8
Total	**151,254**	**100.0**	**225,143**	**100.0**	**263,233**	**100.0**

Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (i) employee benefits expenses and (ii) advertising and promotion expenses. Our selling and marketing expenses amounted to RMB1,378.1 million, RMB1,305.7 million and RMB1,628.6 million in 2022, 2023 and 2024, respectively, representing 5.4%, 5.3% and 6.1% of our total revenue in the same periods.

The following table sets forth a breakdown of our selling and marketing expenses in absolute amounts and as a percentage of our total selling and marketing expenses for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefits expenses.	634,554	46.0	671,484	51.4	894,344	54.9
Advertising expenses.	397,432	28.8	208,005	15.9	249,437	15.3
Promotion expenses	155,548	11.3	154,560	11.9	190,627	11.7
Office and travel expenses. .	133,282	9.7	184,339	14.1	185,062	11.4
Depreciation and amortization	32,870	2.4	38,521	3.0	49,064	3.0
Others[(1)]	24,368	1.8	48,838	3.7	60,068	3.7
Total	**1,378,054**	**100.0**	**1,305,747**	**100.0**	**1,628,602**	**100.0**

Note:

(1) Others primarily include service fees.

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefits expenses, and (ii) depreciation and amortization, which mainly related to equipment and office premises. Our administrative expenses amounted to RMB449.0 million, RMB534.4 million and RMB595.3 million in 2022, 2023 and 2024, respectively, representing 1.8%, 2.2% and 2.2% of our total revenue in the same periods.

The following table sets forth a breakdown of our administrative expenses in absolute amounts and as a percentage of our total administrative expenses for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefits expenses.	219,843	49.0	265,195	49.6	342,059	57.5
Depreciation and amortization	74,731	16.6	94,085	17.6	88,602	14.9
Office and travel expenses. .	64,927	14.5	76,218	14.3	78,475	13.2
Intellectual property and software expenses	39,997	8.9	39,849	7.5	29,120	4.9
Professional services expenses	13,131	2.9	18,155	3.4	12,012	2.0
Others[(1)]	36,379	8.1	40,909	7.6	45,071	7.5
Total	**449,008**	**100.0**	**534,411**	**100.0**	**595,339**	**100.0**

Note:

(1) Others primarily include bank charges, service fees and recruitment fees.

Research and Development Costs

Our research and development costs primarily consisted of (i) raw materials and consumables used in the R&D process, and (ii) employee benefits expenses. Our research and development costs amounted to RMB751.3 million, RMB715.4 million and RMB839.5 million in 2022, 2023 and 2024, respectively, representing 2.9%, 2.9% and 3.1% of our total revenue in the same periods.

The following table sets forth a breakdown of our research and development costs in absolute amounts and as a percentage of our total research and development costs for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Raw materials and consumables used	552,399	73.5	505,152	70.6	568,956	67.7
Employee benefits expenses	131,097	17.4	139,734	19.5	178,548	21.3
Others[(1)]	67,843	9.1	70,532	9.9	92,028	11.0
Total	**751,339**	**100.0**	**715,418**	**100.0**	**839,532**	**100.0**

Note:

(1) Others primarily include energy consumption and testing expenses, as well as depreciation.

Provision for Expected Credit Losses on Trade and Other Receivables

We made certain provisions in relation to expected credit losses on trade and other receivables. Our provision for expected credit losses on trade and other receivables amounted to RMB2.6 million, RMB0.2 million and RMB1.0 million in 2022, 2023 and 2024, respectively.

Provision for Impairment Losses

Our provision for impairment losses mainly represent provisions for impairment of goodwill. Our provision for impairment losses amounted to RMB16.6 million, RMB3.7 million and RMB99.6 million in 2022, 2023 and 2024, respectively.

Finance Costs

Our finance costs included (i) interest on bank loans and other borrowing, and (ii) interest on lease liabilities. Our finance costs amounted to RMB14.5 million, RMB11.9 million and RMB24.0 million in 2022, 2023 and 2024, respectively.

The following table sets forth a breakdown of our finance costs in absolute amounts and as a percentage of our total finance costs for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Interest on bank loans and other borrowing	12,380	85.4	9,737	81.9	21,819	91.1
Interest on lease liabilities	2,116	14.6	2,151	18.1	2,142	8.9
Total	**14,496**	**100.0**	**11,888**	**100.0**	**23,961**	**100.0**

Income Tax

Our income tax amounted to RMB1,161.0 million, RMB1,096.9 million and RMB1,157.2 million in 2022, 2023 and 2024, respectively. We are subject to varying tax rates in different jurisdictions. See Note 9 of the Accountants' Report in Appendix I to this document.

PRC

The income tax provision of our Group in respect of its operations in mainland China was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof, except for the subsidiaries below:

– Certain subsidiaries in mainland China were approved as "High and New Technology Enterprises", and they were subject to a preferential corporate income tax rate of 15%;

– Certain subsidiaries were entitled to other tax concessions, mainly including the preferential tax rate of 15% applicable to some subsidiaries and the preferential tax rate of 9% applicable to one subsidiary. These subsidiaries, located in certain areas of mainland China, can enjoy the preferential tax rate upon fulfilment of certain requirements of the respective local governments application conditions of relevant preferential policies; and

– Certain subsidiaries in mainland China fulfil the micro and small enterprises qualification under the PRC corporate income tax system. Therefore, partial assessable profits of these subsidiaries were subject to the preferential income tax rate of 20%.

Hensil Worldwide, which was incorporated in the British Virgin Islands, was deemed as domestic registered resident enterprise since 2014 and subject to EIT tax rate of 25% on the assessable profits. In addition, equity investment income included dividends, received from other resident enterprise by Hensil Worldwide was qualified for income tax exemption since 2014.

The additional deduction for qualified research and development expenses mainly represents an additional 100% tax deduction on eligible research and development expenses incurred by certain subsidiaries during the years ended December 31, 2022, 2023 and 2024.

Hong Kong

The provision for Hong Kong Profits Tax for the years ended December 31, 2023 and 2024 is calculated at 16.5% of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% for the years ended December 31, 2023 and 2024.

Other jurisdictions

The income tax rates of the subsidiaries in Vietnam and Indonesia are 20% and 22%, respectively.

As of the Latest Practicable Date, we did not have any dispute with any tax authority. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any tax investigation, enquiries, penalties or surcharges.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared With Year Ended December 31, 2023

Revenue

Our revenue increased by 9.5% from RMB24,559.3 million in 2023 to RMB26,901.0 million in 2024 primarily due to the gradual effects of strategic adjustments we proactively implemented in 2023, which included: (i) the upgrade of our sales and distribution network by optimizing regional sales management organization with nationwide coverage to continuously strengthen our reach to end-customers. In 2024, the number of new distributors joined and distributors ceased to distribute our products were 725 and 609, respectively. This resulted in an overall increase in the number of distributors from 6,591 as of December 31, 2023 to 6,707 as of December 31, 2024, as part of our efforts to refine our distributor network and are in line with our goal of optimizing the overall efficiency and quality of distributors. In addition, we have deepened collaboration with the distributors that are specialized in emerging channels, such as e-commerce and food processing enterprises; (ii) the accelerated upgrade and iteration of our existing products and the launch of new products based on our insights into customer needs. In 2024, our organic, reduced-salt and other better-for-you product lines achieved a year-on-year revenue growth of 33.6%. We have also strengthened our flexible production lines and agile R&D capabilities to adapt to evolving trends and enhance penetration of our products across sales channels. Specifically, eight and 13 additional production lines were upgraded to produce more than two product specifications in 2023 and 2024, respectively; and (iii) the optimization of our internal management structure across product, production, sales and R&D by making it more streamlined, closer to customers and more agile in decision-making, so as to improve operational efficiency. As these strategic adjustments gradually took effect, we recorded a revenue growth in 2024, facilitating our long-term development.

- Our revenue from sales of soy sauce products increased by 8.9% from RMB12,637.4 million in 2023 to RMB13,757.9 million in 2024, primarily due to an increase in sales volume. The sales volume of soy sauce products increased from 2,298,231 tonnes in 2023 to 2,565,455 tonnes in 2024, which was mainly attributable to the above-mentioned measures. In particular, these changes are mainly attributable to (i) product upgrades, (ii) the adjustment of product mix to accommodate the demands from different sales channels, and (iii) the enhanced efforts in launching new products and corresponding promotions.

- Our revenue from sales of oyster sauce products increased by 8.6% from RMB4,251.2 million in 2023 to RMB4,615.2 million in 2024, primarily due to an increase in sales volume. The sales volume of oyster sauce products increased from 861,076 tonnes in 2023 to 930,833 tonnes in 2024, resulting from the above-mentioned factors. In particular, the increase in sales volume was mainly attributable to (i) product upgrades such as “easy-squeeze” bottle packaging and (ii) the launch of new product lines, such as reduced-salt oyster sauce.

- Our revenue from sales of flavored sauce products increased by 10.0% from RMB2,427.0 million in 2023 to RMB2,668.9 million in 2024, primarily due to an increase in sales volume. The sales volume of flavored sauce products increased from 283,546 tonnes in 2023 to 321,750 tonnes in 2024, resulting from the above-mentioned factors. In particular, these changes are mainly attributable to (i) the adjustment of product specifications and a change in product mix to accommodate the demand from different channels; and (ii) the increased efforts in launching new products and corresponding promotions.

- Our revenue from sales of specialty condiment products and others increased by 16.8% from RMB3,499.5 million in 2023 to RMB4,085.8 million in 2024, primarily due to (i) an increase in sales volume of products, such as vinegar, cooking wine and compound flavored products, and (ii) an increase in average selling price. In particular, we launched new products based on customer demand, and improved penetration of products across certain sales channels. The sales volume of speciality condiment products and others increased from 616,036 tonnes in 2023 to 692,872 tonnes in 2024.

Cost of Sales

Our cost of sales increased by 5.9% from RMB16,222.5 million in 2023 to RMB17,175.9 million in 2024, in line with the increase in sales volume.

Gross Profit and Gross Profit Margin

Our gross profit increased by 16.7% from RMB8,336.8 million in 2023 to gross profit of RMB9,725.1 million in 2024. Our gross profit margin increased from 33.9% in 2023 to 36.2% in 2024, primarily due to (i) a decrease in the market prices of certain raw materials, and (ii) the adoption of technologies and digitalization tools to upgrade our production and logistics processes, enhancing supply chain flexibility and improving operational efficiency.

- The gross profit margin for soy sauce products increased from 42.6% in 2023 to 44.7% in 2024, primarily due to (i) a decrease in procurement costs of certain raw materials, such as soybeans, driven by a decrease in market prices, (ii) the upgrade of our production, logistics and supply chain, which improved operational efficiency, and (iii) economies of scale attributable to higher production volume.

- The gross profit margin for oyster sauce products increased from 29.0% in 2023 to 33.7% in 2024, primarily due to (i) a decrease in procurement costs of certain raw materials, such as oyster extracts, in light of a decrease in market prices, and (ii) the upgrade of our production, logistics and supply chain, which improved operational efficiency.

- The gross profit margin for flavored sauce products increased from 35.5% in 2023 to 37.4% in 2024, primarily due to (i) a decrease in procurement costs of certain raw materials, such as soybeans, driven by a decrease in market prices, (ii) the upgrade of our production, logistics and supply chain, which improved operational efficiency and (iii) economies of scale attributable to higher production volume.

- The gross profit margin for specialty condiment products and others increased from 21.9% in 2023 to 24.5% in 2024, primarily due to (i) a change in product mix, and (ii) the increase in production volume of certain new products, which improved economies of scale.

Other Revenue

Our other revenue decreased by 4.8% from RMB748.5 million in 2023 to RMB712.8 million in 2024, primarily due to a decrease in interest income attributed to the decline in interest rates.

Other Net Income

Our other net income increased by 16.9% from RMB225.1 million in 2023 to RMB263.2 million in 2024, primarily due to an increase in net foreign exchange gains.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 24.7% from RMB1,305.7 million in 2023 to RMB1,628.6 million in 2024, primarily due to (i) the increase in employee benefit expenses, which was attributable to an increase in the number of sales personnel for our regional teams that are closer to distributors and points of sale; and (ii) an increase in advertising and promotion expenses. In particular, our selling and marketing expenses, as a percentage of our total revenue, increased from 5.3% in 2023 to 6.1% in 2024.

Administrative Expenses

Our administrative expenses increased by 11.4% from RMB534.4 million in 2023 to RMB595.3 million in 2024, primarily due to an increase in employee benefits expenses as the number of administrative personnel increased, so as to support our business expansion and digitalization efforts. In particular, our administrative expenses, as a percentage of our total revenue, remained relatively stable at 2.2% and 2.2% in 2023 and 2024, respectively.

Research and Development Costs

Our research and development costs increased by 17.3% from RMB715.4 million in 2023 to RMB839.5 million in 2024, primarily due to (i) an increase in raw materials and consumables used in the R&D process, and (ii) an increase in employee benefits expenses, which may vary from time to time depending on the phases of our R&D projects. In particular, our research and development costs, as a percentage of our total revenue, increased from 2.9% in 2023 to 3.1% in 2024.

Provision for Expected Credit Losses on Trade and Other Receivables

Our provision for expected credit losses on trade and other receivables increased by 412.8% from RMB0.2 million in 2023 to RMB1.0 million in 2024, primarily due to an increase in the balance of certain trade receivables as of December 31, 2024.

Provision for Impairment Losses

Our provision for impairment losses increased from RMB3.7 million in 2023 to RMB99.6 million in 2024, primarily due to an increase in provision for impairment losses on goodwill.

Finance Costs

Our finance costs increased by 101.6% from RMB11.9 million in 2023 to RMB24.0 million in 2024, primarily due to an increase in interest on bank loan and other borrowing.

Income Tax

Our income tax increased from RMB1,096.9 million in 2023 to RMB1,157.2 million in 2024, in line with our business growth.

Profit for the Year

As a result of the foregoing, our profit for the year was RMB5,642.2 million and RMB6,355.9 million in 2023 and 2024, respectively.

Year Ended December 31, 2023 Compared With Year Ended December 31, 2022

Revenue

Our revenue decreased by 4.1% from RMB25,609.7 million in 2022 to RMB24,559.3 million in 2023, primarily due to that the strategic adjustments we adopted in 2023 amidst the evolving consumption environment as affected by the COVID-19 pandemic and the wider economic conditions. Such strategic adjustments had some short-term impacts on our operations. See "— Year Ended December 31, 2024 Compared with Year Ended December 31, 2023 — Revenue" for details of the measures implemented. In 2023, the number of new distributors joined and the number of distributors ceased to distribute our products were 672 and 1,253, respectively. Such movements were part of our efforts to refine our distributor network and are in line with our goal of optimizing the overall efficiency and quality of distributors. This resulted in an overall decrease in the number of distributors from 7,172 as of December 31, 2022 to 6,591 as of December 31, 2023. Whilst these measures had certain short-term impacts on our product sales in 2023, they have laid a more solid foundation for our long-term development.

- Our revenue from sales of soy sauce products decreased by 8.8% from RMB13,861.2 million in 2022 to RMB12,637.4 million in 2023, primarily due to the decrease in sales volume in 2023 as affected by the aforementioned strategic adjustments, whilst average selling price of soy sauce products remained relatively stable. The sales volume of soy sauce products decreased from 2,502,658 tonnes in 2022 to 2,298,231 tonnes in 2023.

- Our revenue from sales of oyster sauce products decreased by 3.7% from RMB4,416.5 million in 2022 to RMB4,251.2 million in 2023, primarily due to the overall decrease in sales volume and average selling price in 2023 as affected by the aforementioned strategic adjustments. The sales volume of oyster sauce products decreased from 877,936 tonnes in 2022 to 861,076 tonnes in 2023.

- Our revenue from sales of flavored sauce products decreased by 6.1% from RMB2,584.0 million in 2022 to RMB2,427.0 million in 2023, primarily due to an overall decrease in average selling price. In particular, the decrease in average selling price was mainly attributable to our increased efforts in launching new products and corresponding promotions.

- Our revenue from sales of specialty condiment products and others increased by 19.3% from RMB2,932.2 million in 2022 to RMB3,499.5 million in 2023, primarily due to (i) our efforts to develop and launch new and successful products, so as to capture emerging and unmet market demand, and (ii) enriched product offerings from the acquisition of certain subsidiaries in 2022.

Cost of Sales

Our cost of sales decreased by 2.7% from RMB16,679.0 million in 2022 to RMB16,222.5 million in 2023, primarily due to a decrease in the costs of packaging materials.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 6.6% from RMB8,930.6 million in 2022 to RMB8,336.8 million in 2023. Our gross profit margin decreased from 34.9% in 2022 to 33.9% in 2023, primarily due to (i) our investments in production facilities, which led to an increase in depreciation; and (ii) a change in product mix. The decrease in gross profit margin was partially offset by a decrease in average procurement costs in light of a decrease in market prices of certain packaging materials.

- The gross margin for soy sauce products increased from 40.3% in 2022 to 42.6% in 2023, primarily due to a decrease in procurement cost of certain raw materials driven by an decrease in the market prices.

- The gross margin for oyster sauce products decreased from 33.7% in 2022 to 29.0% in 2023, primarily due to (i) an increase in procurement costs of certain raw materials driven by an increase in market prices, and (ii) an increase in depreciation, as certain production lines for oyster sauce products commenced operations.

- The gross margin for flavored sauce products decreased from 37.3% in 2022 to 35.5% in 2023, primarily due to a change in product mix.

- The gross margin for specialty condiment products and others decreased from 27.2% in 2022 to 21.9% in 2023, primarily due to (i) a change in product mix, and (ii) certain new products in the initial market introduction stage, thus unable to benefit from economies of scale in light of their limited production scale.

Other Revenue

Our other revenue decreased by 16.3% from RMB894.4 million in 2022 to RMB748.5 million in 2023, primarily due to (i) a decrease in interest income, and (ii) a decrease in government grants, partially offset by an increase in additional deduction for VAT.

Other Net Income

Our other net income increased by 48.9% from RMB151.3 million in 2022 to RMB225.1 million in 2023, primarily due to an increase in net fair value changes on other financial assets at FVPL in 2023. Other financial assets at FVPL mainly related to the wealth management products we purchased with commercial banks in China.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 5.2% from RMB1,378.1 million in 2022 to RMB1,305.7 million in 2023, primarily due to a decrease in advertising and promotion expenses, partially offset by an increase in our employee benefits expenses. In particular, our selling and marketing expenses, as a percentage of our total revenue, remained relatively stable at 5.4% and 5.3% in 2022 and 2023, respectively.

Administrative Expenses

Our administrative expenses increased by 19.0% from RMB449.0 million in 2022 to RMB534.4 million in 2023, primarily due to (i) an increase in employee benefits expenses as the number of administrative personnel increased in 2023, so as to support our business expansion, and (ii) an increase in depreciation and amortization. In particular, our administrative expenses, as a percentage of our total revenue, remained relatively stable at 1.8% and 2.2% in 2022 and 2023, respectively.

Research and Development Costs

Our research and development costs decreased by 4.8% from RMB751.3 million in 2022 to RMB715.4 million in 2023, primarily due to (i) a decrease in raw materials and consumables used in the R&D process, and (ii) a decrease in depreciation and amortization, partially offset by an increase in employee benefit expenses as the number of R&D personnel increased.

Provision for Expected Credit Losses on Trade and Other Receivables

Our provision for expected credit losses on trade and other receivables decreased by 92.2% from RMB2.6 million in 2022 to RMB0.2 million in 2023, primarily due to recovery of trade receivables as of December 31, 2023.

Provision for Impairment Losses

Our provision for impairment losses decreased by 77.4% from RMB16.6 million in 2022 to RMB3.7 million in 2023, primarily due to a decrease in provision for impairment losses of goodwill.

Finance Costs

Our finance costs decreased by 18.0% from RMB14.5 million in 2022 to RMB11.9 million in 2023, primarily due to a decrease in interest on bank loans and other borrowing.

Income Tax

Our income tax decreased by 5.5% from RMB1,161.0 million in 2022 to RMB1,096.9 million in 2023, in line with the decrease in profit before tax.

Profit for the Year

As a result of the foregoing, our profit for the year was RMB6,203.2 million and RMB5,642.2 million in 2022 and 2023, respectively.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth summary information from our consolidated statements of financial position as of the dates indicated, which has been extracted from our historical financial information included in Appendix I to this prospectus.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Total current assets	26,973,588	30,774,419	32,842,109
Total non-current assets	7,085,587	7,649,098	8,016,326
Total assets	**34,059,175**	**38,423,517**	**40,858,435**
Total current liabilities	6,719,291	8,936,237	8,985,791
Total non-current liabilities	455,405	454,304	470,700
Total liabilities	**7,174,696**	**9,390,541**	**9,456,491**

Non-Current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	5,397,675	6,073,857	6,533,073
Right-of-use assets	681,871	857,180	880,608
Investment property	4,131	3,775	3,437
Intangible assets	46,202	40,128	35,536
Goodwill	210,428	210,428	112,937
Other financial assets at fair value through profit or loss	100	100	100
Other receivables	91,854	9,708	61,219
Deferred tax assets	653,326	453,922	389,416
Total non-current assets	**7,085,587**	**7,649,098**	**8,016,326**
Non-current liabilities			
Bank loans and other borrowing	112,653	89,270	52,200
Lease liabilities	29,746	30,186	28,591
Deferred income	279,166	303,224	358,519
Deferred tax liabilities	33,840	31,624	31,390
Total non-current liabilities	**455,405**	**454,304**	**470,700**

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of buildings, machinery and equipment. Our property, plant and equipment increased by 12.5% from RMB5,397.7 million as of December 31, 2022 to RMB6,073.9 million as of December 31, 2023, and further increased by 7.6% to RMB6,533.1 million as of December 31, 2024, primarily due to the commencement of operations of new production facilities in our Guangxi Nanning Production Base and Hubei Wuhan Production Base.

Right-of-Use Assets

Our right-of-use assets primarily consisted of land-use rights. Our right-of-use assets increased by 25.7% from RMB681.9 million as of December 31, 2022 to RMB857.2 million as of December 31, 2023, primarily due to our acquisition of land-use rights. Our right-of-use assets increased by 2.7% from RMB857.2 million in 2023 to RMB880.6 million in 2024, primarily due to our acquisition of land-use rights, partially offset by an increase in depreciation charge of right-of-use assets.

Goodwill

Goodwill is measured at cost less accumulated impairment losses. As of December 31, 2022 and 2023 and 2024, our goodwill amounted to RMB210.4 million, RMB210.4 million and RMB112.9 million, respectively. The decrease in goodwill from RMB210.4 million as of December 31, 2023 to RMB112.9 million as of December 31, 2024 was primarily due to impairment losses of goodwill.

Goodwill is allocated to our Group's cash-generating units (CGU) identified according to business types as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Cost:			
Zhejiang Jiu Sheng Camellia Oil Technology Co., Ltd. ("**Zhejiang Jiusheng**")	97,847	97,847	97,847
Honghe Hongbin Food Co., Ltd. ("**Honghe Hongbin**")	97,491	97,491	97,491
Others	47,756	47,756	47,756
Accumulated impairment losses:			
Zhejiang Jiusheng	–	–	–
Honghe Hongbin	–	–	(97,491)
Others	(32,666)	(32,666)	(32,666)
	210,428	**210,428**	**112,937**

The recoverable amounts of the Zhejiang Jiusheng CGU and the Honghe Hongbin CGU are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses. The headroom calculated based on the recoverable amounts deducting the carrying amount of the Zhejiang Jiusheng CGU as of December 31, 2022, 2023 and 2024 was RMB509.3 million, RMB267.7 million, and RMB327.4 million, respectively. The headroom calculated based on the recoverable amounts deducting the carrying amount of the Honghe Hongbin CGU as of December 31, 2022 and 2023 is RMB35.5 million and RMB6.7 million, respectively.

Due to the adverse change in the market in 2024, management expected the selling price of Honghe Hongbin's products would decrease, which had a negative impact on the relevant products' gross profit. When preparing the consolidated financial statements for the nine months ended September 30, 2024, management consider there is an indicator of goodwill impairment, and performed the goodwill impairment test in September 2024. The carrying amount of the Honghe Hongbin CGU was determined to be higher than its recoverable amount. Accordingly, goodwill allocated to the Honghe Hongbin CGU of RMB97.5 million was fully impaired and the relevant impairment loss was recognized in "provision for impairment losses" for the year ended December 31, 2024. From time to time, we may evaluate and consider strategic investments or acquisitions to enhance our market position, taking into account factors such as whether the potential target(s) would have (i) strong brand value, (ii) complementary product offerings, and (iii) extensive sales channel and high-quality customer base.

Sensitivity Analysis

We have undertaken sensitivity analysis on the impairment test of Zhejiang Jiusheng CGU and Honghe Hongbin CGU. The following table sets forth the hypothetical changes to the percentage points of annual growth rate of revenue during five-year forecast period, gross profit margin and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as of the dates indicated:

	As of December 31,				
	2022		2023		2024
	Zhejiang Jiusheng CGU	Honghe Hongbin CGU	Zhejiang Jiusheng CGU	Honghe Hongbin CGU	Zhejiang Jiusheng CGU
Annual growth rate of revenue during five-year forecast period	7.28%	0.86%	4.26%	0.13%	5.13%
Gross profit margin	9.59%	0.64%	5.00%	0.10%	5.51%
Pre-tax discount rate	10.54%	0.46%	5.50%	0.07%	7.55%

Our Directors are of the view that, except for the Honghe Hongbin CGU, a reasonably possible change in a key parameter will not cause the carrying amount of the relevant CGUs to exceed the respective recoverable amounts as of December 31, 2022, 2023 and 2024, respectively.

See Note 16 to the Accountants' Report in Appendix I to this prospectus.

Intangible Assets

Our intangible assets primarily consisted of (i) trademarks and others, (ii) our enterprise resource planning system and (iii) other software. Our intangible assets decreased by 13.1% from RMB46.2 million as of December 31, 2022 to RMB40.1 million as of December 31, 2023, and further decreased by 11.4% to RMB35.5 million as of December 31, 2024, primarily due to the amortization of other software.

Net Current Assets

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			*(Unaudited)*
Current assets				
Inventories	2,391,641	2,618,773	2,525,274	1,886,300
Trade receivables	188,395	223,149	242,632	284,105
Other receivables	88,582	402,107	341,891	261,174
Other financial assets at FVPL	6,081,663	5,841,005	7,617,576	8,388,776
Term deposits and certificates of deposits	9,040,109	8,830,381	10,199,512	14,999,822
Restricted cash	31,163	17,924	8,393	2,092
Cash and cash equivalents	9,152,035	12,841,080	11,906,831	6,617,415
Total current assets	**26,973,588**	**30,774,419**	**32,842,109**	**32,439,684**

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
				(Unaudited)
Current liabilities				
Trade and bills payable	1,300,262	1,861,489	1,946,575	2,647,891
Other payables	1,864,286	1,505,192	1,603,007	1,322,934
Contract liabilities	2,948,111	4,527,027	4,335,313	1,502,853
Bank loans	136,698	381,249	309,465	135,500
Lease liabilities	15,287	12,741	14,770	12,863
Current taxation	328,856	222,925	337,785	264,386
Other current liabilities	125,791	425,614	438,876	104,570
Total current liabilities. . . .	**6,719,291**	**8,936,237**	**8,985,791**	**5,990,997**
Net current assets.	**20,254,297**	**21,838,182**	**23,856,318**	**26,448,687**

Our net current assets increased by 7.8% from RMB20,254.3 million as of December 31, 2022 to RMB21,838.2 million as of December 31, 2023, primarily due to an increase in cash and cash equivalents of RMB3,689.0 million, partially offset by (i) an increase in contract liabilities of RMB1,578.9 million, (ii) a decrease in other financial assets at FVPL of RMB240.7 million, and (iii) a decrease in term deposits and certificates of deposits of RMB209.7 million.

Our net current assets increased by 9.2% from RMB21,838.2 million as of December 31, 2023 to RMB23,856.3 million as of December 31, 2024, primarily due to (i) an increase in other financial assets at FVPL of RMB1,776.6 million, (ii) an increase in term deposits and certificates of deposits of RMB1,369.1 million, and (iii) a decrease in contract liabilities of RMB191.7 million, partially offset by a decrease in cash and cash equivalents of RMB934.2 million.

Our net current assets increased by 10.9% from RMB23,856.3 million as of December 31, 2024 to RMB26,448.7 million as of April 30, 2025, primarily due to (i) an increase in term deposits and certificates of deposits of RMB4,800.3 million, and (ii) a decrease in contract liabilities of RMB2,832.5 million, partially offset by (i) a decrease in cash and cash equivalents of RMB5,289.4 million, (ii) an increase in trade and bills payable of RMB701.3 million, and (iii) a decrease in inventories of RMB639.0 million.

Inventories

Our inventories primarily consisted of (i) work in progress, (ii) finished goods and (iii) raw materials. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Work in progress	1,553,902	1,469,434	1,319,870
Finished goods	421,402	832,177	886,731
Raw materials	318,101	212,772	210,128
Packaging materials	64,976	69,687	73,995
Low value consumables	34,323	34,545	32,744
Others	–	3,897	5,076
Less: write down of inventories	(1,063)	(3,739)	(3,270)
Total	**2,391,641**	**2,618,773**	**2,525,274**

Our inventories increased by 9.5% from RMB2,391.6 million as of December 31, 2022 to RMB2,618.8 million as of December 31, 2023, primarily due to an increase in the stock up of finished goods in preparation for the peak sales season during the Chinese New Year, partially offset by a decrease in raw materials and work in progress. Our inventories decreased by 3.6% from RMB2,618.8 million as of December 31, 2023 to RMB2,525.3 million as of December 31, 2024, primarily due to the decrease in work in progress as we accelerated the inventory turnover efficiency before the Chinese New Year, partially offset by an increase in finished goods.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within three months	2,198,413	2,253,513	2,263,657
Three months to six months	78,769	227,367	102,029
Six months to a year	97,114	78,389	26,957
After one year	18,408	63,243	135,901
Total	**2,392,704**	**2,622,512**	**2,528,544**

The following table sets forth our inventory turnover days for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Inventory turnover days[(1)]	49.8	55.6	53.9

Note:

(1) Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year divided by cost of sales for the relevant year and multiplied by the number of days during such period (i.e. 360 days for a fiscal year).

Our inventory turnover days increased from 49.8 days in 2022 to 55.6 days in 2023, primarily due to (i) a decrease in sales volume of our products in 2023 and (ii) an increased year-end stock up of products in anticipation of Chinese New Year. Our inventory turnover days decreased from 55.6 days in 2023 to 53.9 days in 2024, primarily due to higher sales growth in 2024.

As of April 30, 2025, RMB2,257.3 million, or 89.3% of inventories as of December 31, 2024, had been used, consumed or sold.

Trade Receivables

Our trade receivables primarily consisted of (i) trade receivables and (ii) bills receivable. The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Trade receivables	199,771	234,511	254,507
Bills receivable	–	–	371
Less: loss allowance	(11,376)	(11,362)	(12,246)
Total	**188,395**	**223,149**	**242,632**

Our trade receivables increased by 18.4% from RMB188.4 million as of December 31, 2022 to RMB223.1 million as of December 31, 2023, in line with the increase in product sales to certain limited number of customers to whom we offer credit terms. Our trade receivables increased by 8.7% from RMB223.1 million as of December 31, 2023 to RMB242.6 million as of December 31, 2024, in line with the increase in product sales to such customers in 2024.

We generally require the distributors to make full advance payment to us before we ship our products. For a limited number of customers, we engaged in credit sales with them during the Track Record Period, and we usually grant credit terms of up to 90 days, but we impose a maximum credit limit on such customers. We seek to maintain strict control over our outstanding receivables. Our finance team is responsible for minimizing credit risks.

The following table sets forth our trade receivables turnover days for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Trade receivables turnover days[(1)]	1.7	3.0	3.1

Note:

(1) Trade receivables turnover days are calculated using the average of opening balance and closing balance of trade receivables for a year divided by revenue for the relevant year and multiplied by the number of days during such period (i.e. 360 days for a fiscal year).

Our trade receivables turnover days increased from 1.7 days in 2022 to 3.0 days in 2023, primarily due to the increase in product sales by certain operating subsidiaries that offer credit terms to the customers. Our trade receivables turnover days remained relatively stable at 3.0 days and 3.1 days in 2023 and 2024, respectively.

As of April 30, 2025, RMB228.4 million, or 89.6% of our trade receivables as of December 31, 2024, had been settled.

Other Receivables

Our other receivables primarily consisted of (i) deductible input VAT and others, and (ii) prepayments for materials. The following table sets forth a breakdown of our other receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Deductible input VAT and others	52,540	201,275	288,991
Prepayments for materials	25,304	19,263	34,294
Amounts due from related parties	2,190	3,559	3,325
Deposits for a derivative financial instrument	–	150,000	–
Others	8,548	28,010	15,281
Total	**88,582**	**402,107**	**341,891**

Our other receivables increased by 353.9% from RMB88.6 million as of December 31, 2022 to RMB402.1 million as of December 31, 2023, primarily due to (i) an increase in deductible input VAT and others, and (ii) an increase in deposits for a derivative financial instrument. Our other receivables decreased by 15.0% from RMB402.1 million as of December 31, 2023 to RMB341.9 million as of December 31, 2024, primarily due to a decrease in deposits for a derivative financial instrument, partially offset by an increase in deductible input VAT and others.

As of April 30, 2025, RMB305.8 million, or 89.4% of our other receivables as of December 31, 2024 had been settled.

Other Financial Assets at FVPL

Our other financial assets at FVPL as of the end of each year during the Track Record Period mainly included wealth management products. The wealth management products we purchased were issued by commercial banks in China. See Note 19 to the Accountants' Report included in Appendix I to this prospectus. The current financial product portfolio could be subject to the impact of macroeconomic environment conditions, and we monitor the portfolio mix closely. We had other financial assets at FVPL of RMB6,081.7 million, RMB5,841.0 million and RMB7,617.6 million as of December 31, 2022, 2023 and 2024, respectively.

We have adopted a comprehensive set of internal policies and guidelines to manage our investments. Our finance department is responsible for proposing, analyzing and evaluating potential investment in such products. Our management, including our finance department, has extensive experience in managing the financial aspects of an enterprise's operations. Upon the Listing, we intend to continue our investments strictly in accordance with our internal control policy, Articles of Association and, to the extent that such investment is a notifiable transaction under Chapter 14 of the Listing Rules, the Company will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders' approval requirements (if applicable).

Our investment strategy related to such products focuses on minimizing the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, while generating reasonable investment returns. To control our risk exposure, we make investment decisions related to wealth management products, after thoroughly considering a number of factors, including, but not limited to, macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions and the expected profit or potential loss of the investment.

Trade and bills payable

Our trade and bills payable consist of (i) trade payables and (ii) bills payable. The following table sets forth a breakdown of our trade and bills payable as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Trade payables	1,300,262	1,403,495	1,360,098
– third parties	1,124,517	1,269,873	1,224,340
– related parties	175,745	133,622	135,758
Bills payable	–	457,994	586,477
Total	**1,300,262**	**1,861,489**	**1,946,575**

Our trade and bills payable increased from RMB1,300.3 million as of December 31, 2022 to RMB1,861.5 million as of December 31, 2023, primarily due to an increase in procurement volume. Our trade and bills payable increased from RMB1,861.5 million as of December 31, 2023 to RMB1,946.6 million as of December 31, 2024, primarily due to an increase in bills payables.

The trade payable are typically settled within 60 days. The following table sets forth an aging analysis of our trade payable as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within one year	1,300,262	1,403,495	1,360,098
Total	**1,300,262**	**1,403,495**	**1,360,098**

The following table sets forth our trade and bills payable turnover days for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Trade and bills payable turnover days[(1)]	36.4	35.1	39.9

Note:

(1) Trade and bills payable turnover days are calculated using the average of opening balance and closing balance of trade and bills payable for a year divided by cost of sales used for the relevant year and multiplied by the number of days during such period (i.e. 360 days for a fiscal year).

Our trade and bills payable turnover days remained relatively stable at 36.4 days and 35.1 days in 2022 and 2023, respectively. Our trade and bills payable turnover days increased from 35.1 days in 2023 to 39.9 days in 2024, primarily due to an increase in bills payable.

As of April 30, 2025, RMB1,799.3 million, or 92.4% of our trade and bills payable as of December 31, 2024, had been settled.

Other Payables

Our other payables primarily consisted of (i) payroll payables, (ii) accrual for marketing expenses, and (iii) accrual for transportation expenses. The following table sets forth a breakdown of our other payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Other taxes payable	150,142	63,930	76,320
Payroll payables	669,279	593,659	664,673
Amounts due to related parties	3,087	4,815	3,858
Deposits due to suppliers	149,941	156,203	154,877
Accrual for marketing expenses	310,028	273,963	227,760
Accrual for transportation expenses	291,017	225,064	261,592
Payables for equipment and construction	201,447	148,837	157,538
Consideration for acquisition of a subsidiary	18,900	–	–
Others	70,445	38,721	56,389
Total	**1,864,286**	**1,505,192**	**1,603,007**

Our other payables decreased by 19.3% from RMB1,864.3 million as of December 31, 2022 to RMB1,505.2 million as of December 31, 2023, primarily due to (i) a decrease in other taxes payable, (ii) a decrease in payroll payables, (iii) a decrease in accrual for transportation expenses. Our other payables increased by 6.5% from RMB1,505.2 million as of December 31, 2023 to RMB1,603.0 million as of December 31, 2024, primarily due to (i) an increase in payroll payables, and (ii) an increase in accrual for transportation expenses.

As of April 30, 2025, RMB1,411.1 million, or 88.0% of our other payables as of December 31, 2024 had been settled.

Current Taxation

Our current taxation represents the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. Our current taxation amounted to RMB328.9 million, RMB222.9 million and RMB337.8 million as of December 31, 2022, 2023 and 2024, respectively.

Contract Liabilities

Our contract liabilities represent advance payments (exclude output VAT) made by customers while the underlying goods are yet to be provided. Our contract liabilities amounted to RMB2,948.1 million, RMB4,527.0 million and RMB4,335.3 million as of December 31, 2022, 2023 and 2024, respectively. We typically record a higher level of contract liabilities close to the end of a calendar year, primarily due to our customers planning to stock up our products in anticipation of the Chinese New Year holiday.

As of April 30, 2025, RMB4,334.5 million, or 100.0% of our contract liabilities as of December 31, 2024 had been recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations. After the Global Offering, we intend to finance our future capital requirements primarily through cash generated from our business operations and the net proceeds from the Global Offering. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Cash Flow

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Net cash generated from operating activities	3,830,314	7,355,651	6,843,710
Net cash used in investing activities	(4,658,528)	(820,002)	(3,776,144)
Net cash used in financing activities	(4,017,763)	(2,850,630)	(4,002,395)
Cash and cash equivalents at the beginning of year	14,000,798	9,152,035	12,841,080
Effect of foreign exchange rate changes	(2,786)	4,026	580
Cash and cash equivalents at the end of year	9,152,035	12,841,080	11,906,831

Net Cash Flows Generated From Operating Activities

In 2024, we had net cash generated from operating activities of RMB6,843.7 million, which represents our cash generated from operations of RMB7,821.8 million, as adjusted by income tax paid of RMB978.1 million.

In 2023, we had net cash generated from operating activities of RMB7,355.7 million, which represents our cash generated from operations of RMB8,361.2 million, as adjusted by income tax paid of RMB1,005.6 million.

In 2022, we had net cash generated from operating activities of RMB3,830.3 million, which represents our cash generated from operations of RMB5,065.8 million, as adjusted by income tax paid of RMB1,235.5 million.

Net Cash Flows Used in Investing Activities

In 2024, our net cash flows used in investing activities was RMB3,776.1 million, which was primarily attributable to (i) purchase of other financial assets at FVPL of RMB10,457.0 million, (ii) placement of term deposits and certificates of deposits of RMB6,527.7 million, and (iii) payment for purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB1,575.7 million, partially offset by (i) proceeds from disposal of other financial assets at FVPL of RMB8,917.8 million, and (ii) proceeds from maturity of term deposits and certificates of deposits of RMB5,212.1 million.

In 2023, our net cash flows used in investing activities was RMB820.0 million, which was primarily attributable to (i) purchase of financial assets at FVPL of RMB7,212.6 million, (ii) placement of term deposits and certificates of deposits of RMB6,376.0 million and (iii) payment for purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB1,924.2 million, partially offset by (i) proceeds from disposal of other financial assets at FVPL of RMB7,683.4 million, and (ii) proceeds from maturity of term deposits and certificates of deposits of RMB6,780.0 million.

In 2022, our net cash flows used in investing activities was RMB4,658.5 million, which was primarily attributable to (i) placement of term deposits and certificates of deposits of RMB8,016.1 million, (ii) purchase of financial assets at FVPL of RMB7,674.0 million, and (iii) payment for purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB1,517.9 million, partially offset by (i) proceeds from disposal of other financial assets at FVPL of RMB7,111.5 million, and (ii) proceeds from maturity of term deposits and certificates of deposits of RMB4,940.0 million.

Net Cash Flows Used in Financing Activities

In 2024, our net cash flows used in financing activities were RMB4,002.4 million, primarily attributable to (i) dividends paid to equity shareholders of the Company of RMB3,660.4 million, and (ii) payment for expired bills payable due to a subsidiary from the Company of RMB1,350.0 million, partially offset by proceeds from discount of bills receivable due from the Company by a subsidiary of RMB1,486.5 million.

In 2023, our net cash flows used in financing activities were RMB2,850.6 million, primarily attributable to (i) dividends paid to equity shareholders of the Company of RMB3,243.7 million, and (ii) payment for expired bills payable due to a subsidiary from the Company of RMB600.0 million, partially offset by proceeds from discount of bills receivable due from the Company by a subsidiary of RMB1,050.0 million.

In 2022, our net cash flows used in financing activities were RMB4,017.8 million, primarily attributable to (i) dividends paid to equity shareholders of the Company of RMB3,201.6 million, and (ii) payment for expired bills payable due to a subsidiary from the Company of RMB1,142.5 million, partially offset by proceeds from discount of bills receivable due from the Company by a subsidiary of RMB700.0 million.

INDEBTEDNESS

During the Track Record Period, our indebtedness included bank loans and other borrowing and lease liabilities. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
				(Unaudited)
Current				
Bank loans	136,698	381,249	309,465	135,500
Lease liabilities	15,287	12,741	14,770	12,863
Non-Current				
Bank loans and other borrowing	112,653	89,270	52,200	44,500
Lease liabilities	29,746	30,186	28,591	27,633
Total	**294,384**	**513,446**	**405,026**	**220,496**

As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for bank loans, we did not have plans for other material external debt financing.

Bank Loans and Other Borrowing

As of December 31, 2022, 2023 and 2024 and April 30, 2025, we had bank loans and other borrowing of RMB249.4 million, RMB470.5 million, RMB361.7 million and RMB180.0 million, respectively. As of the Latest Practicable Date, our unutilized banking facilities as approved by the Board amounted to RMB465.0 million. Our bank and other borrowing are all denominated in Renminbi. The effective interest rates of our bank loans ranged from 2.30% to 4.10% during the Track Record Period. Our Directors confirm that there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Our lease liabilities primarily comprised lease contracts for items such as office premises, plant and other equipment. Our lease liabilities decreased by 4.7% from RMB45.0 million as of December 31, 2022 to RMB42.9 million as of December 31, 2023, primary due to payment of lease liabilities. Our lease liabilities subsequently increased by 1.0% to RMB43.4 million as of December 31, 2024, primary due to the renewal of the lease of our office premises. As of December 31, 2024, we had lease liabilities of RMB14.8 million and RMB28.6 million shown under current liabilities and non-current liabilities, respectively.

Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2022, 2023 and 2024 and April 30, 2025, respectively.

Indebtedness Statement

Except as disclosed above, as of April 30, 2025, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there is no material change in our indebtedness since April 30, 2025 and up to the date of this prospectus.

KEY FINANCIAL RATIOS

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

	As of/For the Year ended December 31,		
	2022	2023	2024
Net profit margin	24.2%	23.0%	23.6%
Current ratio[1]	4.0	3.4	3.7
Return on equity[2]	24.9%	20.5%	21.4%
Debt-to-asset ratio[3]	21.1%	24.4%	23.1%

Notes:

(1) Current ratio calculated by dividing current asset by current liabilities as of the same date.

(2) Return on equity is calculated by dividing profit for the year attributable to the equity shareholders of our Company by the average balance of equity attributable to equity shareholders of our Company as of the beginning and end of the year and multiplied by 100%. Investors are cautioned not to place any undue reliance on such information.

(3) Debt-to-asset ratio is calculated by dividing total liabilities by total assets as of the same date and multiplied by 100%.

Current Ratio

Our current ratio decreased from 4.0 as of December 31, 2022 to 3.4 as of December 31, 2023, primarily due to an increase in our current liabilities, which was attributable to an increase in contract liabilities of RMB1,578.9 million in 2023, partially offset by an increase in our current assets, which was attributable to an increase in cash and cash equivalents of RMB3,689.0 million.

Our current ratio increased from 3.4 as of December 31, 2023 to 3.7 as of December 31, 2024, primarily due to an increase in current assets, which was attributable to (i) an increase in other financial assets FVPL of RMB1,776.6 million, and (ii) an increase in term deposits and certificates of deposits of RMB1,369.1 million, partially offset by a decrease in cash and cash equivalents of RMB934.2 million.

Return on Equity

Our return on equity decreased from 24.9% as of December 31, 2022 to 20.5% as of December 31, 2023, primarily due to a decrease in our profit for the year attributable to equity shareholders.

Our return on equity increased from 20.5% as of December 31, 2023 to 21.4% as of December 31, 2024, primarily due to an increase in our profit for the year attributable to equity shareholders.

Debt-to-Asset Ratio

Our debt-to-asset ratio increased from 21.1% as of December 31, 2022 to 24.4% as of December 31, 2023, primarily due to an increase in our total liabilities, which was attributable to an increase in contract liabilities of RMB1,578.9 million in 2023, partially offset by an increase in our total assets, which was attributable to an increase in cash and cash equivalents of RMB3,689.0 million.

Our debt-to-asset ratio decreased from 24.4% as of December 31, 2023 to 23.1% as of December 31, 2024, primarily due to an increase in current assets, which was attributable to (i) an increase in other financial assets FVPL of RMB1,776.6 million, and (ii) an increase in term deposits and certificates of deposits of RMB1,369.1 million, partially offset by a decrease in cash and cash equivalents of RMB934.2 million.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures consisted of payment for purchase of property, plant and equipment, right-of-use assets and intangible assets. In 2022, 2023 and 2024, our capital expenditures amounted to RMB1,517.9 million, RMB1,924.2 million and RMB1,575.7 million, respectively. We funded these expenditures mainly with cash generated from our operations.

Following the Global Offering, we will continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations and the net proceeds received from the Global Offering. See "Future Plans and Use of Proceeds." We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments were mainly contracted for property, plant and equipment. As of December 31, 2022, 2023 and 2024, the total amount of our capital commitments was RMB1,550.2 million, RMB831.5 million and RMB704.6 million, respectively. See Note 33 to the Accountants' Report in Appendix I to this prospectus.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our material related party transactions during the Track Record Period, see Note 34 of Appendix I to this prospectus.

Our Directors are of the view that each of the related party transactions set out in Note 34 to the Accountants' Report in Appendix I to this prospectus was conducted in the ordinary course of business on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our results of operations or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See Note 32 of Appendix I to this prospectus.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables. Our exposure to credit risk arising from cash and cash equivalents, time deposits, certificates of deposits, restricted cash and other financial assets at fair value through profit or loss is limited because the counterparties are banks, which we consider to have low credit risk.

We do not provide any other guarantees which would expose us to credit risk.

Liquidity Risk

Our Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations and mitigate the effects of fluctuations of cash flows.

Interest Rate Risk

Our interest rate risk arises primarily from cash and cash equivalents, term deposits, certificates of deposits, restricted cash, bank loans and borrowing. We do not use financial derivatives to hedge against the interest rate risk. However, if interest rate fluctuates significantly, appropriate measures would be taken to manage interest risk exposure.

Foreign Currency Risk

We are exposed to foreign currency risk primarily through sales which give rise to cash balances and receivables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD, Euros ("**EUR**"), HKD and RMB.

DIVIDENDS AND DIVIDEND POLICY

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. Pursuant to our Articles of Association, our annual cash dividends shall not be less than 20% of the distributable profit realized in the current year. In 2022, 2023 and 2024, we paid dividends of RMB3,201.6 million, RMB3,243.7 million and RMB3,660.4 million, respectively. At our shareholders' general meeting held in May 2025, the declaration of dividends of approximately RMB4,773.3 million with respect to the year ended December 31, 2024 was approved, and as of the date of this prospectus, we have paid these dividends in full.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the net proceeds from the Global Offering and the financial resources available to us, including cash and cash equivalents, we have sufficient working capital for our present requirements, that is, for at least 12 months from the date of this prospectus.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we had retained profits of RMB22,685.3 million, which are available for distribution to our shareholders.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately RMB103.7 million (assuming an Offer Price of HK$35.65 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Offer Size Adjustment Option and the Over-Allotment Option), representing 1.2% of the gross proceeds (based on the mid-point of our indicative price range for the Global Offering and assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised) of the Global Offering. We expect to incur listing expenses of approximately RMB103.7 million, of which approximately RMB6.5 million is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and approximately RMB97.2 million is expected to be recognized as a deduction in equity directly upon the Listing. By nature, our listing expenses are composed of (i) underwriting commission of approximately RMB58.0 million and (ii) non-underwriting-related expenses of approximately RMB45.7 million, which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB23.1 million and other fees and expenses of approximately RMB22.7 million.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Appendix II — Unaudited Pro Forma Financial Information."

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this prospectus there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of the periods reported in Appendix I to this prospectus, and there has been no event since December 31, 2024 that would materially affect the information as set out in the Accountants' Report in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" for a detailed discussion of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK$35.65 per Offer Share (being the mid-point of the stated range of the Offer Price between HK$35.00 and HK$36.30 per Offer Share), we estimate that we will receive net proceeds of approximately HK$9,271.2 million from the Global Offering after deducting the underwriting commissions, fees and other estimated expenses in connection with the Global Offering and assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

	Period from July 1, 2025 to December 31,	Year ended December 31,				Approximate % of the total
	2025	2026	2027	2028	Total	
					(HK$ million)	
Product development, as well as R&D of cutting-edge technologies and process upgrades	10.0%	24.0%	30.0%	36.0%	1,854.2	20.0%
Expansion of production capacity, adoption of new technologies and digitization upgrades of our supply chain	12.0%	26.0%	31.0%	31.0%	2,781.4	30.0%
Enhancing our global presence by establishing our global brand image, expanding sales channels and enhancing overseas supply chain capabilities	7.0%	23.0%	30.0%	40.0%	1,854.2	20.0%
Strengthening our sales network and enhancing its penetration capabilities	13.0%	24.0%	29.0%	34.0%	1,854.2	20.0%
Working capital and general corporate purposes	10.0%	20.0%	30.0%	40.0%	927.1	10.0%
Total	**10.6%**	**24.0%**	**30.1%**	**35.3%**	**9,271.2**	**100.0%**

- Approximately 20.0% of the net proceeds or approximately HK$1,854.2 million will be used for product development, as well as R&D of cutting-edge technologies and process upgrades. In particular:

  (i) Approximately 8.0% of the net proceeds or approximately HK$741.7 million will be used for the development of new product lines and product series, including the development of better-for-you product lines in line with the market trends and continuing expansion into new product categories. We plan to procure research materials and recruit approximately 80 new product development specialists to focus on product innovation and market trends by 2028. We also plan to collaborate with research institutions to leverage their expertise and drive innovation in flavor iterations and packaging upgrades. Such efforts aim to further drive innovation in flavor iterations and packaging upgrades, so as to continually meet our customers' demand for diverse condiment products;

  (ii) Approximately 7.0% of the net proceeds or approximately HK$649.0 million will be allocated to advancing our core fermentation technology, strain selection processes and heritage brewing techniques. This investment will focus on upgrading fermentation techniques for core products, and enhancing high-yield strain selection methods, so as to enhance the flavor profiles of our products, improve raw material utilization rates and enhance our production cost efficiency. We plan to procure research materials and recruit approximately 70 new R&D personnel by 2028 to spearhead these initiatives, purchase advanced laboratory and testing equipment, and collaborate with research institutes to leverage their expertise and drive innovation in these areas. Such efforts aim to provide our customers with delicious and affordable products by maintaining excellent product quality and flavor while reducing production costs; and

  (iii) Approximately 5.0% of the net proceeds or approximately HK$463.6 million will be invested in developing global leading R&D capabilities. We intend to accelerate our efforts to explore cutting-edge technologies in fermentation, strain selection, brewing and product development. We plan to procure research materials and recruit approximately 60 new technical talents globally by 2028, and equip ourselves with cutting-edge technologies. Furthermore, we plan to collaborate with internationally renowned research institutes to support our R&D activities for expansion into overseas markets. Such efforts aim to attract top talent in the field, so enhancing our R&D capabilities.

- Approximately 30.0% of the net proceeds or approximately HK$2,781.4 million will be used for expansion of production capacity, adoption of new technologies and digitization upgrades of our supply chain. In particular:

  (i) Approximately 17.0% of the net proceeds or approximately HK$1,576.1 million will be used for the expansion of production bases, including the Jiangsu Suqian Production Base, the Guangxi Nanning Production Base, the Hubei Wuhan Production Base and the Zhejiang Jiaxing Production Base. Such investments include construction of production facilities and warehouses, procurement and installation of production equipment, and supporting infrastructure development. Such efforts aim to expand the production capacity of our products. The following table sets forth the further breakdown of proceeds by nature of expenditure in relation to the expansion of production bases:

Allocation of the estimated use of proceeds	Production Base(s)	Expected increase in production capacity	Expected capital expenditure requirement by year
		('000 tons per year)	*(HK$ in million)*
Approximately 6.9% (approximately HK$641.1 million) . . .	Jiangsu Suqian Production Base	700	Second half of 2025: 100.0 2026: 200.0 2027: 220.0 2028: 220.0 2029: 410.0 2030: 457.8 **Total: 1,607.8**
Approximately 5.1% (approximately HK$470.5 million) . . .	Guangxi Nanning Production Base	560	Second half of 2025: 40.0 2026: 360.0 2027: 310.0 2028: 470.0 **Total: 1,180.0**
Approximately 3.2% (approximately HK$299.0 million) . . .	Hubei Wuhan Production Base	500	Second half of 2025: 40.0 2026: 90.0 2027: 180.0 2029: 240.0 2030: 200.0 **Total: 750.0**

Allocation of the estimated use of proceeds	Production Base(s)	Expected increase in production capacity	Expected capital expenditure requirement by year
		('000 tons per year)	*(HK$ in million)*
Approximately 1.8% (approximately HK$165.5 million) . . .	Zhejiang Jiaxing Production Base	300	Second half of 2025: 45.0 2026: 60.0 2027: 60.0 2028: 80.0 2029: 80.0 2030: 90.0 **Total: 415.0**

See "Business — Our Production — Production Expansion Plan." We expect that the aforementioned capacity expansion will be funded primarily by the net proceeds from the Offering and cash generated from our operations;

(ii) Approximately 8.0% of the net proceeds or approximately HK$741.7 million will be used for upgrading production bases in terms of production technologies, techniques and equipment. In particular, we intend to use the net proceeds from the Offering to upgrade our production lines and technologies by 2028, such as flexible production lines for the product packaging, equipment for new production processes, and intelligent product sorting. This initiative will focus on optimizing production processes, technologies and packaging capabilities to continually improve production efficiency, cost management and product performance. Such investments include production equipment upgrades and system optimization; and

(iii) Approximately 5.0% of the net proceeds or approximately HK$463.6 million will be used for the digitization and automation upgrades of our production bases. We plan to continue to promote the automation and AI-based digitalization of the entire production chain, apply AI and data analytics to optimize production processes, improve product quality and enhance production efficiency. We also plan to implement or upgrade our digital systems to cover business processes such as production execution, planning and scheduling, supplier relationship management and business intelligence decision-making to enhance operational efficiency.

- Approximately 20.0% of the net proceeds or approximately HK$1,854.2 million will be used for enhancing our global presence by establishing our global brand image, expanding sales channels and enhancing overseas supply chain capabilities. In particular:

  (i) Approximately 15.0% of the net proceeds or approximately HK$1,390.7 million will be used for establishing local sales offices and localized supply chains by 2028. We plan to expand overseas distribution channels in regions, such as Southeast Asia and Europe and provide enhanced products and support to distributors in these regions to facilitate market penetration and customer engagement. Through establishing localized supply chains we expect to enhance our operational efficiency and responsiveness to local market demand, thereby strengthening our competitiveness in overseas markets. In particular:

  - ◦ Approximately 10.8% of the net proceeds or approximately HK$1,004.1 million will be used for expanding and upgrading our global sales network so as to strengthen our brand and marketing influence. This includes, among others: (A) establishing an overseas sales team of over 100 personnel to deeply cultivate local overseas markets and develop local distribution channels tailored to local conditions, (B) enhancing incentive policies and market promotion assistance, strengthening collaboration with key overseas distributors so as to expand our local business, (C) establishing and optimizing global e-commerce platform operations to enhance our service to overseas customers, and (D) building and continuously upgrading our overseas marketing and logistics network to improve logistics delivery efficiency and customer service experience.

    The following table sets forth a summary of our implementation plans:

Expected Time (Year)	**Geographic Location**	**Implementation Plan**
2025-2027	Southeast Asia	• We plan to set up regional offices in this market and build a localized sales team.
2026-2028	Europe	

- ◦ Approximately 4.2% of the net proceeds or approximately HK$386.6 million will be used for expanding our overseas supply chain and establishing production bases in overseas markets. This strategy aims to better align with local markets, utilize local resources, and swiftly adapt to market changes. We plan to establish localized supply chains in regions such as Southeast Asia and Europe at an appropriate time. We will establish production bases, increase production capacity and quality, and build an integrated regional procurement and sales system to increase the proportion of locally procurement for raw materials and packaging materials, thereby enhancing supply chain stability and operational efficiency. We also plan to establish and continuously improve our overseas supply chain information systems to enhance the digitalization capability of our overseas supply chain and flexible production capabilities, enabling us to swiftly adapt to local market changes.

  The following table sets forth a summary of our implementation plans:

Expected Time (Year)	Geographic Location	Implementation Plan
2025	Southeast Asia	• We plan to expand localized supply chain and establish production bases, and increase the proportion of local procurement for raw materials and packaging materials.
2028	Europe	

(ii) Approximately 5.0% of the net proceeds or approximately HK$463.6 million will be used for building our brand image in overseas markets. This includes, among others: (A) we plan to obtain a deep understanding of local market dynamics to tailor strategies to local tastes and preferences and optimize our product portfolio in overseas markets; and (B) we plan to increase brand visibility, customer recognition and brand loyalty through media campaigns and in-store promotions in key markets through participating in international exhibitions, holding social media events and other brand promotion activities and recruiting marketing professionals who would meet our overseas product promotion needs; and (C) we also plan to selectively pursue acquisitions of local brands, which will diversify our portfolio and accelerate customer recognition in overseas markets. In particular, we evaluate potential targets based on a number of factors, including (a) market recognition of such brand in the local region, (b) food-related production technology and capabilities, and (c) annual revenue exceeding US$10.0 million. We believe that acquiring market players of such caliber will align with our overall business growth strategy. According to Frost & Sullivan, there were thousands of suitable targets of such caliber in these overseas regions as of the Latest Practicable Date.

- Approximately 20.0% of the net proceeds or approximately HK$1,854.2 million will be used for strengthening our sales network and enhancing its penetration capabilities. In particular:

  (i) Approximately 9.0% of the net proceeds or approximately HK$834.4 million will be used for enhancing our marketing efforts across different platforms by 2028, including advertisements, new media and e-commerce platforms, as well through television program sponsorships and strategic collaborations with celebrities. We plan to enhance our presence on new media platforms, through high-quality content creation. Such efforts aim to boost our brand visibility, improving the efficiency and value of our expenditure on brand promotion;

  (ii) Approximately 9.0% of the net proceeds or approximately HK$834.4 million will be used for expanding distribution channels and enhancing marketing efforts. We plan to strengthen our distribution network by (i) collaborating closely with our distributors to enhance engagement with end-customers and enhancing our marketing efforts that focus on them so as to gain an in-depth understanding of their consumption preferences, and (ii) collaborating with distributors to improve customer loyalty and explore more business opportunities. In addition, we intend to develop more direct sales relationships with target customer groups, such as catering businesses and food processing enterprises; and

  (iii) Approximately 2.0% of the net proceeds or approximately HK$185.4 million will be used for digital marketing initiatives. We plan to continue implementing product codes across our product portfolio to enable real-time sales data collection and analysis. We intend to utilize modeling and algorithm analysis of sales data by 2026, so as to refine marketing strategies and enhance the effectiveness of online promotions. We also plan to upgrade our membership management platform to enhance customer interaction and provide personalized services by 2027.

- Approximately 10.0% of the net proceeds or approximately HK$927.1 million will be used for working capital and general corporate purposes.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK$169.7 million, respectively. To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Offer Size Adjustment Option and the Over-allotment Option) are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

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.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes, we will only deposit those net proceeds into short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
Goldman Sachs (Asia) L.L.C.
Morgan Stanley Asia Limited
BOCI Asia Limited
ICBC International Securities Limited
BOCOM International Securities Limited
CMB International Capital Limited
ABCI Securities Company Limited
CCB International Capital Limited
The Hongkong and Shanghai Banking Corporation Limited
Huatai Financial Holdings (Hong Kong) Limited
CLSA Limited
Futu Securities International (Hong Kong) Limited
GF Securities (Hong Kong) Brokerage Limited
China Galaxy International Securities (Hong Kong) Co., Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 15,794,300 Hong Kong Offer Shares and the International Offering of initially 247,443,200 International Offer Shares, subject, in each case, to reallocation on the basis as described in "Structure of the Global Offering" as well as to the Offer Size Adjustment Option and the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued as mentioned in this prospectus (including any additional H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) on the Main Board of the Stock Exchange and such approval not having been withdrawn; and (b) certain other conditions set forth in the Hong Kong Underwriting Agreement (including the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company agreeing upon the Offer Price) being satisfied (or, as the case may be, waived), the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable portions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole and absolute discretion and upon 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:

(1) there develops, occurs, exists or comes into force:

(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 authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof) (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**"); or

(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, taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or

(c) any event or series of events, 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, accident or interruption or delay in transportation, 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)), in or affecting any of the Relevant Jurisdictions; or

(d) the imposition or declaration of 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 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; or

(e) the imposition or declaration of 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; or

(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 and/or the SFC; or

(g) the commencement by any authority or other regulatory or political body or organization of any public action or investigation against a member of our Group or a director, supervisor or a senior management member of any member of our Group or announcing an intention to take any such action; or

(h) the imposition of sanctions or export controls in whatever form, directly or indirectly, on or relevant to any member of our Group or by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or

(i) any valid demand by creditors for payment or 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; or

(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 or any other applicable laws; or

(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 Director, Supervisor or senior management members as named in this prospectus; or

(l) that the chairperson of our Board, any Director, any 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; or

(m) any contravention by any member of our Group or any Director or Supervisor of the Listing Rules or applicable laws; or

(n) 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;

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):

(i) has or will or may have a material adverse effect or any development involving a prospective material adverse effect, on the profits, losses, results of operations, assets, liabilities, general affairs, business, management, performance, prospects, shareholders' equity, position or condition (financial, trading or otherwise) of our Group, taken as a whole; or

(ii) 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; or

(iii) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged, or for the Hong Kong Public Offering and/or the Global Offering to proceed, or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the offering documents; or

(iv) has or will or may have the effect of making any part of the 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

(2) there has come to the notice of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) that:

(a) any statement contained in any of the offering documents, the CSRC filings 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; or

(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; or

(c) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties and undertakings given by our Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(d) any event, act or omission which gives rise or is likely to give rise to any liability of our Company pursuant to the indemnities in the Hong Kong Underwriting Agreement; or

(e) any breach of any of the obligations or undertakings imposed upon our Company to the Hong Kong Underwriting Agreement and the International Underwriting Agreement; or

(f) our Company withdraws this prospectus or the Global Offering; or

(g) that the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Offer Size Adjustment Option and the Over-allotment Option) 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; or

(h) 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; or

(i) any prohibition by any authority applicable to our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or

(j) (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.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except for (a) any capitalization issue, capital reduction or consolidation or sub-division of Shares; (b) issue of Shares or our securities pursuant to the Global Offering (including the exercise of the Offer Size Adjustment Option and the Over-allotment Option); or (c) any other applicable circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, the Controlling Shareholders have undertaken to the Stock Exchange and our Company that:

(a) at any time in the period commencing on the date by reference to which disclosure of their shareholding in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, they shall not and shall procure that the relevant registered holder(s) shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which they are shown by the Prospectus to be the beneficial owner(s) (the "**Relevant Securities**"); and

(b) at any time in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, they shall not and shall procure that the relevant registered holder(s) shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be the Controlling Shareholders (as defined in the Listing Rules) of the Company.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, the Controlling Shareholders have undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, they will:

(i) when any of them pledges or charges any Relevant Securities or interests in any of the Relevant Securities, whether directly or indirectly, in favor of any authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan pursuant to Note (2) to Rule 10.07 of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Relevant Securities so pledged or charged; and

(ii) when any of them receives indications, either verbal or written, from the pledgee or chargee of any Relevant Securities that any of the pledged or charged securities of our Company will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraphs (i) and (ii) above by the Controlling Shareholders and disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Our Company has undertaken to each of the Joint Sponsors, the 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 except pursuant to the Global Offering (including pursuant to the Offer Size Adjustment Option and the Over-allotment Option), at any time after the date of the Hong Kong Underwriting 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:

(a) 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, any legal or beneficial interest in the share capital or any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any equity 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 equity securities of our Company, as applicable), or deposit any share capital or other equity securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) 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 Shares or any other equity securities of our Company, or any interest in any of the foregoing (including, without limitation, any equity 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

(c) enter into any transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; or

(d) offer to or agree to do any of the foregoing specified in paragraph (a), (b) or (c) or announce 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 equity securities, in cash or otherwise (whether or not the issue of such share capital or other equity securities will be completed within the First Six Month Period).

Our Company has further agreed that, in the event our Company is allowed to enter into any of the transactions described in paragraph (a), (b) or (c) above or offers to or agrees to or announces 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 equity securities of our Company.

Our Company has agreed and undertaken 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 and the Hong Kong Underwriters that it will comply with the minimum public float requirements specified in the Listing Rules or any waiver granted and not revoked by the Stock Exchange (the "**Minimum Public Float Requirement**"), and it will not effect any purchase of the H Shares, or agree to do so, which may reduce the holdings of the H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to below the Minimum Public Float Requirement prior to the expiration of the First Six Month Period without first having obtained the consent from the Stock Exchange.

Indemnity

Our Company has agreed to indemnify, among the others, 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 for certain losses which they may suffer, including, amongst others, losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in our Company

Except for their obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, the Hong Kong Underwriters do not have any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the Overall Coordinators and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would agree to purchase, or procure subscribers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, amongst others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Offer Size Adjustment Option

Our Company is expected to grant to the Overall Coordinators the Offer Size Adjustment Option, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) on or before the second Business Day prior to the Listing Date and will lapse immediately thereafter, whichever is earlier, to require our Company to allot and issue up to an aggregate of 15,794,200 additional Offer Shares, representing approximately 6.0% of the Offer Shares initially being offered under the Global Offering at the Offer Price to cover any excess demand in the International Offering. The Offer Size Adjustment Option provides flexibility for the Overall Coordinators to increase the number of Offer Shares available for purchase under the International Offering to cover additional market demand. Further details are set out in the section headed "Structure of the Global Offering — International Offering — Offer Size Adjustment Option" in this prospectus.

Over-allotment Option

Our Company is expected to grant to the International Underwriters, exercisable in whole or in part by the Overall Coordinators at their sole and absolute discretion (for themselves and on behalf of the International Underwriters), the Over-Allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot, up to an aggregate of 39,485,600 H Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering assuming the Offer Size Adjustment Option is not exercised, or 41,854,700 H Shares, representing approximately 15.0% of the Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is fully exercised, at the Offer Price under the International Offering, to cover over-allocations in the International Offering, if any. Further details are set out in the section headed "Structure of the Global Offering — International Offering — Over-allotment Option" in this prospectus.

Commissions and Expenses

The Capital Market Intermediaries will receive an underwriting commission of 0.5% of the aggregate gross proceeds from the Global Offering (including any proceeds arising from exercise of the Offer Size Adjustment Option and the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees. In addition, our Company may, at our sole and absolute discretion, pay any one or more of Capital Market Intermediaries an incentive fee of an aggregate of up to 0.3% of the gross proceeds from the Global Offering (including any proceeds arising from exercise of the Offer Size Adjustment Option and the Over-allotment Option).

Assuming the incentive fee is paid in full, the fixed fees and discretionary fees payable to the Capital Market Intermediaries represent approximately 43.8% and 56.2%, respectively, of the aggregate fees payable to the Capital Market Intermediaries in total in connection with the Global Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters.

The aggregate underwriting commissions, incentive fee (if any), documentation fee, listing fees, Stock Exchange trading fee and transaction levies, legal and other professional fees, and printing and other expenses in relation to the Global Offering are estimated to amount to approximately HK$113.2 million in total (based on the Offer Price of HK$35.65 per Offer Share, being the mid-point of the indicative Offer Price range and assuming full payment of discretionary fees and the Offer Size Adjustment Option and the Over-allotment Option are not exercised), and are payable by our Company.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the 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 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.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this prospectus. Such 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 price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

JOINT SPONSORS' INDEPENDENCE

The Joint Sponsors satisfy the independence criteria applicable to sponsors 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:

(1) the Hong Kong Public Offering of initially 15,794,300 H Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed "— The Hong Kong Public Offering" below; and

(2) the International Offering of initially 247,443,200 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option as mentioned below) outside the United States (including professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, and in the United States only to QIBs and QPs in reliance on Rule 144A, or the U.S. Investment Company Act in reliance on Section 3(c)(7) of that act or other available exemption from registration under the U.S. Securities Act, as described in the paragraph headed "— the International Offering" below.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 4.52% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Offer Size Adjustment Option and the Over-allotment Option. If the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, the Offer Shares will represent approximately 5.46% of the enlarged issued share capital of our Company immediately after completion of the Global Offering and the exercise of the Offer Size Adjustment Option and the Over-allotment Option as set out in "— The International Offering — Offer Size Adjustment Option" and "— The International Offering — Over-allotment Option" below.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in "— The Hong Kong Public Offering — Reallocation" below.

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares Initially Offered

We are initially offering 15,794,300 H Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 6.0% of the total number of the Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 0.27% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in "— Conditions of the Global Offering" below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than the others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking into account any allocation) is to be divided into two pools (any odd lots will be reallocated to Pool A): Pool A and Pool B. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 7,897,200 and 7,897,100, respectively. The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate subscription price of more than HK$5 million and up to the total value of pool B (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable).

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 that other pool and be allocated accordingly. For the purpose of this subsection only, the "price" for the Hong Kong Offer Shares means the price payable on application therein (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of the Offer Shares from either Pool A or Pool B but not from both pools.

Multiple or suspected multiple applications and any application for more than 7,897,100 Hong Kong Offer Shares (being approximately 50% of the 15,794,300 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation and Clawback

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering under certain circumstances.

We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules to the effect as further described below.

15,794,300 Offer Shares are initially available in the Hong Kong Public Offering, representing approximately 6.0% of the Offer Shares initially available for subscription under the Global Offering. In the event that the International Offer Shares are fully subscribed or oversubscribed, if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 10 times or more but less than 30 times, (b) 30 times or more but less than 60 times and (c) 60 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then 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 Offer Shares available under the Hong Kong Public Offering will be increased to 26,323,800 Offer Shares (in the case of (a)), 39,485,700 Offer Shares (in the case of (b)) and 55,279,900 Offer Shares (in the case of (c)), representing approximately 10.0%, approximately 15.0% and approximately 21.0% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option).

The Overall Coordinators may in their sole discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 10 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Overall Coordinators have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that in accordance with Chapter 4.14 of the Guide, the number of International Offer Shares reallocated to the Hong Kong Public Offering should not exceed 15,794,300 Shares, representing the number of the Offer Shares initially available under the Hong Kong Public Offering, increasing the total number of Offer Shares available under the Hong Kong Public Offering to 31,588,600 Shares, representing twice the number of the 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$35.00 per Offer Share).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate.

If the Hong Kong Public Offering is not fully subscribed, 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.

However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers to subscribe for respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application 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.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum price of HK$36.30 per Offer Share in addition to the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "— Pricing and Allocation" below, is less than the maximum price of HK$36.30 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of International Offer Shares Initially Offered

The International Offering will consist of an initial offering of 247,443,200 Offer Shares, representing approximately 94.0% of the total number of Offer Shares initially available under the Global Offering and approximately 4.25% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised. The International Offering will be offered by us outside of the United States in reliance on Regulation S and in the United States only to QIBs and QPs in reliance on Rule 144A, or the U.S. Investment Company Act in reliance on Section 3(c)(7) of that act or other available exemption from registration under the U.S. Securities Act.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the 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 the Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of the Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the reallocation arrangement described in "— The Hong Kong Public Offering — Reallocation" above, the exercise of the Offer Size Adjustment Option and the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

Offer Size Adjustment Option

In order to provide flexibility for the Overall Coordinators to increase the number of Offer Shares available for purchase under the International Offering to cover additional market demand, the Company is expected to grant to the Overall Coordinators the Offer Size Adjustment Option, exercisable by the Overall Coordinators at their absolute discretion (for themselves and on behalf of the International Underwriters) on or before the second business day prior to the Listing Date and will lapse immediately thereafter, to require the Company to allot and issue up to an aggregate of 15,794,200 additional Offer Shares (representing approximately 6.0% of the Offer Shares initially being offered under the Global Offering) at the Offer Price to cover any excess demand in the International Offering.

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.27% of our issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and the full exercise of the Offer Size Adjustment Option.

In considering whether to exercise the Offer Size Adjustment Option, the Company and the Overall Coordinators will take into account a number of factors, including, among other things:

(i) whether the level of interest expressed by prospective professional and institutional investors during the book-building process under the International Offering is sufficient to cover:

(a) the total number of Offer Shares, which represents the aggregate of the Offer Shares initially available under the Global Offering and the additional Offer Shares upon any exercise of the Offer Size Adjustment Option; and

(b) the corresponding number of Shares under the Over-allotment Option;

(ii) the prices at which prospective professional and institutional investors have indicated they would be prepared to acquire the Offer Shares in the course of the book-building process;

(iii) the quality of investors, with a view to establishing a solid professional institutional and investor shareholder base to the benefit of the Company and its Shareholders as a whole; and

(iv) general market conditions.

The dilution effect of the Offer Size Adjustment Option (assuming the Over-allotment Option is not exercised) is set out below:

Number of H Shares issued under the Global Offering before the exercise of the Offer Size Adjustment Option ("Original Subscribers")	**Approximate percentage of total issued share capital held by the Original Subscribers before the exercise of the Offer Size Adjustment Option**	**Number of H Shares issued under the Global Offering after the exercise of the Offer Size Adjustment Option**	**Approximate percentage of total issued share capital held by the Original Subscribers after the exercise of the Offer Size Adjustment Option**
263,237,500	4.52%	279,031,700	4.51%

The Offer Size Adjustment Option will not be used for price stabilization purposes and will not be subject to the provisions of the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). The Offer Size Adjustment Option will be in addition to the Over-allotment Option.

If the Offer Size Adjustment Option is exercised in full, the additional net proceeds received from the placing of the additional Shares allotted and issued will be allocated in accordance with the allocations as disclosed in the section headed "Future Plans and Use of Proceeds" in this prospectus, on a pro rata basis.

The Company will disclose in its allotment results announcement if and to what extent the Offer Size Adjustment Option has been exercised, or will confirm in the announcement that, if the Offer Size Adjustment Option has not been exercised by then, the Offer Size Adjustment Option has lapsed and cannot be exercised on any future date.

Over-allotment Option

Our Company is expected to grant to the International Underwriters, exercisable in whole or in part by the Overall Coordinators at their sole and absolute discretion (for themselves and on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue, up to an aggregate of 39,485,600 H Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering assuming the Offer Size Adjustment Option is not exercised, or 41,854,700 H Shares, representing approximately 15.0% of the Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is fully exercised, at the Offer Price, to cover over-allocations in the International Offering, if any. If the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.98% of the total number of Shares in issue immediately following the completion of the Global Offering and the exercise of the Offer Size Adjustment Option and the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date, to the extent permitted by applicable laws of Hong Kong or elsewhere. However, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (ii) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the H Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (v) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the H Shares;

- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain such a long position;

- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the H Shares;

- no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on Wednesday, July 16, 2025, being the 30th day after the date of closing of the application lists under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;

- the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the H Shares.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 39,485,600 H Shares (representing approximately 15.00% of the initial Offer Shares assuming the Offer Size Adjustment Option is not exercised) or 41,854,700 H Shares (representing approximately 15.00% of the Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is fully exercised), through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be paid before the Listing Date. Both the size of such cover and the extent to which the Over-Allotment Option can be exercised will depend on whether arrangements can be made with investors such that a sufficient number of H Shares can be delivered on a delayed basis. If no investor in the International Offering agrees to the delayed delivery arrangements, no stabilizing actions will be undertaken by the Stabilizing Manager and the Over-Allotment Option will not be exercised.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover the over-allocation by exercising the Over-allotment Option in full or in part, or by using H Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

PRICING AND ALLOCATION

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 about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between our Company and the Overall Coordinators on the Price Determination Date, which is expected to be on Tuesday, June 17, 2025 and in any event no later than 12:00 noon on Tuesday, June 17, 2025.

The Offer Price will not be more than HK$36.30 per Offer Share and is expected to be not less than HK$35.00 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$36.30 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015%, and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$3,666.62 for one board lot of 100 H Shares.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at **https://www.haitian-food.com** and **www.hkexnews.hk**, respectively, an announcement, cancel the offer and relaunch the offer at the revised number of Offer Shares and/or the revised Offer Price range and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new prospectus (as appropriate)), and complete the requisite associated settlement processes on the FINI platform afresh. The Global Offering must first be canceled and subsequently relaunched on the FINI platform pursuant to the supplemental or new prospectus.

In the absence of any such announcement or supplemental or new prospectus, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators (on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price Range as stated in this 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 their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering in accordance with Chapter 4.14 of the Guide published by the Stock Exchange and paragraph 4.2 of Practice Note 18 of the Listing Rules, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 6.0% of the total number of Offer Shares available under the Global Offering. Subject to the foregoing paragraph, 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 final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — B. Publication of Results" in this prospectus.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

We expect that we will enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

(1) the Listing Committee granting the approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the Offer Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

(2) the Offer Price having been duly determined between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters);

(3) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(4) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective Underwriting Agreements;

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Overall Coordinators by 12:00 noon on Tuesday, June 17, 2025, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, 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. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering on the website of our Company (**https://www.haitian-food.com**) and the website of the Stock Exchange (**www.hkexnews.hk**). In such eventuality, all application monies will be returned, without interest, on the terms set forth in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H 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), as amended.

H Share certificates issued in respect of the Hong Kong Offer Shares will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option).

Save as disclosed in the prospectus, no part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal 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 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 on any other date as determined by HKSCC. 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 the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made to enable the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

DEALING IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, June 19, 2025, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, June 19, 2025.

The H Shares will be traded on the Main Board of the Stock Exchange in board lots of 100 H Shares each. The stock code of the H Shares will be 3288.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at https://www.haitian-food.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address *(for the **HK eIPO White Form** service only)*.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing beneficial owner of any Shares in the Company and/or any of its subsidiaries;
- are a Director or a Supervisor or chief executive officer of the Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Wednesday, June 11, 2025 and end at 12:00 noon on Monday, June 16, 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	**www.hkeipo.hk**	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Wednesday, June 11, 2025, to 11:30 a.m. on Monday, June 16, 2025, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Monday, June 16, 2025 Hong Kong time.
HKSCC EIPO channel .	Your broker or custodian who is a HKSCC Participant will submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/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. Hong Kong identity card ("**HKID**"); 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. Legal entity identifier ("**LEI**") registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used 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 Hong Kong Offer Shares. 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 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.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	100 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$36.30 per Offer 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.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Offer Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
100	3,666.62	3,500	128,331.30	70,000	2,566,625.99	3,000,000	109,998,256.50
200	7,333.22	4,000	146,664.34	80,000	2,933,286.85	4,000,000	146,664,342.00
300	10,999.83	4,500	164,997.39	90,000	3,299,947.70	5,000,000	183,330,427.50
400	14,666.43	5,000	183,330.42	100,000	3,666,608.56	6,000,000	219,996,513.00
500	18,333.05	6,000	219,996.52	200,000	7,333,217.10	7,000,000	256,662,598.50
600	21,999.65	7,000	256,662.60	300,000	10,999,825.66	7,897,100(1)	289,555,743.81
700	25,666.27	8,000	293,328.69	400,000	14,666,434.20		
800	29,332.86	9,000	329,994.77	500,000	18,333,042.76		
900	32,999.48	10,000	366,660.85	600,000	21,999,651.30		
1,000	36,666.08	20,000	733,321.71	700,000	25,666,259.86		
1,500	54,999.13	30,000	1,099,982.56	800,000	29,332,868.40		
2,000	73,332.17	40,000	1,466,643.42	900,000	32,999,476.96		
2,500	91,665.22	50,000	1,833,304.28	1,000,000	36,666,085.50		
3,000	109,998.25	60,000	2,199,965.14	2,000,000	73,332,171.00		

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

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

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— A. Applications for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any Offer Shares.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators, as our agent, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering (the "**Relevant Persons**"), 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;

(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;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and the **HK eIPO White Form** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through the **HK eIPO White Form** service or **HKSCC EIPO** channel:		
Website	From the "Allotment Results" page at **www.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**) with a "search by ID" function. The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**.	24 hours, from 11:00 p.m. on Wednesday, June 18, 2025 to 12:00 midnight on Tuesday, June 24, 2025 (Hong Kong time)
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **https://www.haitian-food.com** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Wednesday, June 18, 2025 (Hong Kong time)
Telephone	+852 3691 8488 – the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., from Thursday, June 19, 2025 to Tuesday, June 24, 2025 (Hong Kong time) on a business day

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Tuesday, June 17, 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Tuesday, June 17, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the International 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 **https://www.haitian-food.com** by no later than 11:00 p.m. on Wednesday, June 18, 2025 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the 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 H 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;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;

- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.hkeipo.hk**;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

5. If there is money settlement failure for allotted Offer 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 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 H 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 H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H 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 H 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.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Thursday, June 19, 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 H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Despatch/collection of H Share certificate[1]		
For application of 1,000,000 Hong Kong Offer Shares or more . .	Collection in person from the H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. **Time:** from 9:00 a.m. to 1:00 p.m. on Thursday, June 19, 2025 (Hong Kong 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.	H 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.

1 Except in the event of a Severe Weather Signals (as defined below) in force in Hong Kong in the morning on Wednesday, June 18, 2025 rendering it impossible for the relevant H 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 H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "—*E. Severe Weather Arrangements*" in this section.

	HK eIPO White Form service	HKSCC EIPO channel
	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 H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	
For application of less than 1,000,000 Hong Kong Offer Shares	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk. **Date:** Wednesday, June 18, 2025	

Refund mechanism for surplus application monies paid by you

Date	Thursday, June 19, 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	**HK eIPO White Form** e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it

	HK eIPO White Form service	HKSCC EIPO channel
Application monies paid through multiple bank accounts	Refund cheque(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 Monday, June 16, 2025 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions,

(collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, June 16, 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 **https://www.haitian-food.com** of the revised timetable.

If a Severe Weather Signal is hoisted on Wednesday, June 18, 2025, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Thursday, June 19, 2025.

If a Severe Weather Signal is hoisted on Wednesday, June 18, 2025, for application of less than 1,000,000 Hong Kong Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, June 18, 2025 or on Thursday, June 19, 2025).

If a Severe Weather Signal is hoisted on Thursday, June 19, 2025, for application of 1,000,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at the H Share Registrar's office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Thursday, June 19, 2025 or on Friday, June 20, 2025).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply 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 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 the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H 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 agreed 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 H 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 cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;

- compliance with applicable laws and regulations in Hong Kong and elsewhere;

- registering new issues or transfers into or out of the names of the holders of the Offer 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 Offer Shares and identifying any duplicate applications for the Offer Shares;

- facilitating Hong Kong Offer Shares balloting;

- establishing benefit entitlements of holders of the Offer 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 Offer 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 Offer Shares and/or regulators and/or any other purposes to which applicants and holders of the Offer 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) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisors and receiving bank;

- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);

- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the 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 set out on pages I-1 to I-77 received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FOSHAN HAITIAN FLAVOURING AND FOOD COMPANY LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, GOLDMAN SACHS (ASIA) L.L.C. AND MORGAN STANLEY ASIA LIMITED

Introduction

We report on the historical financial information of Foshan Haitian Flavouring and Food Company Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages I-4 to I-77, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended December 31, 2022, 2023 and 2024 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-77 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 11, 2025 (the "Prospectus") in connection with the initial listing of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' 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 and presentation set out in Note 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 purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2022, 2023 and 2024 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 31(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
June 11, 2025

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in RMB)

	Note	Year ended December 31, 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*4*	25,609,652	24,559,312	26,900,978
Cost of sales		(16,679,019)	(16,222,544)	(17,175,902)
Gross profit		8,930,633	8,336,768	9,725,076
Other revenue	*5*	894,358	748,533	712,801
Other net income	*6*	151,254	225,143	263,233
Selling and marketing expenses		(1,378,054)	(1,305,747)	(1,628,602)
Administrative expenses		(449,008)	(534,411)	(595,339)
Research and development costs	*8(c)*	(751,339)	(715,418)	(839,532)
Provision for expected credit losses on trade and other receivables		(2,592)	(203)	(1,041)
Provision for impairment losses	*7*	(16,551)	(3,739)	(99,553)
Profit from operations		7,378,701	6,750,926	7,537,043
Finance costs	*8(a)*	(14,496)	(11,888)	(23,961)
Profit before taxation	*8*	7,364,205	6,739,038	7,513,082
Income tax	*9*	(1,161,039)	(1,096,851)	(1,157,221)
Profit for the year		6,203,166	5,642,187	6,355,861
Attributable to:				
Equity shareholders of the Company		6,197,717	5,626,625	6,344,126
Non-controlling interests		5,449	15,562	11,735
Profit for the year		6,203,166	5,642,187	6,355,861
Earnings per share	*12*			
Basic and diluted (RMB)		1.11	1.01	1.14

The accompanying notes are integral part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in RMB)

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	6,203,166	5,642,187	6,355,861
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside of the mainland China	–	(9)	(5,073)
Other comprehensive income for the year	–	(9)	(5,073)
Total comprehensive income for the year	6,203,166	5,642,178	6,350,788
Attributable to:			
Equity shareholders of the Company	6,197,717	5,626,616	6,339,053
Non-controlling interests	5,449	15,562	11,735
Total comprehensive income for the year	6,203,166	5,642,178	6,350,788

The accompanying notes are integral part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at December 31, 2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	13	5,397,675	6,073,857	6,533,073
Right-of-use assets	14	681,871	857,180	880,608
Investment property		4,131	3,775	3,437
Intangible assets	15	46,202	40,128	35,536
Goodwill	16	210,428	210,428	112,937
Other financial assets at fair value through profit or loss ("FVPL")	19	100	100	100
Other receivables	22	91,854	9,708	61,219
Deferred tax assets	30(b)	653,326	453,922	389,416
		7,085,587	**7,649,098**	**8,016,326**
Current assets				
Inventories	20	2,391,641	2,618,773	2,525,274
Trade receivables	21	188,395	223,149	242,632
Other receivables	22	88,582	402,107	341,891
Other financial assets at FVPL	19	6,081,663	5,841,005	7,617,576
Term deposits and certificates of deposits	23	9,040,109	8,830,381	10,199,512
Restricted cash	23	31,163	17,924	8,393
Cash and cash equivalents	23	9,152,035	12,841,080	11,906,831
		26,973,588	**30,774,419**	**32,842,109**
Current liabilities				
Trade and bills payable	24	1,300,262	1,861,489	1,946,575
Other payables	25	1,864,286	1,505,192	1,603,007
Contract liabilities	26	2,948,111	4,527,027	4,335,313
Bank loans	27	136,698	381,249	309,465
Lease liabilities	28	15,287	12,741	14,770
Current taxation	30(a)	328,856	222,925	337,785
Other current liabilities	26	125,791	425,614	438,876
		6,719,291	**8,936,237**	**8,985,791**
Net current assets		20,254,297	21,838,182	23,856,318
Total assets less current liabilities		27,339,884	29,487,280	31,872,644

		As at December 31		
	Note	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Bank loans and other borrowing	*27*	112,653	89,270	52,200
Lease liabilities	*28*	29,746	30,186	28,591
Deferred income	*29*	279,166	303,224	358,519
Deferred tax liabilities	*30(b)*	33,840	31,624	31,390
		455,405	454,304	470,700
NET ASSETS		26,884,479	29,032,976	31,401,944
CAPITAL AND RESERVES				
Share capital	*31(c)*	4,633,834	5,560,601	5,560,601
Treasury shares	*31(d)*	–	(249,998)	(563,842)
Reserves	*31(e)*	21,763,843	23,220,009	25,898,650
Total equity attributable to equity shareholders of the Company		26,397,677	28,530,612	30,895,409
Non-controlling interests		486,802	502,364	506,535
TOTAL EQUITY		26,884,479	29,032,976	31,401,944

The accompanying notes are integral part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		As at December 31,		
	Note	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment		28,203	23,431	19,312
Right-of-use assets		29,887	15,916	15,956
Investment property		1,796	1,640	1,502
Intangible assets		8,761	10,314	13,208
Investments in subsidiaries	*18*	1,489,109	1,549,109	1,490,409
Other financial assets at FVPL	*19*	100	100	100
Deferred tax assets	*30(b)*	521,466	315,486	236,892
		2,079,322	1,915,996	1,777,379
Current assets				
Inventories	*20*	9,616	8,892	7,859
Other receivables	*22*	11,076,462	8,466,670	5,476,568
Other financial assets at FVPL	*19*	2,624,927	3,611,520	4,727,412
Term deposits and certificates of deposits	*23*	4,222,485	7,901,954	8,858,412
Cash and cash equivalents	*23*	7,191,574	8,640,855	5,151,010
		25,125,064	28,629,891	24,221,261
Current liabilities				
Trade and bills payable	*24*	1,683	450,289	612,489
Other payables	*25*	6,819,986	5,582,644	1,407,867
Contract liabilities	*26*	2,659,323	4,113,858	4,002,681
Lease liabilities	*28*	14,350	7,570	7,584
Current taxation	*30(a)*	35,698	35,675	82,876
Other current liabilities	*26*	100,100	380,787	401,947
		9,631,140	10,570,823	6,515,444
Net current assets		15,493,924	18,059,068	17,705,817
Total assets less current liabilities		17,573,246	19,975,064	19,483,196

	Note	As at December 31, 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	*28*	17,133	9,533	9,245
Deferred income	*29*	2,451	5,304	5,094
		19,584	14,837	14,339
NET ASSETS		17,553,662	19,960,227	19,468,857
CAPITAL AND RESERVES				
Share capital	*31(c)*	4,633,834	5,560,601	5,560,601
Treasury shares	*31(d)*	–	(249,998)	(563,842)
Reserves	*31(e)*	12,919,828	14,649,624	14,472,098
TOTAL EQUITY		17,553,662	19,960,227	19,468,857

The accompanying notes are integral part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Attributable to equity shareholders of the Company							
	Share capital	**Capital reserve**	**Statutory reserve**	**Other reserve**	**Retained profits**	**Sub-total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 31(c))	*(note 31(e)(i))*	*(note 31(e)(ii))*	*(note 31(e)(iii))*				
Balance at January 1, 2022	4,212,576	95,860	2,175,976	46,639	16,870,467	23,401,518	98,331	23,499,849
Changes in equity for 2022:								
Profit for the year	–	–	–	–	6,197,717	6,197,717	5,449	6,203,166
Total comprehensive income	–	–	–	–	6,197,717	6,197,717	5,449	6,203,166
Appropriation to statutory reserve	–	–	286,319	–	(286,319)	–	–	–
Dividends approved and paid in respect of the previous year *(note 31(b))*	–	–	–	–	(3,201,558)	(3,201,558)	–	(3,201,558)
Bonus issue *(note 31(c)(ii))*	421,258	–	–	–	(421,258)	–	–	–
Acquisition of subsidiaries *(note 17)*	–	–	–	–	–	–	383,022	383,022
Balance at December 31, 2022	4,633,834	95,860	2,462,295	46,639	19,159,049	26,397,677	486,802	26,884,479

	Attributable to equity shareholders of the Company									
	Share capital	Treasury shares	Capital reserve	Statutory reserve	Other reserve	Exchange reserve	Retained profits	Sub-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*
	(note 31(c))	*(note 31(d))*	*(note 31(e)(i))*	*(note 31(e)(ii))*	*(note 31(e)(iii))*	*(note 31(e)(iv))*				
Balance at January 1, 2023	4,633,834	–	95,860	2,462,295	46,639	–	19,159,049	26,397,677	486,802	26,884,479
Changes in equity for 2023:										
Profit for the year	–	–	–	–	–	–	5,626,625	5,626,625	15,562	5,642,187
Other comprehensive income	–	–	–	–	–	(9)	–	(9)	–	(9)
Total comprehensive income	–	–	–	–	–	(9)	5,626,625	5,626,616	15,562	5,642,178
Repurchase of own shares *(note 31(d))*	–	(249,998)	–	–	–	–	–	(249,998)	–	(249,998)
Appropriation to statutory reserve	–	–	–	544,005	–	–	(544,005)	–	–	–
Dividends approved and paid in respect of the previous year *(note 31(b))*	–	–	–	–	–	–	(3,243,683)	(3,243,683)	–	(3,243,683)
Bonus issue *(note 31(c)(ii))*	926,767	–	–	–	–	–	(926,767)	–	–	–
Balance at December 31, 2023	5,560,601	(249,998)	95,860	3,006,300	46,639	(9)	20,071,219	28,530,612	502,364	29,032,976

	Attributable to equity shareholders of the Company									
	Share capital	Treasury shares	Capital reserve	Statutory reserve	Other reserve	Exchange reserve	Retained profits	Sub-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*
	(note 31(c))	*(note 31(d))*	*(note 31(e)(i))*	*(note 31(e)(ii))*	*(note 31(e)(iii))*	*(note 31(e)(iv))*				
Balance at January 1, 2024	5,560,601	(249,998)	95,860	3,006,300	46,639	(9)	20,071,219	28,530,612	502,364	29,032,976
Changes in equity for 2024:										
Profit for the year	–	–	–	–	–	–	6,344,126	6,344,126	11,735	6,355,861
Other comprehensive income	–	–	–	–	–	(5,073)	–	(5,073)	–	(5,073)
Total comprehensive income	–	–	–	–	–	(5,073)	6,344,126	6,339,053	11,735	6,350,788
Repurchase of own shares *(note 31(d))*	–	(313,844)	–	–	–	–	–	(313,844)	–	(313,844)
Appropriation to statutory reserve	–	–	–	69,596	–	–	(69,596)	–	–	–
Dividends approved and paid in respect of the previous year *(note 31(b))*	–	–	–	–	–	–	(3,660,412)	(3,660,412)	(7,564)	(3,667,976)
Balance at December 31, 2024	5,560,601	(563,842)	95,860	3,075,896	46,639	(5,082)	22,685,337	30,895,409	506,535	31,401,944

The accompanying notes are integral part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

	Note	Year ended December 31, 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Operating activities				
Cash generated from operations	*23(d)*	5,065,810	8,361,245	7,821,799
Income tax paid		(1,235,496)	(1,005,594)	(978,089)
Net cash generated from operating activities		3,830,314	7,355,651	6,843,710
Investing activities				
Payment for purchase of property, plant and equipment, right-of-use assets and intangible assets		(1,517,900)	(1,924,150)	(1,575,700)
Proceeds from disposal of property, plant and equipment and intangible assets		5,066	1,813	16,629
Proceeds from maturity of term deposits and certificates of deposits		4,940,000	6,780,000	5,212,050
Placement of term deposits and certificates of deposits		(8,016,050)	(6,376,000)	(6,527,747)
Purchase of other financial assets at FVPL		(7,674,000)	(7,212,630)	(10,457,000)
Proceeds from disposal of other financial assets at FVPL		7,111,527	7,683,415	8,917,784
Interest received		566,133	396,450	487,840
(Payment for)/withdrawal of deposits for a derivative financial instrument		–	(150,000)	150,000
Payments for acquisition of subsidiaries, net of cash acquired		(73,304)	(18,900)	–
Net cash used in investing activities		(4,658,528)	(820,002)	(3,776,144)

	Note	Year ended December 31, 2022	2023	2024
		RMB'000	RMB'000	RMB'000
Financing activities				
Payment for repurchase of own shares		–	(249,998)	(313,844)
Proceeds from bank loans	23(e)	251,009	517,920	356,506
Proceeds from discount of bills receivable due from the Company by a subsidiary	23(e)	700,000	1,050,000	1,486,477
Payment for expired bills payable due to a subsidiary from the Company	23(e)	(1,142,500)	(600,000)	(1,350,000)
Repayments of bank loans	23(e)	(259,489)	(296,769)	(465,361)
Repayment of borrowings from non-controlling shareholders	23(e)	(331,902)	–	–
Lease payments	23(e)	(20,795)	(18,380)	(26,379)
Dividends paid to equity shareholders of the Company		(3,201,558)	(3,243,683)	(3,660,412)
Dividends paid to non-controlling shareholders		–	–	(7,564)
Interest paid	23(e)	(12,528)	(9,720)	(21,818)
Net cash used in financing activities		(4,017,763)	(2,850,630)	(4,002,395)
Net (decrease)/increase in cash and cash equivalents		(4,845,977)	3,685,019	(934,829)
Effect of foreign exchange rate changes		(2,786)	4,026	580
Cash and cash equivalents at the beginning of the year		14,000,798	9,152,035	12,841,080
Cash and cash equivalents at the end of the year	23(a)	9,152,035	12,841,080	11,906,831

The accompanying notes are integral part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in thousands of RMB, unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Foshan Haitian Flavouring and Food Company Ltd. ("佛山市海天調味食品股份有限公司"), hereinafter referred to as the "Company", was established in Foshan City, Guangdong Province, the People's Republic of China (the "PRC") on April 8, 2000 as a limited liability company under the PRC Company Law. In November 2010, the Company was converted into a joint stock limited liability company. In February 2014, the Company's A Shares were listed on Shanghai Stock Exchange ("the A Share Listing").

The Company and its subsidiaries (hereinafter collectively referred to as "the Group") are principally engaged in the manufacturing and sales of soy sauce, oyster sauce, flavored sauce, specialty condiment products and others.

The financial statements of the Company and its subsidiaries for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The Company's statutory financial statements for the years ended December 31, 2022, 2023 and 2024 were audited by KPMG Huazhen LLP 畢馬威華振會計師事務所(特殊普通合夥).

As at December 31, 2022, 2023 and 2024, and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Effective interest held by the Group				Principal activities and place of operation
			As at December 31,			At the date of this report	
			2022	2023	2024		
Directly held by the Company							
Hensil Worldwide Investments Limited ("Hensil Worldwide") (興兆環球投資有限公司) *(iv)*	British Virgin Islands ("BVI") July 4, 2001	USD1	100%	100%	100%	100%	Equity investment; BVI
Haitian Vinegar Industry Group Limited ("Vinegar Group") (海天醋業集團有限公司) *(i)(v)*	PRC March 25, 2014	RMB10,000,000	100%	100%	100%	100%	Manufacturing of condiments; PRC
Guangdong Xiaokang Technology Co., Ltd. ("Xiaokang Technology") (廣東小康科技有限公司) *(i)(iii)*	PRC June 22, 2017	RMB10,000,000	100%	100%	100%	100%	Sales of condiments, food, and beverages; PRC
Foshan Haitian (Nanning) Seasoning Food Co., Ltd. ("Nanning Haitian") (佛山市海天(南寧)調味食品有限公司) *(i)(iii)*	PRC January 23, 2020	RMB50,000,000	100%	100%	100%	100%	Manufacturing of condiments; PRC
Haitian Oyster Sauce (Tianjin) Group Co., Ltd. ("Tianjin Oyster") (海天蠔油(天津)集團有限公司) *(i)(iii)*	PRC February 7, 2021	RMB1,000,000	100%	100%	100%	100%	Sales of condiments; PRC

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Effective interest held by the Group				Principal activities and place of operation
			As at December 31,			At the date of this report	
			2022	2023	2024		
Foshan Haitian (Suqian) Seasoning Food Co., Ltd. ("Suqian Haitian") (佛山市海天(宿遷)調味食品有限公司) *(i)(iii)*	PRC August 25, 2021	RMB100,000,000	100%	100%	100%	100%	Manufacturing of condiments; PRC
Haitian Brewing Food Co., Ltd. ("Haitian Niangzao") (海天釀造食品有限公司) *(i)(ii)*	PRC January 10, 2022	RMB25,000,000	100%	100%	100%	100%	Sales of condiments; PRC
Foshan Haitian (Gaoming) Flavoring Food Co., Ltd. ("Gaoming Haitian") (佛山市海天(高明)調味食品有限公司) *(i)(iii)*	PRC June 7, 2004	RMB50,000,000	100%	100%	100%	100%	Manufacturing of condiments; PRC
Indirectly held by the Company							
Zhejiang Haitian Vinegar Wine Marketing Co., Ltd. ("Zhejiang Cujiu") (浙江海天醋酒營銷有限公司) *(i)(iii)*	PRC September 1, 2021	RMB10,000,000	100%	100%	100%	100%	Sales of condiments; PRC

Notes:

(i) The English translation of the company names is for reference only. The official names of these companies are in Chinese. These companies were all limited liability companies under the law of the PRC.

(ii) The statutory financial statements of this entity for the year ended December 31, 2022 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and were audited by KPMG Huazhen LLP. No audited financial statements were prepared for this entity for the years ended December 31, 2023 and 2024.

(iii) The statutory financial statements of these entities for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC. The statutory financial statements for the years ended December 31, 2022, 2023 and 2024 were audited by KPMG Huazhen LLP.

(iv) The audited financial statements of this entity for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities. The audited financial statements for the years ended December 31, 2022, 2023 and 2024 were audited by Tony Kwok Tung Ng & Co., Certified Public Accountants.

(v) The statutory financial statements of this entity for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC. The statutory financial statements for the years ended December 31, 2022, 2023 and 2024 were audited by Suqian Gongxing Certified Public Accountants Co., Ltd..

(vi) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group.

All companies comprising the Group have adopted December 31 as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information adopted are set out in note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards effective for the accounting period beginning on January 1, 2024, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2024 are set out in note 36.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand ("RMB'000"), unless otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for certain financial assets measured at their fair value (see note 2(e)).

(b) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group elects to measure the non-controlling interests ("NCI") at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)(ii)).

(d) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses (see note 2(j)(ii)).

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 32(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified as FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income (see note 2(t)(ii)(d)).

(f) Investment property

Investment property is initially measured at cost. After initial recognition, the Group chooses the cost model to measure all of its investment properties.

Depreciation is calculated on the straight-line basis to write off the cost to its residual value over its estimated useful life. The estimated useful lives are as follows:

– Buildings	20 years

The carrying amounts of investment properties measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Any gain or loss on disposal of investment property is recognized in profit or loss. Rental income from investment properties is recognized in accordance with note 2(t)(ii)(a).

(g) Property, plant and equipment

Property, plant and equipment are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any impairment losses (see note 2(j)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gains or losses on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss as follows:

– Land-use rights, other leased properties, machinery and equipment are depreciated over the unexpired term of lease

– Buildings	5-30 years
– Machinery and equipment	2-15 years
– Vehicles	3-10 years
– Office equipment and others	2-10 years
– Leasehold improvements	2-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress is stated at cost less impairment losses (see note 2(j)(ii)). Cost comprises direct costs of construction as well as interest expense capitalized during the periods of construction and installation. Capitalization of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

(h) Intangible assets (other than goodwill)

Expenditure on research and development activities is recognized in profit or loss as incurred.

Intangible assets acquired by the Group with finite useful lives are measured at cost less accumulated amortization and impairment losses (see note 2(j)(ii)).

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line basis over their estimated useful lives, if any, and is generally recognized in profit or loss.

The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

– Enterprise resource planning system and other software	2-10 years
– Trademark and others	3-10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(g) and 2(j)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortized cost (see notes 2(e)(i), 2(t)(ii)(b) and 2(j)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the financial statements, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with note 2(t)(ii)(a).

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortized cost, non-equity securities measured at fair value through other comprehensive income and lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected live of the instrument is less than 12 months); and

– lifetime ECLs: these are ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and bills receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or

– the financial asset is 90 days past due

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial assets in the consolidated statements of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default;

– for economic or contractual reasons relating to the debtor's financial difficulties, the Group having granted to the debtor a concession that it would not otherwise consider;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer or the debtor

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(k) Inventories

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost (see note 2(j)(i)).

(m) Cash and cash equivalents and restricted cash

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks, term deposits and certificates of deposits held for the purpose of meeting short-term cash commitments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

Guarantee deposits which are restricted to use are presented separately in consolidated statements of financial position as "Restricted cash". Restricted cash is excluded from cash and cash equivalents in the consolidated cash flow statements.

Cash and cash equivalents, term deposits, certificates of deposits and restricted cash are assessed for ECLs in accordance with the policy set out in note 2(j)(i).

(n) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with note 2(v).

(p) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2(t)(i)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable is also recognized (see note 2(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(t)(ii)(b)).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognizes revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax.

(a) Sales of flavoring products

Revenue is recognized when the products are delivered to customers at the locations specified in the sales orders or sales contracts, or when the products are despatched if the customers designate the Group as the carrier. Revenue is recognized based on the price agreed in the contract net of the expected sales rebates and customer incentives to be paid to customers.

(b) Revenue from transportation services

Revenue from transportation services is recognized over time.

(c) Other practical expedients applied

For sales contracts that had an original expected duration of one year or less, the Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(b) Interest income

Interest income is recognized using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(c) Government grants

Government grants are recognized in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognized by setting up the grant as deferred income that is recognized in profit or loss on a systematic basis over the useful life of the asset.

(d) Dividends

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognized, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(v) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities 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).

(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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

According to the Group's internal organisational structure, management requirements and internal reporting system, the nature, production process, sales methods and customer types of the Group's products are similar. The Group's operations and strategies operate as a whole. The financial information provided by the chief operating decision maker does not contain profit or loss information for each operating activity. Therefore, the management believes that the Group has only one reportable segment and the Group is not required to prepare a segment report.

3 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognized in the financial statements:

(a) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Value in use is determined using the discounted cash flow method. Due to inherent risk associated with estimations in the timing and magnitude of the future cash flows, the estimated recoverable amount of the assets may be different from its actual recoverable amount and the Group's profit or loss could be affected by the accuracy of the estimations. Changes in facts and circumstances may result in revisions to the estimates of recoverable amount, which would affect profit or loss in future years.

(b) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated cost necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's profit or loss and net assets value. The Group reassesses these estimates annually.

(c) Useful lives of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are manufacturing and sales of soy sauce, oyster sauce, flavored sauce, specialty condiment products and others.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products and services is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by major products and services			
Sales of soy sauce products	13,861,182	12,637,386	13,757,879
Sales of oyster sauce products	4,416,535	4,251,221	4,615,205
Sales of flavored sauce products	2,584,009	2,427,007	2,668,946
Sales of specialty condiment products and others	2,932,177	3,499,473	4,085,756
Others *(note)*	1,796,665	1,722,231	1,750,336
	25,590,568	24,537,318	26,878,122

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue from other sources			
Rental income	19,084	21,994	22,856
	25,609,652	24,559,312	26,900,978

Note: Others primarily consist of sales of raw materials, packaging materials, by-products and others, and logistics and transportation services income.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers			
Point in time	24,853,611	23,845,149	26,222,393
Over time	736,957	692,169	655,729
	25,590,568	24,537,318	26,878,122

The Group's customer base is diversified, and the Group did not have any customer with whom transactions have exceeded 10% of the Group's aggregate revenue for each of the years ended December 31, 2022, 2023 and 2024.

The Group applies the practical expedient in paragraph 121 of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of substantially all the contracts of the Group are within one year or less.

(b) Segment reporting

Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

(i) Geographic information

Substantially all of the Group's revenue and non-current assets are generated and located in the PRC. Accordingly, no segment analysis based on geographical locations is provided.

5 OTHER REVENUE

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest income	750,174	604,372	527,623
Government grants *(note (a))*	143,894	73,704	91,440
Additional deduction for VAT *(note (b))*	–	70,457	93,738
Others	290	–	–
	894,358	748,533	712,801

Notes:

(a) Government grants

Government grants represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC.

(b) Additional deduction for VAT

Pursuant to the Notice on the Additional Value-added Tax ("VAT") Credit Policy for Advanced Manufacturing Enterprises (Announcement [2023] No. 43) issued by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT in the period from January 1, 2023 to December 31, 2027.

6 OTHER NET INCOME

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net fair value changes on other financial assets at FVPL	134,372	230,126	237,355
Net gains/(losses) on disposal of property, plant and equipment	851	(951)	8,091
Net foreign exchange gains	3,767	1,374	10,511
Others	12,264	(5,406)	7,276
	151,254	225,143	263,233

7 PROVISION FOR IMPAIRMENT LOSSES

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Provision for impairment losses on goodwill	15,488	–	97,491
Others	1,063	3,739	2,062
	16,551	3,739	99,553

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans and other borrowing	12,380	9,737	21,819
Interest on lease liabilities	2,116	2,151	2,142
	14,496	11,888	23,961

(b) Staff costs (including directors' and supervisors' emoluments)

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	1,361,160	1,422,006	1,808,118
Contributions to defined contribution retirement plans	59,655	70,170	83,168
	1,420,815	1,492,176	1,891,286

The Group's PRC entities participate in defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal and provincial government authorities, whereby the PRC entities are required to make contribution at the rates required by different local government authorities. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

The Group has no other material obligations for payments of pension benefits beyond the contributions above.

(c) Other items

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amortization cost of intangible assets *(note 15)*	11,929	11,930	12,756
Depreciation charge			
– Property, plant and equipment *(note 13)*	798,512	879,589	853,333
– Right-of-use assets *(note 14)*	26,386	33,503	39,643
– Investment properties	365	356	338
	825,263	913,448	893,314
Auditors' remuneration	3,837	3,731	4,553
Cost of inventories	13,967,282	13,716,828	14,521,966
Logistics costs	1,451,277	1,340,434	1,449,240
Research and development expenses *(note (i))*	751,339	715,418	839,532

Note:

(i) During the years ended December 31, 2022, 2023 and 2024, research and development expenses include RMB709,400,000, RMB666,786,000, and RMB767,875,000, respectively relating to cost of inventories, staff costs and depreciation expenses, which are also included in the respective total amounts disclosed separately above or in note 8(b) for each of these types of expenses.

9 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current tax – PRC corporate income tax ("CIT")			
Provision for the year	1,113,245	898,613	1,099,497
Under/(over)-provision in respect of prior years	4,468	1,050	(6,548)
	1,117,713	899,663	1,092,949
Deferred tax			
Origination and reversal of temporary differences *(note 30(b))*	43,326	197,188	64,272
	1,161,039	1,096,851	1,157,221

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	7,364,205	6,739,038	7,513,082
Tax at the tax rate of 25%	1,841,051	1,684,760	1,878,271
Effect of different tax rates applicable to subsidiaries *(notes (i)(ii)(iii))*	(587,032)	(508,159)	(657,455)
Tax effect of additional deduction for qualified research and development expenses *(note (i))*	(109,964)	(88,342)	(107,905)
Tax effect of non-deductible expenses	1,811	7,487	37,624
Under/(over)-provision in prior periods	4,468	1,050	(6,548)
Effect of expired unused tax losses recognized in prior years	6,935	–	14,018
Others	3,770	55	(784)
Actual tax expense	1,161,039	1,096,851	1,157,221

Notes:

(i) PRC corporate income tax ("CIT")

The income tax provision of the Group in respect of its operations in mainland China was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof, except for the subsidiaries below.

Certain subsidiaries of the Company in the mainland China were subject to the following preferential corporate income tax policies for years ended December 31, 2022, 2023 and 2024:

– Certain subsidiaries of the Company in the mainland China were approved as "High and New Technology Enterprises", and they were subject to a preferential corporate income tax rate of 15%;

– Certain subsidiaries of the Company were entitled to other tax concessions, mainly including the preferential tax rate of 15% applicable to some subsidiaries and the preferential tax rate of 9% applicable to one subsidiary. These subsidiaries located in certain areas of the mainland China, can enjoy the preferential tax rate upon fulfilment of certain requirements of the respective local governments application conditions of relevant preferential policies; and

– Certain subsidiaries of the Company in the mainland China fulfil the micro and small enterprises qualification under the PRC corporate income tax system. Therefore, partial assessable profits of these subsidiaries were subject to the preferential income tax rate of 20%.

Hensil Worldwide which was incorporated in the British Virgin Islands was deemed as domestic registered resident enterprise since 2014 and subject to CIT tax rate of 25% on the assessable profits. In addition, equity investment income (including dividends) received from other resident enterprise by Hensil Worldwide was qualified for income tax exemption since 2014.

The additional deduction for qualified research and development expenses mainly represents an additional 100% tax deduction on eligible research and development expenses incurred by certain subsidiaries during the years ended December 31, 2022, 2023 and 2024.

(ii) Hong Kong profits tax

The provision for Hong Kong Profits Tax for the years ended December 31, 2023 and 2024 is calculated at 16.5% of the estimated assessable profits for the year, except for one subsidiary of the Company which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first Hong Kong dollars ("HKD") 2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% for the years ended December 31, 2023 and 2024.

(iii) Corporate income tax in other jurisdictions

The income tax rates of the subsidiaries in Vietnam and Indonesia are 20% and 22%, respectively.

(c) Pillar Two income taxes

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") for a new global minimum tax reform applicable to large multinational enterprises. Certain jurisdictions in which the Group operates have implemented Pillar Two income tax legislation based on this framework, and those Pillar Two income tax laws became effective on January 1, 2024.

Vietnam, where Haday Vietnam Company Limited and Haday Vietnam Food Company Limited operate, introduced Pillar Two global minimum tax rules which include an income inclusion rule (IIR) and qualified domestic minimum top-up tax effective from January 1, 2024. However, no provision was made for the Pillar Two global minimum tax as Haday Vietnam Company Limited and Haday Vietnam Food Company Limited did not earn any taxable income for the year ended December 31, 2024.

The Group has applied the temporary mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

Other jurisdictions in which the Group operates are in the process of implementing their Pillar Two income tax legislation. Therefore, it is possible that the Group may be subject to additional Pillar Two income taxes in those jurisdictions in the future.

10 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisors' emoluments during the years ended December 31, 2022, 2023 and 2024 are as follows:

For the year ended December 31, 2022

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Pang Kang *(vii)*	–	1,735	5,274	–	7,009
Ms. Cheng Xue	–	1,660	5,355	42	7,057
Mr. Guan Jianghua	–	1,140	2,473	42	3,655
Mr. Chen Junyang *(vii)*	–	720	1,343	42	2,105
Mr. Wen Zhizhou	–	1,074	1,476	42	2,592
Mr. Liao Changhui	–	47	34	2	83
Mr. He Tingwei *(i)*	–	1,153	560	3	1,716
Mr. Huang Shuliang *(ii)*	–	620	1,200	42	1,862
Independent non-executive directors					
Mr. Zhu Tao *(iii)*	80	–	–	–	80
Mr. Chao Gang *(iii)*	151	–	–	–	151
Mr. Sun Zhanli *(iii)*	151	–	–	–	151
Ms. Shen Hongtao *(iv)*	80	–	–	–	80
Mr. Sun Yuanming *(iv)*	9	–	–	–	9
Mr. Xu Jiali *(iv)*	9	–	–	–	9
Supervisors					
Mr. Gui Junqiang *(v)*	–	601	420	19	1,040
Ms. Chen Min	–	637	123	19	779
Mr. Li Jun *(vi)*	–	558	275	18	851
Mr. Tong Xing *(x)*	–	77	17	2	96
	480	10,022	18,550	273	29,325

For the year ended December 31, 2023

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Pang Kang *(vii)*	–	2,401	3,149	–	5,550
Ms. Cheng Xue	–	2,447	4,208	43	6,698
Mr. Guan Jianghua	–	1,307	2,446	43	3,796
Mr. Chen Junyang *(vii)*	–	1,008	1,027	43	2,078
Mr. Wen Zhizhou	–	1,169	1,129	43	2,341
Mr. Liao Changhui	–	861	850	18	1,729
Independent non-executive directors					
Ms. Shen Hongtao *(iv)*	200	–	–	–	200
Mr. Sun Yuanming *(iv)*	200	–	–	–	200
Mr. Xu Jiali *(iv)*	200	–	–	–	200
Supervisors					
Ms. Chen Min	–	620	204	18	842
Mr. Tong Xing *(x)*	–	998	244	18	1,260
Mr. Huang Shuliang	–	760	973	43	1,776
	600	11,571	14,230	269	26,670

For the year ended December 31, 2024

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Pang Kang *(vii)*	–	2,594	2,886	–	5,480
Ms. Cheng Xue	–	6,448	2,637	49	9,134
Mr. Guan Jianghua	–	4,452	1,532	49	6,033
Mr. Chen Junyang *(vii)*	–	723	1,054	35	1,812
Mr. Wen Zhizhou	–	1,182	1,449	49	2,680
Mr. Liao Changhui	–	1,247	1,438	20	2,705
Mr. Huang Wenbiao *(viii)*	–	306	981	14	1,301
Mr. Dai Wen *(viii)*	–	311	502	5	818
Independent non-executive directors					
Ms. Shen Hongtao *(iv)*	150	–	–	–	150
Mr. Sun Yuanming *(iv)*	150	–	–	–	150
Mr. Xu Jiali *(iv)*	150	–	–	–	150
Mr. Zhang Kechun *(ix)*	86	–	–	–	86
Mr. Qu Wenzhou *(ix)*	86	–	–	–	86
Mr. Ding Bangqing *(ix)*	86	–	–	–	86
Supervisors					
Ms. Chen Min	–	623	323	20	966
Mr. Tong Xing *(x)*	–	737	649	15	1,401
Mr. Huang Shuliang	–	747	1,248	49	2,044
Mr. He Tao *(xi)*	–	155	93	5	253
	708	19,525	14,792	310	35,335

(i) Mr. He Tingwei resigned as the executive director of the Company in December 2022.

(ii) Mr. Huang Shuliang served as executive director and supervisor of the Company in 2022 and resigned as the executive director of the Company in December 2022.

(iii) Mr. Zhu Tao resigned as independent non-executive director of the Company in March 2022, Mr. Chao Gang and Mr. Sun Zhanli resigned as independent non-executive directors of the Company in December 2022.

(iv) Ms. Shen Hongtao was appointed as independent non-executive director of the Company in July 2022, Mr. Sun Yuanming and Mr. Xu Jiali were appointed as independent non-executive directors in December 2022 and all of the above non-executive directors resigned in September 2024.

(v) Mr. Gui Junqiang resigned as the supervisor of the Company in December 2022.

(vi) Mr. Li Jun resigned as the supervisor of the Company in December 2022.

(vii) Mr. Pang Kang and Mr. Chen Junyang resigned as the executive directors of the Company in September 2024.

(viii) Mr. Huang Wenbiao and Mr. Dai Wen were appointed as executive directors of the Company in September 2024.

(ix) Mr. Zhang Kechun, Mr. Qu Wenzhou and Mr. Ding Bangqing were appointed as independent non-executive directors of the Company in September 2024.

(x) Mr. Tong Xing resigned as the supervisor of the Company in September 2024.

(xi) Mr. He Tao was appointed as supervisor of the Company in September 2024.

During the years ended December 31, 2022, 2023 and 2024, the executive directors and the supervisors have provided management services in connection with the management of the affairs of the Company or its subsidiaries undertaking. Since the emoluments as directors, supervisors or management cannot be distinguished from each other, emoluments as the mentioned roles are disclosed on a combined basis.

During the years ended December 31, 2022, 2023 and 2024, no emoluments was paid by the Group to the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office. No director or supervisor has waived or agreed to waive any emoluments during the years ended December 31, 2022, 2023 and 2024.

11 INDIVIDUALS WITH HIGHEST REMUNERATION

For the years ended December 31, 2022, 2023 and 2024, of the five individuals with the highest remuneration, 5, 5, and 3 are directors whose remunerations are disclosed in note 10.

The aggregate remuneration in respect of the remaining individuals are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and other emoluments	–	–	2,955
Discretionary bonuses	–	–	5,001
Retirement scheme contributions	–	–	99
	–	–	8,055

The remuneration of the above individuals with the highest remuneration are within the following bands:

	Year ended December 31,		
	2022	2023	2024
	Number of individuals	*Number of individuals*	*Number of individuals*
HKD3,500,001 – HKD4,000,000	–	–	1
HKD5,000,001 – HKD5,500,000	–	–	1

12 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the years ended December 31, 2022, 2023 and 2024 and the weighted average number of ordinary shares in issue or deemed to be in issue for the respective year, calculated as follows:

(i) Profit attributable to equity shareholders of the Company used in basic earnings per share calculation

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit attributable to equity shareholders of the Company	6,197,717	5,626,625	6,344,126

(ii) Weighted-average number of ordinary shares

	Year ended December 31,		
	2022	2023	2024
	'000	'000	'000
Issued ordinary shares at the beginning of the year	4,212,576	4,633,834	5,560,601
Effect of bonus issue *(note 31(c)(ii))*	1,348,025	926,767	–
Effect of shares repurchased in previous years *(note 31 (d))*	–	–	(6,758)
Effect of shares repurchased during the year *(note 31 (d))*	–	(503)	(7,193)
Weighted average number of ordinary shares at the end of the year	5,560,601	5,560,098	5,546,650

The weighted average number of ordinary shares has been adjusted retrospectively from 1 January 2022 for the effect of bonus issues in 2022 and 2023 (see Note 31(c)(ii)).

(b) Diluted earnings per share

During the years ended December 31, 2022, 2023 and 2024, there were no dilutive potential ordinary shares issued. Therefore, diluted earnings per share is the same as basic earnings per share.

13 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

The Group:

	Buildings	Machinery and equipment	Vehicles	Office equipment and others	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At January 1, 2022	2,145,777	5,226,584	5,586	10,383	923,164	9,469	8,320,963
Additions	238	1,068	182	241	1,209,068	3,736	1,214,533
Business combinations through acquisition of subsidiaries *(note 17)*	337,227	68,238	3,284	2,721	39,846	–	451,316
Transfer from construction in progress	267,823	699,218	–	9,523	(980,857)	4,293	–
Transfer to intangible assets	–	–	–	–	(11,343)	–	(11,343)
Disposals	–	(14,448)	(104)	(265)	–	–	(14,817)
At December 31, 2022 and January 1, 2023	2,751,065	5,980,660	8,948	22,603	1,179,878	17,498	9,960,652
Additions	794	19,657	428	1,525	1,541,555	–	1,563,959
Transfer from construction in progress	630,379	618,957	1,319	5,239	(1,255,894)	–	–
Transfer to intangible assets	–	–	–	–	(5,424)	–	(5,424)
Disposals	(699)	(51,736)	(1,629)	(525)	–	(116)	(54,705)
At December 31, 2023 and January 1, 2024	3,381,539	6,567,538	9,066	28,842	1,460,115	17,382	11,464,482
Additions	2,064	46,980	440	711	1,274,361	2,095	1,326,651
Transfer from construction in progress	579,609	669,635	106	1,457	(1,250,807)	–	–
Transfer to intangible assets	–	–	–	–	(8,033)	–	(8,033)
Disposals	–	(26,954)	(614)	(480)	–	–	(28,048)
At December 31, 2024	3,963,212	7,257,199	8,998	30,530	1,475,636	19,477	12,755,052

	Buildings	Machinery and equipment	Vehicles	Office equipment and others	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:							
At January 1, 2022	(802,357)	(2,961,979)	(4,282)	(5,489)	–	(1,248)	(3,775,355)
Charge for the year	(133,110)	(652,155)	(1,194)	(6,816)	–	(5,237)	(798,512)
Written back on disposals	–	10,579	82	229	–	–	10,890
At December 31, 2022 and January 1, 2023	(935,467)	(3,603,555)	(5,394)	(12,076)	–	(6,485)	(4,562,977)
Charge for the year	(154,279)	(711,867)	(1,056)	(5,990)	–	(6,397)	(879,589)
Written back on disposals	420	49,556	1,346	503	–	116	51,941
At December 31, 2023 and January 1, 2024	(1,089,326)	(4,265,866)	(5,104)	(17,563)	–	(12,766)	(5,390,625)
Charge for the year	(186,181)	(654,450)	(1,224)	(6,747)	–	(4,731)	(853,333)
Written back on disposals	–	21,067	559	353	–	–	21,979
At December 31, 2024	(1,275,507)	(4,899,249)	(5,769)	(23,957)	–	(17,497)	(6,221,979)
Net book value:							
At December 31, 2022	1,815,598	2,377,105	3,554	10,527	1,179,878	11,013	5,397,675
At December 31, 2023	2,292,213	2,301,672	3,962	11,279	1,460,115	4,616	6,073,857
At December 31, 2024	2,687,705	2,357,950	3,229	6,573	1,475,636	1,980	6,533,073

As at December 31, 2022, 2023 and 2024, the Group was in the process of applying for certificates of ownership for certain properties located in mainland China with carrying amounts of RMB179,618,000, RMB661,020,000, and RMB109,531,000, respectively. The directors of the Group are of the opinion that the use of and the conduct of operating activities at these properties are not affected by the fact that the Group has not yet obtained the relevant property title certificates.

(b) Buildings leased out under operating leases

The Group:

	Buildings
	RMB'000
Cost:	
At January 1, 2022	29,600
Additions	55,888
At December 31, 2022 and January 1, 2023	85,488
Additions	401
Decrease	(685)
At December 31, 2023 and January 1, 2024	85,204
Additions	80,348
Decrease	(70,079)
At December 31, 2024	95,473

	Buildings
	RMB'000
Accumulated depreciation:	
At January 1, 2022	(8,025)
Charge for the year	(3,927)
Additions	(20,381)
At December 31, 2022 and January 1, 2023	(32,333)
Charge for the year	(9,647)
Additions	(326)
Decrease	490
At December 31, 2023 and January 1, 2024	(41,816)
Charge for the year	(4,393)
Additions	(45,310)
Decrease	29,641
At December 31, 2024	(61,878)
Net book value:	
At December 31, 2022	53,155
At December 31, 2023	43,388
At December 31, 2024	33,595

14 RIGHT-OF-USE ASSETS

Reconciliation of carrying amount

The Group:

	Land-use rights	Other properties, machinery and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At January 1, 2022	418,476	84,533	503,009
Additions	188,679	–	188,679
Business combinations through acquisition of subsidiaries *(note 17)*	105,377	–	105,377
Reductions due to early termination	–	(15,318)	(15,318)
At December 31, 2022 and January 1, 2023	712,532	69,215	781,747
Additions	194,689	14,123	208,812
At December 31, 2023 and January 1, 2024	907,221	83,338	990,559
Additions	40,866	24,649	65,515
Decrease due to early termination	–	(2,553)	(2,553)
Decrease due to expiration of leases	–	(54,671)	(54,671)
Exchange adjustment	–	22	22
At December 31, 2024	948,087	50,785	998,872

	Land-use rights	Other properties, machinery and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
Accumulated depreciation:			
At January 1, 2022	(55,907)	(20,888)	(76,795)
Charge for the year	(8,619)	(17,767)	(26,386)
Reductions due to early termination	–	3,305	3,305
At December 31, 2022 and January 1, 2023	(64,526)	(35,350)	(99,876)
Charge for the year	(16,692)	(16,811)	(33,503)
At December 31, 2023 and January 1, 2024	(81,218)	(52,161)	(133,379)
Charge for the year	(19,131)	(20,512)	(39,643)
Decrease due to early termination	–	84	84
Decrease due to expiration of leases	–	54,671	54,671
Exchange adjustment	–	3	3
At December 31, 2024	(100,349)	(17,915)	(118,264)
Net book value:			
At December 31, 2022	648,006	33,865	681,871
At December 31, 2023	826,003	31,177	857,180
At December 31, 2024	847,738	32,870	880,608

The Group's land-use rights on leasehold land are located in the PRC. Depreciation is recognized in profit or loss on a straight-line basis over the respective periods of the land-use rights, which are 22 to 70 years, 22 to 70 years, and 22 to 70 years as at December 31, 2022, 2023 and 2024, respectively.

The Group leases other offices, machinery equipment, dormitories and warehouses expiring from 3 to 16 years, 3 to 16 years, and 1 to 16 years as at December 31, 2022, 2023 and 2024, respectively. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments.

The analysis of expense items in relation to leases recognized in the Group's profit or loss is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	2,116	2,151	2,142
Depreciation charge of right-of-use assets	26,386	33,503	39,643
Expense relating to short-term leases	2,226	1,781	4,823
	30,728	37,435	46,608

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in note 23(f) and note 28.

15 INTANGIBLE ASSETS

The Group:

	Enterprise resource planning system	Other software	Trademark and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2022	15,578	7,967	30,207	53,752
Additions	–	1,491	1,389	2,880
Transfer from construction in progress	1,323	6,847	3,173	11,343
Business combinations through acquisition of subsidiaries *(note 17)*	–	340	19,510	19,850
Disposals	–	(37)	–	(37)
At December 31, 2022 and January 1, 2023	16,901	16,608	54,279	87,788
Additions	–	21	411	432
Transfer from construction in progress	–	5,424	–	5,424
At December 31, 2023 and January 1, 2024	16,901	22,053	54,690	93,644
Additions	–	131	–	131
Transfer from construction in progress	–	7,641	392	8,033
At December 31, 2024	16,901	29,825	55,082	101,808
Accumulated amortization:				
At January 1, 2022	(15,578)	(4,723)	(9,367)	(29,668)
Charge for the year	(125)	(1,704)	(10,100)	(11,929)
Written back on disposals	–	11	–	11
At December 31, 2022 and January 1, 2023	(15,703)	(6,416)	(19,467)	(41,586)
Charge for the year	(280)	(2,989)	(8,661)	(11,930)
At December 31, 2023 and January 1, 2024	(15,983)	(9,405)	(28,128)	(53,516)
Charge for the year	(279)	(4,616)	(7,861)	(12,756)
At December 31, 2024	(16,262)	(14,021)	(35,989)	(66,272)
Net book value:				
At December 31, 2022	1,198	10,192	34,812	46,202
At December 31, 2023	918	12,648	26,562	40,128
At December 31, 2024	639	15,804	19,093	35,536

16 GOODWILL

	RMB'000
Cost:	
At January 1, 2022	47,756
Arising from business combination *(note 17)*	195,338
At December 31, 2022, December 31, 2023, January 1, 2024 and December 31, 2024	243,094
Accumulated impairment losses:	
At January 1, 2022	(17,178)
Addition	(15,488)
At December 31, 2022, December 31, 2023 and January 1, 2024	(32,666)
Addition	(97,491)
At December 31, 2024	(130,157)
Carrying amount:	
At December 31, 2022	210,428
At December 31, 2023	210,428
At December 31, 2024	112,937

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to business types as follows:

	As at December 31, 2022	As at December 31, 2023	As at December 31, 2024
	RMB'000	RMB'000	RMB'000
Cost:			
Zhejiang Jiu Sheng Camellia Oil Technology Co., Ltd. ("Zhejiang Jiusheng")	97,847	97,847	97,847
Honghe Hongbin Food Co., Ltd. ("Honghe Hongbin")	97,491	97,491	97,491
Others	47,756	47,756	47,756
Accumulated impairment losses:			
Zhejiang Jiusheng	–	–	–
Honghe Hongbin	–	–	(97,491)
Others	(32,666)	(32,666)	(32,666)
	210,428	210,428	112,937

(a) Zhejiang Jiusheng CGU

The recoverable amount of the Zhejiang Jiusheng CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

	As at December 31, 2022	2023	2024
Annual growth rate of revenue during five-year forecast period	18% – 24%	14% – 19%	12% – 25%
Gross profit margin	39% – 41%	34% – 37%	30% – 34%
Pre-tax discount rate	13.82%	13.82%	14.75%

The headroom calculated based on the recoverable amounts deducting the carrying amount of the Zhejiang Jiusheng CGU as at December 31, 2022, 2023 and 2024 is RMB509,284,000, RMB267,700,000 and RMB327,448,000, respectively.

(b) Honghe Hongbin CGU

Due to the adverse change in the market in 2024, management expected the selling price of Honghe Hongbin's products would decrease, which had a negative impact on the relevant products' gross profit. When preparing the consolidated financial statements for the nine months ended 30 September 2024, management consider there is an indicator of goodwill impairment, and performed the goodwill impairment test in September 2024. The carrying amount of the Honghe Hongbin CGU was determined to be higher than its recoverable amount. Accordingly, goodwill allocated to the Honghe Hongbin CGU of RMB97,491,000 is fully impaired and the relevant impairment loss was recognized in "Provision for impairment losses" during the year ended December 31, 2024.

The recoverable amount of the Honghe Hongbin CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

	As at December 31,		As at September 30,
	2022	2023	2024
Annual growth rate of revenue during five-year forecast period	15%-48%	13%-36%	5%-29%
Gross profit margin	19%-23%	18%-24%	14%-21%
Pre-tax discount rate	14.75%	14.75%	15.28%

The headroom calculated based on the recoverable amounts deducting the carrying amount of the Honghe Hongbin CGU as at December 31, 2022 and 2023 is RMB35,541,000 and RMB6,676,000, respectively.

(c) Sensitivity analysis

Management have undertaken sensitivity analysis on the impairment test of Zhejiang Jiusheng CGU and Honghe Hongbin CGU. The following table sets forth the hypothetical changes to the percentage points of annual growth rate of revenue during five-year forecast period, gross profit margin and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as at December 31, 2022, 2023 and 2024:

	As at December 31, 2022		As at December 31, 2023		As at December 31, 2024
	Zhejiang Jiusheng CGU	Honghe Hongbin CGU	Zhejiang Jiusheng CGU	Honghe Hongbin CGU	Zhejiang Jiusheng CGU
Annual growth rate of revenue during five-year forecast period	7.28%	0.86%	4.26%	0.13%	5.13%
Gross profit margin	9.59%	0.64%	5.00%	0.10%	5.51%
Pre-tax discount rate	10.54%	0.46%	5.50%	0.07%	7.55%

The directors of the Company are of the view that, except for the Honghe Hongbin CGU, a reasonably possible change in a key parameter will not cause the carrying amount of the relevant CGUs to exceed the respective recoverable amounts as at December 31, 2022, 2023 and 2024.

17 ACQUISITIONS OF SUBSIDIARIES

(a) Zhejiang Jiusheng

In January 2022, the Group acquired of 67% equity interest in Zhejiang Jiusheng from Ms. Shi Yuhua and Mr. Zhang Xiangjie (the then controlling shareholders of Zhejiang Jiusheng) at consideration of RMB440,181,000. Zhejiang Jiusheng principally engages in manufacturing and sales of camellia oil products. The above acquisition was made as part of the Group's strategy to expand its market share in different types of condiments products.

From the post acquisition date to December 31, 2022, Zhejiang Jiusheng contributed revenue of RMB272,903,000 and profit of RMB26,567,000 to the Group's results.

The fair values of the identifiable assets and liabilities acquired as at the date of acquisition are set out as follows:

	Fair Value
	RMB'000
Property, plant and equipment	93,826
Right-of-use assets	21,715
Intangible assets	9,595
Other financial assets at FVPL	7,000
Deferred tax assets	2,065
Inventories	99,917
Trade receivables	34,283
Other receivables	13,001
Cash and cash equivalents	326,781
Restricted cash	558
Trade payables	(7,745)
Other payables	(22,493)
Contract liabilities	(4,700)
Bank loans and other borrowing	(53,239)
Deferred tax liabilities	(9,618)
Total identifiable net assets acquired	510,946
Non-controlling interests (33%)	168,612
Cash consideration	440,181
Goodwill arising on acquisition	97,847

(b) Honghe Hongbin

In May 2022, the Group acquired of 67% equity interest in Honghe Hongbin from Ms. Tao Jinlin and Mr. Ren Hongbin (the then controlling shareholders of Honghe Hongbin) at consideration of RMB532,808,000. Honghe Hongbin principally engages in manufacturing and sales of pickled chili products. The above acquisition was made as part of the Group's strategy to expand its market share in different types of condiments products.

From the post acquisition date to December 31, 2022, Honghe Hongbin contributed revenue of RMB179,838,000 and profit of RMB2,657,000 to the Group's results.

The fair values of the identifiable assets and liabilities acquired as at the date of acquisition are set out as follows:

	Fair Value
	RMB'000
Property, plant and equipment	357,490
Right-of-use assets	83,662
Intangible assets	10,255
Inventories	101,495
Trade receivables	23,239
Other receivables	10,777
Cash and cash equivalents	554,004
Trade payables	(6,425)
Other payables	(367,265)
Contract liabilities	(4,085)
Bank loans	(100,140)
Deferred tax liabilities	(13,280)
Total identifiable net assets acquired	649,727
Non-controlling interests (33%)	214,410
Cash consideration	532,808
Goodwill arising on acquisition	97,491

The Group incurred transaction costs of RMB1,294,000 in connection with the above two acquisitions. The transaction costs have been included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the above two acquisitions are as follows.

	Year ended December 31,
	2022
	RMB'000
Total cash consideration	(972,989)
Cash consideration payable *(note (i))*	18,900
Cash and cash balances acquired	880,785
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(73,304)

Note:

(i) Cash consideration payable is fully settled in September 2023.

If the above mentioned two acquisitions had occurred on January 1, 2022, management estimates the consolidated revenue for year ended December 31, 2022 would have been RMB25,671,854,000 and consolidated profit for the year ended December 31, 2022 would have been RMB6,222,845,000.

Non-controlling interests recognized at the acquisition date were measured by reference to the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

18 INVESTMENTS IN SUBSIDIARIES

The carrying amounts of investments in subsidiaries of the Company is listed below:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cost	1,499,109	1,559,109	1,597,900
Less: impairment	(10,000)	(10,000)	(107,491)
	1,489,109	1,549,109	1,490,409

Further details of the principal subsidiaries of the Group are set out in note 1.

The subsidiaries of the Group do not have material non-controlling interest.

The impairment losses of investment in Honghe Hongbin amounted to RMB97,491,000 recognized during the year ended December 31, 2024 (note 16(b)).

19 OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group:

		As at December 31,		
	Note	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current:				
Equity securities		100	100	100
Current:				
Wealth management products	*(i)*	6,081,663	5,841,005	7,518,580
Listed securities		–	–	98,996
		6,081,663	5,841,005	7,617,576
		6,081,763	5,841,105	7,617,676

The Company:

		As at December 31,		
	Note	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current:				
Equity securities		100	100	100
Current:				
Wealth management products	*(i)*	2,624,927	3,611,520	4,727,412
		2,625,027	3,611,620	4,727,512

(i) Wealth management products

The wealth management products were issued by banks with variable investment income and can be redeemed on demand or in a short-term.

20 INVENTORIES

(a) Inventories in the statements of financial position comprises:

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	318,101	212,772	210,128
Work in progress	1,553,902	1,469,434	1,319,870
Finished goods	421,402	832,177	886,731
Packaging materials	64,976	69,687	73,995
Low value consumables	34,323	34,545	32,744
Others	–	3,897	5,076
	2,392,704	2,622,512	2,528,544
Less: write-down of inventories	(1,063)	(3,739)	(3,270)
Total	2,391,641	2,618,773	2,525,274

The Company:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	1,688	1,314	2,746
Packaging materials	48	17	17
Low value consumables	7,880	7,561	5,096
	9,616	8,892	7,859

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

The Group:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	13,413,820	13,207,937	13,950,948
Carrying amount of inventories recognized as research and development expenses	552,399	505,152	568,956
Write-down of inventories	1,063	3,739	2,062
	13,967,282	13,716,828	14,521,966

21 TRADE RECEIVABLES

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables	199,771	234,511	254,507
Bills receivable	–	–	371
Less: loss allowance	(11,376)	(11,362)	(12,246)
Total	**188,395**	**223,149**	**242,632**

All of the trade and bills receivables in current portion are expected to be recovered or recognized as expense within one year.

Aging analysis

As of the end of each reporting period, the aging analysis of trade and bills receivable, based on the invoice date, is as follows:

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	196,567	232,540	251,728
1 to 2 years	2,644	1,611	2,053
2 to 3 years	329	74	737
Over 3 years	231	286	360
	199,771	234,511	254,878

Trade receivables are due within 90 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted.

22 OTHER RECEIVABLES

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Amounts due from related parties	2,190	3,559	3,325
Other receivables	8,548	28,010	15,281
Deposits for a derivative financial instrument	–	150,000	–
	10,738	181,569	18,606
Prepayments for materials	25,304	19,263	34,294
Deductible input VAT and others	52,540	201,275	288,991
	88,582	402,107	341,891

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments for purchase of property, plant and equipment	4,267	9,708	61,219
Deposits for acquisition of land-use rights	84,376	–	–
Other receivables	3,211	–	–
	91,854	9,708	61,219
Total	**180,436**	**411,815**	**403,110**

The Company:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Amounts due from subsidiaries	4,595,252	3,562,200	2,805,593
Dividends receivables from subsidiaries	6,479,000	4,750,000	2,670,000
Deposits for a derivative financial instrument	–	150,000	–
Other receivables	2,210	4,470	975
	11,076,462	8,466,670	5,476,568

All of the other receivables in current portion are expected to be recovered or recognized as expense within one year.

23 CASH AND CASH EQUIVALENTS, TERM DEPOSITS, CERTIFICATES OF DEPOSITS AND RESTRICTED CASH, AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and in hand, and cash equivalents	9,152,035	12,841,080	11,906,831

The Company:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and in hand, and cash equivalents	7,191,574	8,640,855	5,151,010

(i) Classification as cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash equivalents include term deposits and certificates of deposits held for the purpose of meeting short-term cash commitments.

(b) Term deposits and certificates of deposits comprise:

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Term deposits *(note (i))*	5,229,999	4,805,377	5,327,793
Certificates of deposits *(note (i))*	3,810,110	4,025,004	4,871,719
	9,040,109	8,830,381	10,199,512

The Company:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Term deposits *(note (i))*	1,986,509	4,143,664	4,599,554
Certificates of deposits *(note (i))*	2,235,976	3,758,290	4,258,858
	4,222,485	7,901,954	8,858,412

(i) The balance of term deposits and certificates of deposits mainly comprise term deposits and certificates of deposits with terms over three months and related accrued interest.

(c) Restricted cash

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Guarantee deposits *(note (i))*	31,163	17,924	8,393

(i) The balance of guarantee deposits mainly comprise letter of credit guarantee deposits and third-party payment platforms guarantee deposits which are both restricted.

(d) Reconciliation of profit before taxation to cash generated from operations:

		Year ended December 31,		
	Note	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Profit before taxation		7,364,205	6,739,038	7,513,082
Adjustments for:				
Depreciation	*8(c)*	825,263	913,448	893,314
Amortization	*8(c)*	11,929	11,930	12,756
Provision for expected credit losses on trade and other receivables		2,592	203	1,041
Provision for impairment losses	*7*	16,551	3,739	99,553
Interest income	*5*	(750,174)	(604,372)	(527,623)
Finance costs	*8(a)*	14,496	11,888	23,961

	Note	Year ended December 31, 2022	2023	2024
		RMB'000	RMB'000	RMB'000
Net fair value changes on other financial assets at FVPL	6	(134,372)	(230,126)	(237,355)
(Gain)/loss arising from disposal of property, plant and equipment	6	(851)	951	(8,091)
Changes in working capital:				
Decrease/(increase) in inventories		35,526	(229,808)	93,968
Increase in trade receivables		(77,519)	(34,957)	(20,524)
Decrease/(increase) in other receivables		39,042	(145,486)	(101,509)
(Decrease)/increase in trade and bills payable		(344,938)	111,226	(51,391)
(Decrease)/increase in other payables		(153,455)	210,597	267,036
(Decrease)/increase in deferred income		(13,190)	24,058	55,295
(Decrease)/increase in contract liabilities		(1,769,295)	1,578,916	(191,714)
Cash generated from operations		5,065,810	8,361,245	7,821,799

(e) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	Bank loans and other borrowing	Lease liabilities	Bills payable	Other payables	Total
	RMB'000 *(note 27)*	*RMB'000* *(note 28)*	*RMB'000* *(note 24)*	*RMB'000* *(note 25)*	*RMB'000*
Balance at January 1, 2022	104,600	75,466	442,500	–	622,566
Changes from financing cash flows:					
Proceeds from bank loans	251,009	–	–	–	251,009
Repayment of bank loans	(259,489)	–	–	–	(259,489)
Repayment of borrowings from non-controlling shareholders	–	–	–	(331,902)	(331,902)
Lease payments	–	(20,795)	–	–	(20,795)
Interest paid	(12,528)	–	–	–	(12,528)
Proceeds from discount of bills receivable due from the Company by a subsidiary	–	–	700,000	–	700,000
Payment for expired bills payable due to a subsidiary from the Company	–	–	(1,142,500)	–	(1,142,500)
Total changes from financing cash flows	(21,008)	(20,795)	(442,500)	(331,902)	(816,205)

	Bank loans and other borrowing	Lease liabilities	Bills payable	Other payables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 27)	*(note 28)*	*(note 24)*	*(note 25)*	
Other changes:					
Interests incurred during the year *(note 8(a))*	12,380	2,116	–	–	14,496
Decrease in lease liabilities	–	(11,754)	–	–	(11,754)
Increase from business combinations	153,379	–	–	331,902	485,281
Total other changes	165,759	(9,638)	–	331,902	488,023
Balance at December 31, 2022	249,351	45,033	–	–	294,384

	Bank loans and other borrowing	Lease liabilities	Bills payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(note 27)	*(note 28)*	*(note 24)*	
Balance at January 1, 2023	249,351	45,033	–	294,384
Changes from financing cash flows:				
Proceeds from bank loans	517,920	–	–	517,920
Repayment of bank loans	(296,769)	–	–	(296,769)
Lease payments	–	(18,380)	–	(18,380)
Interest paid	(9,720)	–	–	(9,720)
Proceeds from discount of bills receivable due from the Company by a subsidiary	–	–	1,050,000	1,050,000
Payment for expired bills payable due to a subsidiary from the Company	–	–	(600,000)	(600,000)
Total changes from financing cash flows	211,431	(18,380)	450,000	643,051
Other changes:				
Interests incurred during the year *(note 8(a))*	9,737	2,151	–	11,888
Increase in lease liabilities	–	14,123	–	14,123
Total other changes	9,737	16,274	–	26,011
Balance at December 31, 2023	470,519	42,927	450,000	963,446

	Bank loans and other borrowing	Lease liabilities	Bills payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(note 27)	*(note 28)*	*(note 24)*	
Balance at January 1, 2024	470,519	42,927	450,000	963,446
Changes from financing cash flows:				
Proceeds from bank loans	356,506	–	–	356,506
Repayment of bank loans	(465,361)	–	–	(465,361)
Lease payments	–	(26,379)	–	(26,379)
Interest paid	(21,818)	–	–	(21,818)
Proceeds from discount of bills receivable due from the Company by a subsidiary	–	–	1,486,477	1,486,477
Payment for expired bills payable due to a subsidiary from the Company	–	–	(1,350,000)	(1,350,000)
Total changes from financing cash flows	(130,673)	(26,379)	136,477	(20,575)
Other changes:				
Interests incurred during the year *(note 8(a))*	21,819	2,142	–	23,961
Increase in lease liabilities	–	24,649	–	24,649
Exchange adjustment	–	22	–	22
Total other changes	21,819	26,813	–	48,632
Balance at December 31, 2024	361,665	43,361	586,477	991,503

(f) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprises the following, which are related to lease rentals paid:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	2,226	1,781	4,823
Within financing cash flows	20,795	18,380	26,379
	23,021	20,161	31,202

24 TRADE AND BILLS PAYABLE

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	1,300,262	1,403,495	1,360,098
– third parties *(notes (ii))*	1,124,517	1,269,873	1,224,340
– related parties	175,745	133,622	135,758
Bills payable	–	457,994	586,477
	1,300,262	1,861,489	1,946,575

The Company:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	1,683	289	26,012
– third parties	1,671	–	89
– related parties	12	–	–
– subsidiaries	–	289	25,923
Bills payable	–	450,000	586,477
	1,683	450,289	612,489

Notes:

(i) All trade and bills payable (including amounts due to related parties and subsidiaries) are expected to be settled within one year or are repayable on demand.

(ii) Since 2023, the Group's certain suppliers has entered into factoring arrangements with Guangdong Haitian Commercial Factoring Company Limited ("Haitian Factoring"), an entity controlled by the immediate shareholder of the Group. Under these arrangements, the Group's suppliers transfer the receivables due from the Group to Haitian Factoring before the original due dates, and the Group settle these trade payables with Haitian Factoring upon the due date. The receivables due from the Group that certain suppliers transferred to Haitian Factoring as at December 31, 2023, and 2024 amounted to RMB211,767,000 and RMB203,245,000 respectively. Trade payables that the Group settled with Haitian Factoring under above arrangement amounted to RMB2,370,155,000 and RMB2,863,186,000 in aggregate during the years ended December 31, 2023 and 2024.

As of the end of each reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,300,262	1,403,495	1,360,098
	1,300,262	1,403,495	1,360,098

The Company:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,683	289	26,012
	1,683	289	26,012

25 OTHER PAYABLES

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Other taxes payable	150,142	63,930	76,320
Payroll payables	669,279	593,659	664,673
Amounts due to related parties	3,087	4,815	3,858
Deposits due to suppliers	149,941	156,203	154,877
Accrual for marketing expenses	310,028	273,963	227,760
Accrual for transportation expenses	291,017	225,064	261,592
Payables for equipment and construction	201,447	148,837	157,538
Consideration for acquisition of a subsidiary	18,900	–	–
Others	70,445	38,721	56,389
	1,864,286	1,505,192	1,603,007

The Company:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Other taxes payable	28,348	22,029	31,436
Payroll payables	459,333	386,398	421,842
Amounts due to subsidiaries	6,251,612	5,098,266	870,266
Deposits due to suppliers	4,628	7,087	7,084
Accrual for marketing expenses	72,189	53,786	69,252
Payables for equipment and construction	238	239	178
Others	3,638	14,839	7,809
	6,819,986	5,582,644	1,407,867

All other payables (including amounts due to related parties and subsidiaries) are expected to be settled within one year or are repayable on demand.

26 CONTRACT LIABILITIES

Contract liabilities mainly represents the advance payments (exclude output VAT) from customers, for which the underlying goods are yet to be provided. The output VAT contained in the advance payments has been classified under other current liabilities.

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Receipts in advance	2,948,111	4,527,027	4,335,313

The Company:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Receipts in advance	2,659,323	4,113,858	4,002,681

Movement of contract liabilities are as follows:

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	4,708,621	2,948,111	4,527,027
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(4,606,385)	(2,948,111)	(4,527,027)
Increase in contract liabilities as a result of billing in advance of sales activities	2,845,875	4,527,027	4,335,313
Balance at the end of the year	2,948,111	4,527,027	4,335,313

The Company:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	4,435,222	2,659,323	4,113,858
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(4,435,222)	(2,659,323)	(4,113,858)
Increase in contract liabilities as a result of billing in advance of sales activities	2,659,323	4,113,858	4,002,681
Balance at the end of the year	2,659,323	4,113,858	4,002,681

27 BANK LOANS AND OTHER BORROWING

(a) The Group's bank loans and other borrowing comprised:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Short-term bank loans	131,720	362,645	293,465
Current portion of long-term bank loans	4,978	18,604	16,000
	136,698	381,249	309,465
Non-current			
Long-term bank loans	93,653	70,270	33,200
Other borrowing	19,000	19,000	19,000
	112,653	89,270	52,200
	249,351	470,519	361,665

(b) The analysis of the repayment schedule of bank loans and other borrowing is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	136,698	381,249	309,465
After 1 year but within 2 years	8,897	24,172	52,200
After 2 years but within 5 years	103,756	65,098	–
	112,653	89,270	52,200
	249,351	470,519	361,665

(i) As at December 31, 2022, 2023 and 2024, all bank loans and other borrowing of the Group are unsecured and unguaranteed.

28 LEASE LIABILITIES

As at the end of each reporting period, the lease liabilities were repayable as follows:

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	15,287	12,741	14,770
After 1 year but within 2 years	8,021	5,727	5,024
After 2 years but within 5 years	2,600	5,455	4,906
After 5 years	19,125	19,004	18,661
	29,746	30,186	28,591
	45,033	42,927	43,361

The Company:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	14,350	7,570	7,584
After 1 year but within 2 years	7,570	263	321
After 2 years but within 5 years	830	869	942
After 5 years	8,733	8,401	7,982
	17,133	9,533	9,245
	31,483	17,103	16,829

29 DEFERRED INCOME

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	292,356	279,166	303,224
Additions	52,041	71,138	124,235
Credited to profit or loss	(65,231)	(47,080)	(68,940)
At the end of the year	279,166	303,224	358,519

The Company:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	2,518	2,451	5,304
Additions	300	3,300	1,300
Credited to profit or loss	(367)	(447)	(1,510)
At the end of the year	2,451	5,304	5,094

As at December 31, 2022, December 31, 2023 and December 31, 2024, deferred income of the Group mainly represented various grants received from governments for construction of property, plant and equipment, and development of digital and intelligent transformation. Government grants relating to compensation of assets are recognized as other income on a straight-line basis over the expected useful life of the relevant assets.

30 INCOME TAX IN THE STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the statements of financial position represents:

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	446,639	328,856	222,925
Provision for current year *(note 9 (a))*	1,113,245	898,613	1,099,497
Under/(over)-provision in respect of prior years *(note 9 (a))*	4,468	1,050	(6,548)
Income tax paid	(1,235,496)	(1,005,594)	(978,089)
At the end of the year	328,856	222,925	337,785

The Company:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	106,754	35,698	35,675
Provision for current year	114,350	85,571	148,951
(Over)/under-provision in respect of prior years	(1,870)	84	36
Income tax paid	(183,536)	(85,678)	(101,786)
At the end of the year	35,698	35,675	82,876

(b) Deferred tax assets and liabilities recognized:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognized in the statements of financial position and the movements during the year are as follows:

The Group:

	Employee benefits	Depreciation allowances difference	Government grants	Sales rebate	Unused tax losses	Lease liabilities	Right-of-use assets	Changes in fair value	Business combinations	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2022	(81,457)	(20,872)	(61,103)	(533,256)	(12,699)	(18,846)	18,408	13,842	14,703	(2,365)	(683,645)
Charged/(credited) to profit or loss	18,890	(14,155)	2,450	49,152	2,784	6,541	(6,803)	(8,381)	(5,335)	(1,817)	43,326
Acquisition of subsidiaries	–	–	–	–	(3,195)	–	–	–	20,431	3,597	20,833
Balance at December 31, 2022, and January 1, 2023	(62,567)	(35,027)	(58,653)	(484,104)	(13,110)	(12,305)	11,605	5,461	29,799	(585)	(619,486)
Charged/(credited) to profit or loss	17,362	(15,068)	10,322	178,963	(6,841)	3,647	(3,462)	14,749	(2,751)	267	197,188
Balance at December 31, 2023, and January 1, 2024	(45,205)	(50,095)	(48,331)	(305,141)	(19,951)	(8,658)	8,143	20,210	27,048	(318)	(422,298)
Charged/(credited) to profit or loss	11,578	1,916	(10,524)	64,949	(5,918)	(1,448)	1,424	4,988	(2,600)	(93)	64,272
Balance at December 31, 2024	(33,627)	(48,179)	(58,855)	(240,192)	(25,869)	(10,106)	9,567	25,198	24,448	(411)	(358,026)

The Company:

	Employee benefits	Government grants	Sales rebate	Changes in fair value	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2022	(65,874)	(629)	(533,256)	13,659	(2,165)	(588,265)
Charged/(credited) to profit or loss	19,297	17	60,083	(12,427)	(171)	66,799
Balance at December 31, 2022, and January 1, 2023	(46,577)	(612)	(473,173)	1,232	(2,336)	(521,466)
Charged/(credited) to profit or loss	15,483	(713)	176,946	14,148	116	205,980
Balance at December 31, 2023, and January 1, 2024	(31,094)	(1,325)	(296,227)	15,380	(2,220)	(315,486)
Charged/(credited) to profit or loss	8,251	(1,947)	68,329	3,973	(12)	78,594
Balance at December 31, 2024	(22,843)	(3,272)	(227,898)	19,353	(2,232)	(236,892)

(ii) Reconciliation to the statements of financial position

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the consolidated statements of financial position	(653,326)	(453,922)	(389,416)
Net deferred tax liabilities recognized in the consolidated statements of financial position	33,840	31,624	31,390
	(619,486)	(422,298)	(358,026)

The Company:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the Company's statements of financial position	(521,466)	(315,486)	(236,892)
	(521,466)	(315,486)	(236,892)

As at December 31, 2022, December 31, 2023 and December 31, 2024, the Group and the Company have no significant unrecognized deferred tax assets or deferred tax liabilities.

31 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity are set out below:

	Share capital	Treasury shares	Capital reserve	Statutory reserve	Other reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	4,212,576	–	141,864	2,106,288	36,957	7,118,706	13,616,391
Changes in equity for 2022:							
Profit and total comprehensive income for the year	–	–	–	–	–	7,138,829	7,138,829
Appropriation to statutory reserve	–	–	–	210,629	–	(210,629)	–
Dividends approved and paid in respect of the previous year	–	–	–	–	–	(3,201,558)	(3,201,558)
Bonus issue	421,258	–	–	–	–	(421,258)	–
At December 31, 2022 and January 1, 2023	4,633,834	–	141,864	2,316,917	36,957	10,424,090	17,553,662
Changes in equity for 2023:							
Profit and total comprehensive income for the year	–	–	–	–	–	5,900,246	5,900,246
Repurchase of own shares	–	(249,998)	–	–	–	–	(249,998)
Appropriation to statutory reserve	–	–	–	463,383	–	(463,383)	–
Dividends approved and paid in respect of the previous year	–	–	–	–	–	(3,243,683)	(3,243,683)
Bonus issue	926,767	–	–	–	–	(926,767)	–
At December 31, 2023 and January 1, 2024	5,560,601	(249,998)	141,864	2,780,300	36,957	11,690,503	19,960,227
Changes in equity for 2024:							
Profit and total comprehensive income for the year	–	–	–	–	–	3,482,886	3,482,886
Repurchase of own shares	–	(313,844)	–	–	–	–	(313,844)
Dividends approved and paid in respect of the previous year	–	–	–	–	–	(3,660,412)	(3,660,412)
At December 31, 2024	5,560,601	(563,842)	141,864	2,780,300	36,957	11,512,977	19,468,857

(b) Dividends

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Ordinary A shares			
Final dividends in respect of the previous year, declared and paid during the year (tax inclusive)	3,201,558	3,243,683	3,660,412
	3,201,558	3,243,683	3,660,412

The final dividends of RMB0.76, RMB0.70 and RMB0.66 per share (tax inclusive) in respect of the years ended December 31, 2021, 2022 and 2023 were approved by the Annual General Meeting of the Company.

The final dividends for the year ended December 31, 2024 of RMB8.60 per 10 shares (tax inclusive), in an aggregate amount of approximately RMB4,773,268,000, has been approved by the shareholders in the annual general meeting after the end of the reporting period and has not been recognized as a liability as at December 31, 2024.

(c) Share capital

(i) Issued share capital of the Company

	Number of shares ('000)	*RMB'000*
Ordinary shares, issued and fully paid:		
At January 1, 2022	4,212,576	4,212,576
Bonus issue	421,258	421,258
At December 31, 2022 and January 1, 2023	4,633,834	4,633,834
Bonus issue	926,767	926,767
At December 31, 2023, January 1, 2024, and December 31, 2024	5,560,601	5,560,601

The par value of ordinary shares of the Company is RMB1 each.

(ii) Bonus issue

On April 23, 2022, the Company made a bonus issue on the basis of 1 bonus share for every 10 existing shares held by shareholders. A total of 421,257,617 ordinary shares were issued pursuant to the bonus issue.

On May 16, 2023, the Company made a bonus issue on the basis of 2 bonus share for every 10 existing shares held by shareholders. A total of 926,766,757 ordinary shares were issued pursuant to the bonus issue.

(d) Treasury shares

During the years ended December 31, 2023 and 2024, the Company repurchased its own ordinary A shares as follows:

	As at December 31,	
	2023	2024
	RMB'000	*RMB'000*
At the beginning of the year	–	249,998
Repurchase of own shares	249,998	313,844
At the end of the year	249,998	563,842

During the years ended December 31, 2023 and 2024, the Company repurchased 6,757,692 and 8,531,799 shares in total, on the Shanghai Stock Exchange for an aggregate consideration of RMB249,998,000 and RMB313,844,000, respectively, the details of repurchase information are as follows. And the shares held as at December 31, 2024 including 10,289,491 shares held as treasury shares and 5,000,000 shares held under the 2024 employee stock ownership plan, which are mainly used for future share award scheme.

Year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		RMB	*RMB*	*RMB*
2023	6,757,692	39.13	34.01	249,998,000
2024	8,531,799	41.81	33.05	313,844,000
	15,289,491			563,842,000

(e) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises the difference between the consideration and the par value of the issued and paid-up shares of the Company.

(ii) Statutory reserve

According to the PRC laws, the PRC subsidiaries of the Group and the Company are required to set up two statutory reserve funds, general reserve fund and staff general fund. General reserve fund was set up by appropriating at least 10% of the entity's annual profit after taxation, as determined under PRC regulations, until the balance of the fund equals to 50% of the entity's registered capital. This fund can be used to make up previous years' losses or to convert into paid-in capital. Transfer from retained profits to staff general fund is made at the discretion of the board of directors of the entities.

(iii) Other reserve

Other reserve of the Group mainly represented merger reserves resulted from business combination in prior years respectively involving entities under common control.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group's subsidiaries outside the mainland China which are dealt with in accordance with the accounting policies set out in note 2(u).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, term deposits, certificates of deposits and restricted cash and financial assets measured at fair value through profit or loss are limited because the counterparties are banks with sound credit ratings, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

As the Group's customer base is diversified, the Group has no significant concentration of credit risk in individual customers, or industries or countries in which the customers operate.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between the Group's different customer bases.

The expected credit loss as at December 31, 2022, 2023 and 2024 was determined as follows for each customers group of trade receivables due from sales of flavoring products and transportation services, respectively:

	As at December 31, 2022		
	Expected loss rates	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Trade receivables – sales of flavoring products			
Current (not past due)	5%	121,732	6,087
Less than 1 year past due	10%	13,960	1,396
More than 1 year past due	100%	3,204	3,204
		138,896	10,687
Trade receivables – transportation services			
Current (not past due)	1%	56,866	569
Less than 1 year past due	3%	4,009	120
		60,875	689
		199,771	11,376

	As at December 31, 2023		
	Expected loss rates	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Trade receivables – sales of flavoring products			
Current (not past due)	5%	168,382	8,419
Less than 1 year past due	10%	3,635	363
More than 1 year past due	100%	1,971	1,971
		173,988	10,753
Trade receivables – transportation services			
Current (not past due)	1%	60,365	604
Less than 1 year past due	3%	158	5
		60,523	609
		234,511	11,362

	As at December 31, 2024		
	Expected loss rates	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Trade receivables – sales of flavoring product			
Current (not past due)	5%	159,718	7,986
Less than 1 year past due	10%	1,940	194
More than 1 year past due	100%	3,150	3,150
		164,808	11,330
Trade receivables – transportation services			
Current (not past due)	1%	88,743	887
Less than 1 year past due	3%	956	29
		89,699	916
		254,507	12,246

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The loss rates remained constant for the years ended December 31, 2022, 2023 and 2024, because the Group considers that there has been no significant change in the Group's customer base, the historical loss experience or the aging pattern of those financial assets for the years ended December 31, 2022, 2023 and 2024.

Movement in the loss allowance account in respect of trade receivables during the years ended December 31, 2022, 2023 and 2024 is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of the year	3,857	11,376	11,362
Acquisition of subsidiaries	4,927	–	–
Loss allowance recognized	2,642	2,674	3,382
Loss allowance reversed	(50)	(2,471)	(2,341)
Amounts written off	–	(217)	(157)
At the end of the year	11,376	11,362	12,246

The directors of the Company consider the Group's exposure to credit risk arising from other receivables is not significant as the balances of other receivables as at December 31, 2022, 2023 and 2024 mainly are deposits or deductible input VAT and no significant actual losses were experienced historically by the Group.

(b) Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The following table details the remaining contractual maturities as at the end of the reporting periods of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting periods) and the earliest date the Group can be required to pay:

	As at December 31, 2022					
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payable	1,300,262	–	–	–	1,300,262	1,300,262
Other payables	1,044,865	–	–	–	1,044,865	1,044,865
Bank loans and other borrowing	140,293	13,802	110,484	–	264,579	249,351
Lease liabilities	21,156	9,234	5,622	26,267	62,279	45,033
	2,506,576	23,036	116,106	26,267	2,671,985	2,639,511

	As at December 31, 2023					
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payable	1,861,489	–	–	–	1,861,489	1,861,489
Other payables	847,603	–	–	–	847,603	847,603
Bank loans and other borrowing	388,342	27,785	68,372	–	484,499	470,519
Lease liabilities	15,909	5,942	7,845	24,322	54,018	42,927
	3,113,343	33,727	76,217	24,322	3,247,609	3,222,538

	As at December 31 2024,					
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payable	1,946,575	–	–	–	1,946,575	1,946,575
Other payables	862,015	–	–	–	862,015	862,015
Bank loans and other borrowing	312,738	53,461	–	–	366,199	361,665
Lease liabilities	17,529	6,201	7,847	23,073	54,650	43,361
	3,138,857	59,662	7,847	23,073	3,229,439	3,213,616

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from the Group's cash and cash equivalents, term deposits, certificates of deposits, restricted cash, bank loans and borrowing. The Group does not use financial derivatives to hedge against the interest rate risk. However, if interest rate fluctuates significantly, appropriate measures would be taken to manage interest risk exposure. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table, as reported to the management of the Group, details the interest rate profile of the Group's financial instruments at the end of the reporting periods.

	As at December 31, 2022		As at December 31, 2023		As at December 31, 2024	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
		RMB'000		*RMB'000*		*RMB'000*
Fixed rate instruments:						
Financial assets						
Term deposits and certificates of deposits	3.25%~4.13%	8,736,050	3.00%~3.99%	8,332,050	0.01%~4.20%	9,647,747
Cash and cash equivalents	0.30%~1.45%	5,700,000	0.30%~3.50%	9,725,000	1.97%~4.50%	7,190,722
		14,436,050		18,057,050		16,838,469
Financial liabilities						
Bank loans	3.15%~3.50%	(131,720)	2.70%~3.00%	(362,645)	2.30%~2.90%	(293,465)
Other borrowing	6.00%	(19,000)	6.00%	(19,000)	6.00%	(19,000)
Lease liabilities	4.75%~4.90%	(45,033)	4.75%~4.90%	(42,927)	3.95%~4.90%	(43,361)
		(195,753)		(424,572)		(355,826)
		14,240,297		17,632,478		16,482,643
Variable rate instruments:						
Financial assets						
Cash and cash equivalents	0.01%~2.60%	3,451,988	0.01%~2.40%	3,116,080	0.01%~2.40%	4,716,109
Restricted cash	0.01%~2.60%	31,163	0.01%~2.40%	17,924	0.01%~2.40%	8,393
		3,483,151		3,134,004		4,724,502
Financial liabilities						
Bank loans	4.10%	(98,631)	3.00%~3.95%	(88,874)	2.80%~2.85%	(49,200)
		(98,631)		(88,874)		(49,200)
		3,384,520		3,045,130		4,675,302

(ii) Sensitivity analysis

At December 31, 2022, 2023 and 2024, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately RMB6,605,000, RMB7,162,000 and RMB9,310,000 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate nonderivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis during the years ended December 31, 2022, 2023 and 2024.

(d) Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales which give rise to cash balances and receivables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("USD"), Euros ("EUR"), HKD and RMB. The Group manages this risk as follows:

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the period end date.

	As at December 31,									
	2022	2022	2022	2023	2023	2023	2024	2024	2024	2024
	USD	*EUR*	*HKD*	*USD*	*EUR*	*HKD*	*USD*	*EUR*	*HKD*	*RMB*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	10,701	27,698	128	20,745	11,200	205	23,537	2,567	168	1,413,168
Trade receivables	100	–	–	4,101	–	–	4,264	–	–	–
	10,801	27,698	128	24,846	11,200	205	27,801	2,567	168	1,413,168

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	As at December 31,					
	2022		2023		2024	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits
		RMB'000		*RMB'000*		*RMB'000*
USD	9%	798	2%	330	1%	325
	(9%)	(798)	(2%)	(330)	(1%)	(325)
EUR	9%	2,155	2%	76	1%	35
	(9%)	(2,155)	(2%)	(76)	(1%)	(35)
HKD	9%	9	2%	3	1%	2
	(9%)	(9)	(2%)	(3)	(1%)	(2)
RMB	9%	–	2%	–	1%	17,607
	(9%)	–	(2%)	–	(1%)	(17,607)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis during the years ended December 31, 2022, 2023 and 2024.

(e) Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

Analysis on fair value measurement of financial instruments as at December 31, 2022, 2023 and 2024 are as follows:

	Fair value at December 31, 2022	Fair value measurement at December 31, 2022, categorised into		
	RMB'000	*Level 1*	*Level 2*	*Level 3*
Recurring fair value measurement				
Other financial assets at FVPL				
– Wealth management products	6,081,663	–	6,081,663	–
– Equity securities	100	–	100	–
	6,081,763	–	6,081,763	–

	Fair value at December 31, 2023	Fair value measurement at December 31, 2023, categorised into		
	RMB'000	*Level 1*	*Level 2*	*Level 3*
Recurring fair value measurement				
Other financial assets at FVPL				
– Wealth management products	5,841,005	–	5,841,005	–
– Equity securities	100	–	100	–
	5,841,105	–	5,841,105	–

	Fair value at December 31, 2024,	Fair value measurement at December 31, 2024, categorised into		
	RMB'000	*Level 1*	*Level 2*	*Level 3*
Recurring fair value measurement				
Other financial assets at FVPL				
– Wealth management products	7,518,580	–	7,518,580	–
– Equity securities	100	–	100	–
– Listed securities	98,996	98,996	–	–
	7,617,676	98,996	7,518,680	–

During the years ended December 31, 2022, 2023 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The listed securities are accounted for at fair value in level 1 and measured by referencing to the stock price.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products in Level 2 is measured by referencing to the net asset value published by the banks.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortized cost are not materially different from their fair values as at December 31, 2022, 2023 and 2024.

33 COMMITMENTS

Capital commitments outstanding at the end of the reporting periods not provided for in the Historical Financial Information were as follows:

	As at December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contracted for purchase for property, plant and equipment	1,550,163	831,516	704,563

34 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11, is as follows:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Short-term employee benefits	34,068	32,840	43,603
Post-employment benefits	417	394	432
	34,485	33,234	44,035

Total remuneration is included in "staff costs" (see note 8(b)).

(b) Names and relationships with related parties

In addition to the related party information disclosed in note 24 of this Historical Financial Information, the Group entered into the following material related party transactions during the years ended December 31, 2022, 2023 and 2024.

Name of related party	Relationship with the Group
Guangdong Haitian Group Co., Ltd. ("Guangdong Haitian") 廣東海天集團股份有限公司	The immediate parent company of the Group
Foshan Tianbo Packaging Co., Ltd. 佛山天玻包裝有限公司	Entity controlled by Guangdong Haitian
Foshan Tianyuan Real Estate Co., Ltd. 佛山市天原房地產有限公司	Entity controlled by Guangdong Haitian
Foshan Tiande Technology Co., Ltd. 佛山市天德科技有限公司	Entity controlled by Guangdong Haitian
Foshan Haiye Investment Development Co., Ltd. 佛山市海業投資發展有限公司	Entity controlled by Guangdong Haitian
Foshan Yuebo Industrial Co., Ltd. 佛山市粵玻實業有限公司	Entity over which Guangdong Haitian has significant influence
Foshan Haipeng Trade Development Co., Ltd. 佛山市海鵬貿易發展有限公司	Entity controlled by Guangdong Haitian
Nanning Yuebo Glass Industrial Co., Ltd. 南寧粵玻實業有限公司	Entity over which Guangdong Haitian has significant influence
Jiaxing Haitian Small Loan Co., Ltd. 嘉興海天小額貸款有限公司	Entity controlled by Guangdong Haitian
Tiandian (Guangdong) Biotechnology Co., Ltd. 天典(廣東)生物科技有限公司	Entity controlled by Guangdong Haitian
Tianye (Nanning) Biotechnology Co., Ltd. 天葉(南寧)生物科技有限公司	Entity controlled by Guangdong Haitian
Tiankang Logistics (Foshan) Co., Ltd. 天康物流(佛山)有限公司	Entity controlled by Guangdong Haitian
Tianbo Packaging Group Co., Ltd. 天玻包裝集團有限公司	Entity controlled by Guangdong Haitian
Tianyan (Tianjin) High tech Co., Ltd. 天眼(天津)高新科技有限公司	Entity controlled by Guangdong Haitian
Tiannuobo (Guangdong) Intelligent Equipment Co., Ltd. 天諾博(廣東)智能裝備有限公司	Entity controlled by Guangdong Haitian
Taibao (Guangdong) Animal Nutrition Technology Co., Ltd. 它寶(廣東)動物營養科技有限公司	Entity controlled by Guangdong Haitian
Anhui Tianzhuang International Trade Co., Ltd. 安徽天莊國際貿易有限公司	Entity controlled by Guangdong Haitian
Guangdong Tianqi Biotechnology Co., Ltd. 廣東天企生物科技有限公司	Entity controlled by Guangdong Haitian
Guangdong Tiankang Logistics Co., Ltd. 廣東天康物流有限公司	Entity controlled by Guangdong Haitian
Guangdong Tianniang Intelligent Equipment Co., Ltd. 廣東天釀智能裝備有限公司	Entity controlled by Guangdong Haitian
Guangdong Yami Intelligent Information Technology Co., Ltd. 廣東婭米智能信息科技有限公司	Entity controlled by Guangdong Haitian
Guangdong Haitian Cloud Computing Co., Ltd. 廣東海天雲計算有限公司	Entity controlled by Guangdong Haitian

Name of related party	Relationship with the Group
Guangdong Haitian Innovation Technology Co., Ltd. 廣東海天創新技術有限公司	Entity controlled by Guangdong Haitian
Guangdong Haitian Yami Education Technology Co., Ltd. 廣東海天婭米教育科技有限公司	Entity controlled by Guangdong Haitian
Guangdong Haifuda Investment Development Co., Ltd. 廣東海富達投資發展有限公司	Entity controlled by Guangdong Haitian
Guangdong Guanzheng Quality Inspection Co., Ltd. 廣東規正質量檢測有限公司	Entity controlled by Guangdong Haitian
It is a Health Technology Co., Ltd. 是一健康科技有限公司	Entity controlled by Guangdong Haitian
Jiangsu Tianjiang Biotechnology Co., Ltd. 江蘇天將生物科技有限公司	Entity controlled by Guangdong Haitian
Jiangsu Tianbo Packaging Limited Company 江蘇天玻包裝有限公司	Entity controlled by Guangdong Haitian
Jiangsu Tianlong Renewable Resources Co., Ltd. 江蘇天隆再生資源有限公司	Entity controlled by Guangdong Haitian
Jiangmen Yuebo Industrial Co., Ltd. 江門粵玻實業有限公司	Entity over which Guangdong Haitian has significant influence
Guangdong Haitian Commercial Factoring Co., Ltd. 廣東海天商業保理有限公司	Entity controlled by Guangdong Haitian
Haitian Group (Foshan) Investment Development Co., Ltd. 海天集團(佛山)投資發展有限公司	Entity controlled by Guangdong Haitian
Haiju (Nanning) Energy and Environmental Protection Technology Co., Ltd. 海炬(南寧)能源環保科技有限公司	Entity controlled by Guangdong Haitian
Haiju (Jiangsu) Energy and Environmental Protection Technology Co., Ltd. 海炬(江蘇)能源環保科技有限公司	Entity controlled by Guangdong Haitian
Haiju Energy Environmental Protection Technology Co., Ltd. 海炬能源環保科技有限公司	Entity controlled by Guangdong Haitian
Hubei Yuebo Industrial Co., Ltd. *(note (i))* 湖北粵玻實業有限公司	Entity over which Guangdong Haitian has significant influence
Yangjiang Yuebo Industrial Co., Ltd. *(note (i))* 陽江粵玻實業有限公司	Entity over which Guangdong Haitian has significant influence
Xianzhiran (Tianjin) Biotechnology Co., Ltd. 鮮之然(天津)生物技術有限公司	Entity controlled by Guangdong Haitian
Xianzhiran (Guangdong) Biotechnology Co., Ltd. 鮮之然(廣東)生物技術有限公司	Entity controlled by Guangdong Haitian
Xianzhiran Biotechnology Group Co., Ltd. 鮮之然生物科技集團有限公司	Entity controlled by Guangdong Haitian

* The official names of the above entities are in Chinese. The English translation are for identification only.

Note (i): Guangdong Haitian fully disposed of its interests over these entities in August 2023 and these entities were no longer related parties of the Group since the date of disposal.

(c) Transactions with related parties

Apart from disclosures made in note 24 of the Historical Financial Information, the Group entered into the following material related party transactions during the years ended December 31, 2022, 2023 and 2024.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Purchases of goods and services			
Guangdong Haitian and entities controlled by Guangdong Haitian	839,407	921,210	911,168
Entities over which Guangdong Haitian has significant influence	510,612	410,278	413,203
	1,350,019	1,331,488	1,324,371
Sales of goods and rendering of services			
Guangdong Haitian and entities controlled by Guangdong Haitian	25,571	35,945	71,673
Entities over which Guangdong Haitian has significant influence	–	–	106
	25,571	35,945	71,779
Expense relating to short-term leases			
Guangdong Haitian and entities controlled by Guangdong Haitian	–	–	2,925
Provision of rental services			
Guangdong Haitian and entities controlled by Guangdong Haitian	3,875	3,407	2,628
Purchases of property, plant and equipment			
Guangdong Haitian and entities controlled by Guangdong Haitian	122,491	139,551	142,179
Sales of property, plant and equipment			
Guangdong Haitian and entities controlled by Guangdong Haitian	4,225	3,235	44

(i) Leasing arrangements

Our Group has entered into several lease agreements with lease periods of 1 to 3 years with Guangdong Haitian and entities controlled by Guangdong Haitian to lease certain premises, machinery and equipment. During the years ended December 31, 2022, 2023 and 2024, the Group settled the lease payments with amounts of RMB18,029,000, RMB17,373,000 and RMB19,740,000 for the above rental services, and interests generated from these leasing arrangements are RMB2,202,000, RMB1,229,000 and RMB4,310,000, respectively.

During the years ended December 31, 2023 and 2024, the Group entered into new lease agreements with Guangdong Haitian and entities controlled by Guangdong Haitian for use of premises, machinery and equipment and therefore recognised right-of-use assets and lease liabilities of RMB13,103,000 and RMB14,472,000 respectively, while no new lease arrangements conducted during the year ended December 31, 2022.

(ii) Since 2024, certain distributors of the Group entered into the loan agreements independently with Jiaxing Haitian Small Loan Company Limited ("Jiaxing Haitian"), an entity controlled by Guangdong Haitian. Pursuant to the agreements, Jiaxing Haitian agreed to make the direct payment to the Group on behalf of distributors as distributors' prepayments for purchase of flavoring products, and the above advance payments are regarded as Jiaxing Haitian's loans to distributors. During the year ended December 31, 2024, the total amount received by the Group from Jiaxing Haitian, as the distributors' prepayments, are RMB325,939,000 in aggregate. The Group does not provide any guarantee over Jiaxing Haitian's loans to distributors.

(d) Balances with related parties

The Group:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade related:			
Other receivables			
Guangdong Haitian and entities controlled by Guangdong Haitian	2,190	3,559	3,282
Entities over which Guangdong Haitian has significant influence	–	–	43
	2,190	3,559	3,325
Trade payables			
Guangdong Haitian and entities controlled by Guangdong Haitian	102,902	63,044	56,938
Entities over which Guangdong Haitian has significant influence	72,843	70,578	78,820
	175,745	133,622	135,758
Other payables			
Guangdong Haitian and entities controlled by Guangdong Haitian	1,437	3,465	2,508
Entities over which Guangdong Haitian has significant influence	1,650	1,350	1,350
	3,087	4,815	3,858

35 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate holding party of the Company as at December 31, 2022, 2023 and 2024 was Guangdong Haitian.

The ultimate controlling party of the Company was Mr. Pang Kang, Ms. Cheng Xue, Mr. Guan Jianghua, Mr. Chen Junyang, Mr. Wen Zhizhou and Mr. Liao Changhui, which signed acting-in-concert agreement.

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON JANUARY 1, 2024

Up to the date of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on January 1, 2024 and which have not been adopted in the Historical Financial Information.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *Lack of Exchangeability*	January 1, 2025
Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, *Presentation and Disclosure in Financial Statements*	January 1, 2027
IFRS 19, *Subsidiaries without Public Accountability: Disclosures*	January 1, 2027
Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's financial performance and financial position.

37 SIGNIFICANT NON-ADJUSTING EVENTS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended December 31, 2024 of RMB8.60 per 10 shares (tax inclusive), in an aggregate amount of approximately RMB4,773,268,000 has been approved by the shareholders in the annual general meeting.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to December 31, 2024.

The following is the text of a report set out on pages IA – 1 to IA – 25, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. The information set out below is the unaudited interim financial information of the Group for the three months ended March 31, 2025, and does not form part of the Accountants' Report from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for information purpose only.

KPMG

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE DIRECTORS OF FOSHAN HAITIAN FLAVOURING AND FOOD COMPANY LTD.

Introduction

We have reviewed the interim financial information set out on pages IA – 3 to IA – 25 which comprises the consolidated statement of financial position of Foshan Haitian Flavouring and Food Company Ltd. (the "Company") and its subsidiaries (together, the "Group") as at March 31, 2025 and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the three months ended March 31, 2025 and explanatory notes. The directors are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34, *Interim financial reporting*, issued by the International Accounting Standards Board.

Our responsibility is to form a conclusion, based on our review, on this interim financial information and to report our conclusion 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* ("HKSRE 2410"), 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 as at and for the three months ended March 31, 2025 is not prepared, in all material respects, in accordance with IAS 34, *Interim financial reporting*.

Other Matter

We draw attention to the fact that the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the three months ended March 31, 2024 and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with HKSRE 2410.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
June 11, 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED MARCH 31, 2025 — UNAUDITED

(Expressed in RMB)

	Note	Three months ended March 31, 2025	Three months ended March 31, 2024
		RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Revenue	*2*	8,315,401	7,693,850
Cost of sales		(5,055,727)	(4,891,856)
Gross profit		3,259,674	2,801,994
Other revenue	*3*	156,645	164,019
Other net income	*4*	42,660	41,138
Selling and marketing expenses		(491,338)	(422,821)
Administrative expenses		(157,280)	(126,610)
Research and development costs	*5(b)*	(187,039)	(185,158)
Reversal of expected credit losses on trade and other receivables		584	2,302
Provision for impairment losses		(191)	–
Profit from operations		2,623,715	2,274,864
Finance costs	*5(a)*	(9,596)	(6,817)
Profit before taxation	*5*	2,614,119	2,268,047
Income tax	*6*	(407,060)	(339,980)
Profit for the period		2,207,059	1,928,067
Attributable to:			
Equity shareholders of the Company		2,202,351	1,918,880
Non-controlling interests		4,708	9,187
Profit for the period		2,207,059	1,928,067
Earnings per share	*7*		
Basic and diluted (RMB)		0.40	0.35

The accompanying notes are integral part of the interim financial information.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2025 — UNAUDITED

(Expressed in RMB)

	Three months ended March 31,	
	2025	**2024**
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Profit for the period	2,207,059	1,928,067
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside of the mainland China	(456)	11
Other comprehensive income for the period	(456)	11
Total comprehensive income for the period	2,206,603	1,928,078
Attributable to:		
Equity shareholders of the Company	2,201,895	1,918,891
Non-controlling interests	4,708	9,187
Total comprehensive income for the period	2,206,603	1,928,078

The accompanying notes are integral part of the interim financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2025 — UNAUDITED

(Expressed in RMB)

	Note	As at March 31, 2025	As at December 31, 2024
		RMB'000 *(unaudited)*	*RMB'000*
Non-current assets			
Property, plant and equipment	*8*	6,614,451	6,533,073
Right-of-use assets	*9*	877,168	880,608
Investment property		3,368	3,437
Intangible assets		31,327	35,536
Goodwill		112,937	112,937
Other financial assets at fair value through profit or loss ("FVPL")	*10*	100	100
Other receivables	*13*	14,858	61,219
Deferred tax assets		339,501	389,416
		7,993,710	8,016,326
Current assets			
Inventories	*11*	1,743,028	2,525,274
Trade receivables	*12*	275,053	242,632
Other receivables	*13*	269,491	341,891
Other financial assets at FVPL	*10*	7,560,316	7,617,576
Term deposits and certificates of deposits	*14*	13,121,585	10,199,512
Restricted cash	*14*	1,773	8,393
Cash and cash equivalents	*14*	9,104,048	11,906,831
		32,075,294	32,842,109
Current liabilities			
Trade and bills payable	*15*	2,588,042	1,946,575
Other payables	*16*	1,334,570	1,603,007
Contract liabilities	*17*	1,377,465	4,335,313
Bank loans		135,500	309,465
Lease liabilities		12,256	14,770
Current taxation		455,035	337,785
Other current liabilities		87,732	438,876
		5,990,600	8,985,791
Net current assets		26,084,694	23,856,318
Total assets less current liabilities		34,078,404	31,872,644

	Note	As at March 31, 2025	As at December 31, 2024
		RMB'000 *(unaudited)*	*RMB'000*
Non-current liabilities			
Bank loans and other borrowing		31,500	52,200
Lease liabilities		28,395	28,591
Deferred income		375,439	358,519
Deferred tax liabilities		34,523	31,390
		469,857	470,700
NET ASSETS		33,608,547	31,401,944
CAPITAL AND RESERVES			
Share capital		5,560,601	5,560,601
Treasury shares	*18(b)*	(563,842)	(563,842)
Reserves		28,100,545	25,898,650
Total equity attributable to equity shareholders of the Company		33,097,304	30,895,409
Non-controlling interests		511,243	506,535
TOTAL EQUITY		33,608,547	31,401,944

The accompanying notes are integral part of the interim financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2025 — UNAUDITED

(Expressed in RMB)

	Attributable to equity shareholders of the Company									
(Unaudited)	Share capital	Treasury shares	Capital reserve	Statutory reserve	Other reserve	Exchange reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
	RMB'000	*RMB'000* (*note 18(b)*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	5,560,601	(563,842)	95,860	3,075,896	46,639	(5,082)	22,685,337	30,895,409	506,535	31,401,944
Changes in equity for the three months ended March 31, 2025:										
Profit for the period	–	–	–	–	–	–	2,202,351	2,202,351	4,708	2,207,059
Other comprehensive income	–	–	–	–	–	(456)	–	(456)	–	(456)
Total comprehensive income	–	–	–	–	–	(456)	2,202,351	2,201,895	4,708	2,206,603
Balance at March 31, 2025	5,560,601	(563,842)	95,860	3,075,896	46,639	(5,538)	24,887,688	33,097,304	511,243	33,608,547

The accompanying notes are integral part of the interim financial information.

(Unaudited)	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Statutory reserve	Other reserve	Exchange reserve	Retained profits	Sub-total		
	RMB'000	*RMB'000* *(note 18(b))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	5,560,601	(249,998)	95,860	3,006,300	46,639	(9)	20,071,219	28,530,612	502,364	29,032,976
Changes in equity for the three months ended March 31, 2024:										
Profit for the period	–	–	–	–	–	–	1,918,880	1,918,880	9,187	1,928,067
Other comprehensive income	–	–	–	–	–	11	–	11	–	11
Total comprehensive income	–	–	–	–	–	11	1,918,880	1,918,891	9,187	1,928,078
Repurchase of own shares *(note 18(b))*	–	(249,982)	–	–	–	–	–	(249,982)	–	(249,982)
Dividends approved and paid in respect of the previous year to non-controlling shareholders	–	–	–	–	–	–	–	–	(7,564)	(7,564)
Balance at March 31, 2024	5,560,601	(499,980)	95,860	3,006,300	46,639	2	21,990,099	30,199,521	503,987	30,703,508

The accompanying notes are integral part of the interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2025 — UNAUDITED

(Expressed in RMB)

	Note	Three months ended March 31, 2025	Three months ended March 31, 2024
		RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Operating activities			
Cash generated from operations		(220,769)	(382,541)
Income tax paid		(236,762)	(171,889)
Net cash used in operating activities		(457,531)	(554,430)
Investing activities			
Payment for purchase of property, plant and equipment, right-of-use assets and intangible assets		(237,718)	(336,310)
Proceeds from disposal of property, plant and equipment and intangible assets		163	721
Proceeds from maturity of term deposits and certificates of deposits		–	1,182,050
Placement of term deposits and certificates of deposits		(3,009,422)	(1,050,000)
Purchase of other financial assets at FVPL		(1,730,000)	(1,750,000)
Proceeds from disposal of other financial assets at FVPL		1,831,557	1,644,967
Withdrawal of deposits for a derivative financial instrument		–	100,000
Interest received		195,435	74,878
Net cash used in investing activities		(2,949,985)	(133,694)

	Note	Three months ended March 31, 2025	2024
		RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Financing activities			
Payment for repurchase of own shares		–	(249,982)
Proceeds from bank loans		74,000	248,396
Proceeds from discount of bills receivable due from the Company by a subsidiary		1,126,722	300,000
Payment for expired bills payable due to a subsidiary from the Company		(293,788)	(300,000)
Repayments of bank loans		(268,665)	(44,185)
Lease payments		(5,483)	(5,745)
Payment for listing expenses		(19,410)	–
Dividends paid to non-controlling shareholders		–	(7,564)
Interest paid		(8,867)	(4,997)
Net cash generated from/(used in) financing activities		604,509	(64,077)
Net decrease in cash and cash equivalents		(2,803,007)	(752,201)
Effect of foreign exchange rate changes		224	–
Cash and cash equivalents at the beginning of the period		11,906,831	12,841,080
Cash and cash equivalents at the end of the period	*14(a)*	9,104,048	12,088,879

The accompanying notes are integral part of the interim financial information.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in thousands of RMB, unless otherwise indicated)

1 BASIS OF PREPARATION

Foshan Haitian Flavouring and Food Company Ltd. ("佛山市海天調味食品股份有限公司"), hereinafter referred to as the "Company", was established in Foshan City, Guangdong Province, the People's Republic of China (the "PRC") on April 8, 2000 as a limited liability company under the PRC Company Law. In November 2010, the Company was converted into a joint stock limited liability company. In February 2014, the Company's A Shares were listed on Shanghai Stock Exchange ("the A Share Listing").

The Company and its subsidiaries (hereinafter collectively referred to as "the Group") are principally engaged in the manufacturing and sales of soy sauce, oyster sauce, flavored sauce, specialty condiment products and others.

The interim financial information has been prepared in accordance with IAS 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on June 11, 2025.

The interim financial information has been prepared in accordance with the same basis of preparation and presentation and accounting policies adopted in the historical financial information for the years ended December 31, 2022, 2023 and 2024 (the "Historical Financial Information") as disclosed in Appendix I to the prospectus dated June 11, 2025 (the "Prospectus") issued by the Company.

The preparation of an interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since December 31, 2024 in the Historical Financial Information as disclosed in Appendix I to the Prospectus. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

2 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are manufacturing and sales of soy sauce, oyster sauce, flavored sauce, specialty condiment products and others.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products and services is as follows:

	Three months ended March 31,	
	2025	**2024**
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products and services		
Sales of soy sauce products	4,420,361	4,085,223
Sales of oyster sauce products	1,359,700	1,281,566
Sales of flavored sauce products	912,788	801,041
Sales of specialty condiment products and others	1,288,762	1,066,631
Others	329,160	453,915
	8,310,771	7,688,376

	Three months ended March 31,	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Revenue from other sources		
Rental income	4,630	5,474
	8,315,401	7,693,850

Note: Others primarily consist of sales of raw materials, packaging materials, by-products and others, and logistics and transportation services income.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Three months ended March 31,	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Revenue from contracts with customers		
Point in time	8,067,715	7,490,759
Over time	243,056	197,617
	8,310,771	7,688,376

The Group's customer base is diversified, and the Group did not have any customer with whom transactions have exceeded 10% of the Group's aggregate revenue for the three months ended March 31, 2025 (three months ended March 31, 2024: nil).

The Group applies the practical expedient in paragraph 121 of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of substantially all the contracts of the Group are within one year or less.

(b) Segment reporting

Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

(i) Geographic information

Substantially all of the Group's revenue and non-current assets are generated and located in the PRC. Accordingly, no segment analysis based on geographical locations is provided.

3 OTHER REVENUE

	Three months ended March 31,	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Interest income	108,086	114,026
Government grants *(note (a))*	23,738	27,931
Additional deduction for VAT *(note (b))*	24,821	22,062
	156,645	164,019

Notes:

(a) Government grants

Government grants represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC.

(b) Additional deduction for VAT

Pursuant to the Notice on the Additional Value-added Tax ("VAT") Credit Policy for Advanced Manufacturing Enterprises (Announcement [2023] No. 43) issued by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT in the period from January 1, 2023 to December 31, 2027.

4 OTHER NET INCOME

	Three months ended March 31,	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Net fair value changes on other financial assets at FVPL	44,297	55,525
Net losses on disposal of property, plant and equipment	(62)	(12)
Net foreign exchange losses	(3,891)	(2,402)
Others	2,316	(11,973)
	42,660	41,138

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Three months ended March 31,	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Interest on bank loans and other borrowing	8,867	6,239
Interest on lease liabilities	729	578
	9,596	6,817

(b) Other items

	Three months ended March 31,	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Amortization cost of intangible assets	4,225	2,593
Depreciation charge		
– Property, plant and equipment	187,348	222,932
– Right-of-use assets	10,789	9,749
– Investment properties	69	85
	198,206	232,766
Cost of inventories	4,014,930	3,847,055
Logistics costs	436,199	379,142
Research and development expenses	187,039	185,158

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	Three months ended March 31,	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Current tax – PRC corporate income tax ("CIT")		
Provision for the period	354,012	334,403
	354,012	334,403
Deferred tax		
Origination and reversal of temporary differences	53,048	5,577
	407,060	339,980

Notes:

(i) PRC corporate income tax ("CIT")

The income tax provision of the Group in respect of its operations in mainland China was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof, except for the subsidiaries below.

Certain subsidiaries of the Company in the mainland China were subject to the following preferential corporate income tax policies for the three months ended March 31, 2025 and 2024:

– Certain subsidiaries of the Company in the mainland China were approved as "High and New Technology Enterprises", and they were subject to a preferential corporate income tax rate of 15%;

– Certain subsidiaries of the Company were entitled to other tax concessions, mainly including the preferential tax rate of 15% applicable to some subsidiaries and the preferential tax rate of 9% applicable to one subsidiary. These subsidiaries located in certain areas of the mainland China, can enjoy the preferential tax rate upon fulfilment of certain requirements of the respective local governments application conditions of relevant preferential policies; and

– Certain subsidiaries of the Company in the mainland China fulfil the micro and small enterprises qualification under the PRC corporate income tax system. Therefore, partial assessable profits of these subsidiaries were subject to the preferential income tax rate of 20%.

Hensil Worldwide Investments Limited ("Hensil Worldwide") which was incorporated in the British Virgin Islands was deemed as domestic registered resident enterprise since 2014 and subject to CIT tax rate of 25% on the assessable profits. In addition, equity investment income (including dividends) received from other resident enterprise by Hensil Worldwide was qualified for income tax exemption since 2014.

The Group's entities in the mainland China are eligible for additional deduction on eligible research and development expenses incurred by certain subsidiaries during the three months ended March 31, 2025 and 2024.

(ii) Hong Kong profits tax

The provision for Hong Kong Profits Tax for the three months ended March 31, 2025 and 2024 is calculated at 16.5% of the estimated assessable profits for the period, except for one subsidiary of the Company which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first Hong Kong dollars ("HKD") 2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% for the three months ended March 31, 2025 and 2024.

(iii) Corporate income tax in other jurisdictions

The income tax rates of the subsidiaries in Vietnam and Indonesia are 20% and 22%, respectively.

(b) Pillar Two income taxes

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") for a new global minimum tax reform applicable to large multinational enterprises. Certain jurisdictions in which the Group operates have implemented Pillar Two income tax legislation based on this framework, and those Pillar Two income tax laws became effective on January 1, 2024.

Vietnam, where Haday Vietnam Company Limited and Haday Vietnam Food Company Limited operate, introduced Pillar Two global minimum tax rules which include an income inclusion rule (IIR) and qualified domestic minimum top-up tax effective from January 1, 2024. Hong Kong, where the certain subsidiaries of the Company operate, introduced Pillar Two global minimum tax rules which include an income inclusion rule and qualified domestic minimum top-up tax effective from January 1, 2025. However, the Group's assessment indicates that there is no material related current tax exposure in Vietnam and Hong Kong for the three months ended March 31, 2025 and 2024.

The Group has applied the temporary mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

Other jurisdictions in which the Group operates are in the process of implementing their Pillar Two income tax legislation. Therefore, it is possible that the Group may be subject to additional Pillar Two income taxes in those jurisdictions in the future.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB2,202,353,000 (three months ended March 31, 2024: RMB1,918,880,000) and the weighted average of 5,545,312,000 ordinary shares (three months ended March 31, 2024: 5,549,810,000 shares) in issue during the interim period.

(i) Weighted-average number of ordinary shares

	Three months ended March 31,	
	2025	2024
	'000 *(unaudited)*	*'000* *(unaudited)*
Issued ordinary shares at the beginning of the period	5,560,601	5,560,601
Effect of shares repurchased in previous years *(Note 18(b))*	(15,289)	(6,758)
Effect of shares repurchased during the period *(Note 18(b))*	–	(4,033)
Weighted average number of ordinary shares at the end of the period	5,545,312	5,549,810

(b) Diluted earnings per share

During the three months ended March 31, 2025 and 2024, there were no dilutive potential ordinary shares issued. Therefore, diluted earnings per share is the same as basic earnings per share.

8 PROPERTY, PLANT AND EQUIPMENT

During the three months ended March 31, 2025, the Group acquired items of property, plant and equipment with a cost of RMB626,988,000 (three months ended March 31, 2024: RMB497,395,000). Items of property, plant and equipment with a net book value of RMB229,000 (three months ended March 31, 2024: RMB733,000) were disposed of during the three months ended March 31, 2025, resulting in net losses on disposal of RMB62,000 (three months ended March 31, 2024: RMB12,000).

9 RIGHT-OF-USE ASSETS

During the three months ended March 31, 2025, the regular depreciation of the Group's right-of-use assets leads to reduction to net value of right-of-use assets of RMB10,789,000 (three months ended March 31, 2024: RMB9,749,000).

During the three months ended March 31, 2025, the Group entered into new lease agreement for use of land-use right and other properties and therefore recognised the addition to original value of right-of-use assets of RMB7,349,000 (three months ended March 31, 2024: RMB332,000).

10 OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	As at March 31, 2025	As at December 31, 2024
		RMB'000 *(unaudited)*	*RMB'000*
Non-current:			
Equity securities		100	100
Current:			
Wealth management products	*(i)*	7,529,267	7,518,580
Listed securities	*(ii)*	31,049	98,996
		7,560,316	7,617,576
		7,560,416	7,617,676

(i) Wealth management products

The wealth management products were issued by banks with variable investment income and can be redeemed on demand or in a short-term.

(ii) Listed securities

During the three months ended March 31, 2025, the Group disposed certain portion of listed securities.

11 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprises:

	As at March 31, 2025	As at December 31, 2024
	RMB'000 *(unaudited)*	*RMB'000*
Raw materials	249,625	210,128
Work in progress	1,102,892	1,319,870
Finished goods	276,464	886,731
Packaging materials	75,479	73,995
Low value consumables	33,688	32,744
Others	8,143	5,076
	1,746,291	2,528,544
Less: write-down of inventories	(3,263)	(3,270)
Total	1,743,028	2,525,274

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	Three months ended March 31,	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Carrying amount of inventories sold	3,886,129	3,712,919
Carrying amount of inventories recognized as research and development expenses	128,610	134,136
Write-down of inventories	191	–
	4,014,930	3,847,055

12 TRADE RECEIVABLES

	As at March 31, 2025	As at December 31, 2024
	RMB'000 *(unaudited)*	*RMB'000*
Current		
Trade receivables	284,902	254,507
Bills receivable	1,806	371
Less: loss allowance	(11,655)	(12,246)
Total	275,053	242,632

All of the trade and bills receivables in current portion are expected to be recovered or recognized as expense within one year.

Aging analysis

The aging analysis of trade and bills receivable, based on the invoice date, is as follows:

	As at March 31, 2025	As at December 31, 2024
	RMB'000 *(unaudited)*	*RMB'000*
Within 1 year	284,010	251,728
1 to 2 years	1,481	2,053
2 to 3 years	755	737
Over 3 years	462	360
	286,708	254,878

Trade receivables are due within 90 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted.

13 OTHER RECEIVABLES

	As at March 31, 2025	As at December 31, 2024
	RMB'000 *(unaudited)*	*RMB'000*
Current		
Amounts due from related parties	5,948	3,325
Other receivables	15,822	15,281
	21,770	18,606
Prepayments for materials	25,528	34,294
Prepayments for listing expenses	19,410	–
Deductible input VAT and others	202,783	288,991
	269,491	341,891
Non-current		
Prepayments for purchase of property, plant and equipment	14,858	61,219
	14,858	61,219
Total	284,349	403,110

All of the other receivables in current portion are expected to be recovered or recognized as expense within one year.

14 CASH AND CASH EQUIVALENTS, TERM DEPOSITS, CERTIFICATES OF DEPOSITS AND RESTRICTED CASH

(a) Cash and cash equivalents comprise:

	As at March 31, 2025	As at December 31, 2024
	RMB'000 *(unaudited)*	*RMB'000*
Cash at bank and in hand, and cash equivalents	9,104,048	11,906,831

Classification as cash equivalents

For the purpose of presentation in the condensed consolidated cash flow statement, cash equivalents include term deposits and certificates of deposits held for the purpose of meeting short-term cash commitments.

(b) Term deposits and certificates of deposits comprise:

	As at March 31, 2025	As at December 31, 2024
	RMB'000 *(unaudited)*	*RMB'000*
Term deposits	6,223,428	5,327,793
Certificates of deposits	6,898,157	4,871,719
	13,121,585	10,199,512

The balance of term deposits and certificates of deposits mainly comprise term deposits and certificates of deposits with terms over three months and related accrued interest.

(c) Restricted cash

	As at March 31, 2025	As at December 31, 2024
	RMB'000 *(unaudited)*	*RMB'000*
Guarantee deposits	1,773	8,393

The balance of guarantee deposits mainly comprise letter of credit guarantee deposits and third-party payment platforms guarantee deposits which are both restricted.

15 TRADE AND BILLS PAYABLE

	As at March 31, 2025	As at December 31, 2024
	RMB'000 *(unaudited)*	*RMB'000*
Trade payables	1,168,631	1,360,098
– third parties *(note (ii))*	1,053,992	1,224,340
– related parties	114,639	135,758
Bills payable	1,419,411	586,477
	2,588,042	1,946,575

Notes:

(i) All trade and bills payable (including amounts due to related parties and subsidiaries) are expected to be settled within one year or are repayable on demand.

(ii) Since 2023, the Group's certain suppliers has entered into factoring arrangements with Guangdong Haitian Commercial Factoring Company Limited ("Haitian Factoring"), an entity controlled by the immediate shareholder of the Group. Under these arrangements, the Group's suppliers transfer the receivables due from the Group to Haitian Factoring before the original due dates, and the Group settles these trade payables with Haitian Factoring upon the due date. The receivables due from the Group that certain suppliers transferred to Haitian Factoring as at March 31, 2025 amounted to RMB138,808,000 (December 31, 2024: RMB203,245,000). Trade payables that the Group settled with Haitian Factoring under above arrangement amounted to RMB668,604,000 in aggregate during the three months ended March 31, 2025 (three months ended March 31, 2024: RMB634,639,000).

As of the end of each reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

	As at March 31, 2025	As at December 31, 2024
	RMB'000 *(unaudited)*	*RMB'000*
Within 1 year	1,168,631	1,360,098
	1,168,631	1,360,098

16 OTHER PAYABLES

	As at March 31, 2025	As at December 31, 2024
	RMB'000 *(unaudited)*	*RMB'000*
Other taxes payable	92,340	76,320
Payroll payables	445,900	664,673
Amounts due to related parties	2,940	3,858
Deposits due to suppliers	152,811	154,877
Accrual for marketing expenses	231,311	227,760
Accrual for transportation expenses	240,812	261,592
Payables for equipment and construction	115,355	157,538
Others	53,101	56,389
	1,334,570	1,603,007

All other payables (including amounts due to related parties) are expected to be settled within one year or are repayable on demand.

17 CONTRACT LIABILITIES

Contract liabilities mainly represents the advance payments (exclude output VAT) from customers, for which the underlying goods are yet to be provided. The output VAT contained in the advance payments has been classified under other current liabilities.

	As at March 31, 2025	As at December 31, 2024
	RMB'000 *(unaudited)*	*RMB'000*
Receipts in advance	1,377,465	4,335,313

18 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) No interim dividends were proposed to equity shareholders of the Company attributable to the interim period after the end of the reporting period.

(ii) No dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the three months ended March 31, 2025 (three months ended March 31, 2024: nil).

(b) Treasury shares

During the three months ended March 31, 2025 and 2024, the Company repurchased its own ordinary A shares as follows:

	As at March 31, 2025	As at March 31, 2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
At the beginning of the period	563,842	249,998
Repurchase of own shares	–	249,982
At the end of the period	563,842	499,980

The Company did not repurchase any treasury shares during the three months ended March 31, 2025 while the Company repurchased 6,775,068 shares in total, on the Shanghai Stock Exchange for an aggregate consideration of RMB249,982,000 during the three months ended March 31, 2024. The details of repurchase information are as follows.

Period ended	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		RMB	*RMB*	*RMB*
March 31, 2024	6,775,068	40.80	33.64	249,982,000

The ordinary shares held as at March 31, 2025 include 10,289,491 shares held as treasury shares and 5,000,000 shares held under the 2024 employee stock ownership plan, which are mainly used for future share award scheme.

19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

Analysis on fair value measurement of financial instruments as at March 31, 2025 and December 31, 2024 are as follows:

	Fair value at March 31, 2025	Fair value measurement at March 31, 2025, categorised into		
	RMB'000 *(unaudited)*	*Level 1*	*Level 2*	*Level 3*
Recurring fair value measurement				
Other financial assets at FVPL				
– Wealth management products	7,529,267	–	7,529,267	–
– Equity securities	100	–	100	–
– Listed securities	31,049	31,049	–	–
	7,560,416	31,049	7,529,367	–

	Fair value at December 31, 2024	Fair value measurement at December 31, 2024, categorised into		
	RMB'000	*Level 1*	*Level 2*	*Level 3*
Recurring fair value measurement				
Other financial assets at FVPL				
– Wealth management products	7,518,580	–	7,518,580	–
– Equity securities	100	–	100	–
– Listed securities	98,996	98,996	–	–
	7,617,676	98,996	7,518,680	–

During the three months ended March 31, 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (three months ended March 31, 2024: nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The listed securities are accounted for at fair value in level 1 and measured by referencing to the stock price.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products in Level 2 is measured by referencing to the net asset value published by the banks.

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortized cost are not materially different from their fair values as at March 31, 2025 and December 31, 2024.

20 COMMITMENTS

Capital commitments outstanding at March 31, 2025 not provided for in the interim financial information were as follows:

	As at March 31, 2025	As at December 31, 2024
	RMB'000 *(unaudited)*	*RMB'000*
Contracted for purchase for property, plant and equipment	565,960	704,563

21 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Apart from disclosures made in note 15 of the interim financial information, the Group entered into the following material related party transactions:

	Three months ended March 31, 2025	Three months ended March 31, 2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Purchases of goods and services		
Guangdong Haitian Group Co., Ltd. ("Guangdong Haitian") and entities controlled by Guangdong Haitian	216,865	233,323
Entities over which Guangdong Haitian has significant influence	109,554	125,047
	326,419	358,370
Sales of goods and rendering of services		
Guangdong Haitian and entities controlled by Guangdong Haitian	15,010	6,797
Entities over which Guangdong Haitian has significant influence	44	10
	15,054	6,807
Expense relating to short-term leases		
Guangdong Haitian and entities controlled by Guangdong Haitian	454	448
Provision of rental services		
Guangdong Haitian and entities controlled by Guangdong Haitian	310	456
Purchases of property, plant and equipment		
Guangdong Haitian and entities controlled by Guangdong Haitian	17,650	28,163

(i) Leasing arrangements

Our Group has entered into several lease agreements with lease periods of 1 to 3 years with Guangdong Haitian and entities controlled by Guangdong Haitian to lease certain premises, machinery and equipment. During the three months ended March 31, 2025, the Group settled the lease payments with amounts of RMB4,814,000 (three months ended March 31, 2024: RMB4,935,000) for the above rental services, and interests generated from these leasing arrangements are RMB147,000 (three months ended March 31, 2024: RMB189,000).

During the three months ended March 31, 2025, the Group entered into new lease agreements with Guangdong Haitian for use of machinery and equipment and therefore recognised right-of-use assets and lease liabilities of RMB822,000 while no new lease arrangements conducted during the three months ended March 31, 2024.

(ii) Since 2024, certain distributors of the Group entered into the loan agreements independently with Jiaxing Haitian Small Loan Company Limited ("Jiaxing Haitian"), an entity controlled by Guangdong Haitian. Pursuant to the agreements, Jiaxing Haitian agreed to make the direct payment to the Group on behalf of distributors as distributors' prepayments for purchase of flavoring products, and the above advance payments are regarded as Jiaxing Haitian's loans to distributors. During the three months ended March 31, 2025, the total amount received by the Group from Jiaxing Haitian, as the distributors' prepayments, are RMB112,214,000 (three months ended March 31, 2024: nil) in aggregate. The Group does not provide any guarantee over Jiaxing Haitian's loans to distributors.

(b) Balances with related parties

	As at March 31, 2025	As at December 31, 2024
	RMB'000 *(unaudited)*	*RMB'000*
Trade related:		
Other receivables		
Guangdong Haitian and entities controlled by Guangdong Haitian	5,948	3,282
Entities over which Guangdong Haitian has significant influence	–	43
	5,948	3,325
Trade payables		
Guangdong Haitian and entities controlled by Guangdong Haitian	48,008	56,938
Entities over which Guangdong Haitian has significant influence	66,631	78,820
	114,639	135,758
Other payables		
Guangdong Haitian and entities controlled by Guangdong Haitian	1,590	2,508
Entities over which Guangdong Haitian has significant influence	1,350	1,350
	2,940	3,858

22 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate holding party of the Company as at March 31, 2025 and December 31, 2024 was Guangdong Haitian.

The ultimate controlling party of the Company was Mr. Pang Kang, Ms. Cheng Xue, Mr. Guan Jianghua, Mr. Chen Junyang, Mr. Wen Zhizhou and Mr. Liao Changhui, which signed acting-in-concert agreement.

23 SIGNIFICANT NON-ADJUSTING EVENTS

On May 9, 2025, a final dividend in respect of the year ended December 31, 2024 of RMB8.60 per 10 shares (tax inclusive), in an aggregate amount of approximately RMB4,773,268,000 has been approved by the shareholders in the annual general meeting.

The following information does not form part of the Accountants' Report from KPMG, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I, and is included for information purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" and the Accountants' Report set out in Appendix I.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the offering by the Company of its Shares (the "Global Offering") on the consolidated net tangible assets of the Group attributable to equity shareholders of the Company as if the Global Offering had been completed on December 31, 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 financial position of the Group had the Global Offering been completed as at December 31, 2024 or any future date.

	Consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at December 31, 2024	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share	
	RMB'000(1)	*RMB'000*(2) and (4)	*RMB'000*	*RMB*(3)	*HK$*(4)
Based on an Offer Price of HK$35.00 per H share	30,747,693	8,338,486	39,086,179	6.73	7.35
Based on an Offer Price of HK$36.30 per H share	30,747,693	8,649,472	39,397,165	6.78	7.40

Notes:

(1) The consolidated net tangible assets attributable to equity shareholders of the Company as at December 31, 2024 is arrived at after (i) deducting the intangible assets of RMB35,536,000 and goodwill of RMB112,937,000 and (ii) adjusting the share of intangible assets attributable to non-controlling interest of RMB757,000 from the consolidated total equity attributable to equity shareholders of the Company of RMB30,895,409,000 as at December 31, 2024, which is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Prices of HK$35.00 per H share and HK$36.30 per H share, being the lower end price and higher end price of the indicative Offer Price range respectively, after deduction of the estimated underwriting fees and other related listing expenses related to Global Offering paid or payable by the Group (excluding the listing expenses charged to profit or loss during the Track Record Period) and the issuance of 263,237,500 H shares, takes no account of any shares that may be issued upon exercise of the Offer Size Adjustment Option and the Over-Allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per share are arrived at after the adjustment as described in note 2 above and are based on 5,808,548,553 Shares expected to be in issue (representing 5,823,838,044 total Shares to be in issue and excluding 10,289,491 treasury Shares and 5,000,000 Shares under the 2024 employee stock ownership plan) immediately after the Global Offering, but do not take into account of any shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option.

(4) For illustrative purpose, the estimated net proceeds from the Global Offering are converted into RMB and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per Share in RMB are converted to the Hong Kong dollar at the exchange rate of HK$1 to RMB0.9162 prevailing on the Latest Practicable Date. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at the rate or at any other rates or at all.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2024. In particular, the unaudited pro forma adjusted consolidated net tangible assets have not been taken into account the dividend of RMB4,768,968,000 (representing the total declared and paid dividend of RMB4,773,268,000 less the dividend of RMB4,300,000 in respect of 5,000,000 Shares under the 2024 employee stock ownership plan) approved in May 2025. Had the dividend of RMB4,768,968,000 been approved on December 31, 2024, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at December 31, 2024 would have been decreased by RMB4,768,968,000 and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company per Share as at December 31, 2024 would have been decreased by RMB0.82 or HK$0.90.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose of incorporation in this prospectus.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF FOSHAN HAITIAN FLAVOURING AND FOOD COMPANY LTD.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Foshan Haitian Flavouring and Food Company Ltd. (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at December 31, 2024 and related notes as set out in Part A of Appendix II to the prospectus dated June 11, 2025 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the H shares of the Company (the "Global Offering") on the Group's financial position as at December 31, 2024 as if the Global Offering had taken place at December 31, 2024. As part of this process, information about the Group's financial position as at December 31, 2024 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities 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 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("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 behaviour.

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 ("HKSAE") 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 purpose 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 pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at December 31, 2024 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 event or 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' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or 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.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

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 purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong
June 11, 2025

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of H shares are subject to the laws and practices of the PRC and of the jurisdictions in which holders of H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, has not taken into account the possible change or amendment to the relevant laws or policies, and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

Taxation in Mainland China

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), amended by the Standing Committee of the National People's Congress ("SCNPC") on 31 August 2018 and effective on 1 January 2019, and the Implementation Regulations for 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》) amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by PRC companies to individual investors shall be subject to proportional tax rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《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》) issued by the Ministry of Finance ("MOF"), the State Administration of Taxation and the China Securities Regulatory Commission ("CSRC") on 7 September 2015 and effective on 8 September 2015, where an individual acquires the stocks of a listed company from public offering of the company or from the stock market and holds the stocks for more than one year, the income from dividends and bonuses shall be temporarily exempt from individual income tax. Where an individual acquires the stocks of a listed company from public offering of the company or from the stock market and holds the stocks for not more than one month, the income from dividends and bonuses shall be included in the taxable income in full amount; or if the individual holds the stocks for more than one month but not more than one year, the income from dividends and bonuses shall be temporarily included in the taxable income at the reduced rate of 50%. Individual income tax on the aforesaid income shall be calculated and collected at the uniform rate of 20%.

Pursuant to the Arrangement between the Mainland China 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》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on 21 August 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China 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》第五議定書) ("the Fifth Protocol"), issued by The State Taxation Administration and effective on 6 December 2019, provides that such provisions shall not apply to arrangements or transactions made for one of the principle purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) ("EIT Law"), amended by the SCNPC and effective on 29 December 2018, and the Implementation Rules 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》) ("Implementation Rules of the EIT Law"), amended by the State Council and effective on 23 April 2019, a non-resident enterprise is subject to a reduced 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, If a non-resident enterprise either does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but its PRC-sourced income is not effectively connected with that establishment or place of business, the income tax payable by the non-resident enterprise shall be withheld at source. The payer will act as the withholding agent and must withhold the tax from each payment or amount due at the time of payment or when it becomes due. This tax may be reduced or exempted in accordance with an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas 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 State Administration of Taxation and effective on 6 November 2008, a PRC resident enterprise paying dividends for the year of 2008 or any year thereafter to its H-share holders which are overseas non-resident enterprises shall withhold the enterprise income tax thereon at the uniform rate of 10%.

According to the Arrangement between the Mainland of China 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》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

In accordance with applicable regulations, we intend to withhold tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of our H Shares. Non-PRC resident enterprises eligible for a reduced tax rate under an applicable income tax treaty must apply to the PRC tax authorities for a refund of any excess withholding beyond the treaty rate. The issuance of such refunds is subject to verification by the PRC tax authorities.

Tax Related to Equity Transfer Income

Individual Investors

Under the PRC Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular of the MOF and the State Administration of Taxation on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《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》), which was promulgated and became effective on 30 March 1998, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether the income from the transfer of shares in listed companies by individuals will continue to be exempted from personal income tax under the newly revised EIT Law and Implementation Rules of the EIT Law.

Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at a rate of 10% on PRC-sourced income, including gains from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or if it has an establishment or premises in the PRC but the PRC-sourced income is not effectively connected to them. This income tax payable by non-PRC resident enterprises is subject to withholding at source, with the payer acting as the withholding agent. The withholding agent must deduct the tax from each payment or amount due at the time of payment or when it becomes due. Such tax may be reduced or exempted under applicable tax treaties or agreements.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Market Connect Mechanism (《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》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on 31 October 2014 and effective on 17 November 2014, for dividends and bonuses obtained by mainland individual investors from investments in H shares listed on the SEHK through the Shanghai-Hong Kong Stock Interconnection, H share companies shall submit applications to China Securities Depository and Clearing Corporation Limited ("CSDC") to get the register of individual mainland investors and withhold the individual income tax at the tax rate of 20%; for dividends and bonuses obtained by mainland individual investors from investments in non-H shares listed on the SEHK through the Shanghai-Hong Kong Stock Interconnection, the CSDC shall withhold individual income tax at the tax rate of 20%; for taxes withheld abroad, individual investors may apply to competent taxation authorities under the CSDC for tax credit upon the strength of valid tax withholding vouchers; and for dividends and bonuses obtained by mainland securities investment funds from investments in stocks listed on the SEHK through the Shanghai-Hong Kong Stock Interconnection, individual income tax shall be levied in accordance with above provisions.

Pursuant to the Announcement on Extending the Relevant Individual Income Tax Policies on the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Market Connect Mechanism and the Mutual Recognition of Funds between the Mainland and Hong Kong (《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 was promulgated on 21 August 2023 and implemented on the same date, the transfer price difference income that obtained by mainland individual investors from investing in the stocks listed on the SEHK through the Shanghai-Hong Kong Stock Interconnection or the Shenzhen-Hong Kong Stock Interconnection and from buying and selling Hong Kong fund shares through mutual recognition of funds shall continue to be exempted from individual income tax until 31 December 2027.

Pursuant to the Notice of the MOF, the State Administration of Taxation and the CSRC on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Market Connect Mechanism (《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》), mainland corporate investors' income from dividends and bonuses of investment in stocks listed on the SEHK through the Shanghai-Hong Kong Stock Interconnection shall be included into the total income and subject to the enterprise income tax. Income of mainland resident enterprises obtained from dividends and bonuses of H shares held for twelve consecutive months or more shall be exempted from enterprise income tax according to the law. When mainland corporate investors declare and pay enterprise income taxes on their own, they may apply for tax credit for the income tax of dividends and bonuses withheld by non-H-share listed companies on the SEHK.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated on 10 June 2021 and came into effect on 1 July 2022, the disposal of H shares by non-mainland investors outside of the mainland China is not subject to the requirements of the Stamp Duty Law of the PRC.

Estate Tax

According to PRC law, no estate tax is currently levied in the mainland China.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), within the territory of the PRC, the enterprises and other organizations that have incomes are taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with this law.

Enterprises are classified into resident and non-resident enterprises. An enterprise established in the PRC or established outside of the PRC but having its actual management body in the PRC is a resident enterprise for PRC enterprise income tax purpose and shall pay enterprise income tax at the rate of 25% on its income derived from within and outside the PRC. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax at the rate of 20% on its income derived from within the PRC, which shall be withheld at source by the payer. Meanwhile, any gains realized on the transfer of shares by non-resident enterprises are subject to enterprise income tax by way of withholding if such gains are regarded as income derived from the transfer of property within the PRC.

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 effective on 19 November 2017, and the Detailed Rules for the Implementation of the Interim Regulation 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 28 October 2011 and effective on 1 November 2011, entities and individuals that sell goods or provide processing, repair and maintenance services, or import goods within the territory of the PRC are taxpayers of value-added tax ("VAT"), and shall pay VAT in accordance with these regulations and rules. For taxpayers selling or importing goods, the VAT rate is generally 17% unless otherwise specified in the aforesaid regulations.

According to the Notice of the MOF and the State Administration of Taxation on Adjusting to VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), promulgated on 4 April 2018, and effective as of 1 May 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 of the MOF, the State Administration of Taxation and General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform (《財政部 稅務總局 海關總署關於深化增值稅改革有關政策的公告》), promulgated on 20 March 2019 and effective on 1 April 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 State Administration of Foreign Exchange ("SAFE"), authorized by the People's Bank of China ("PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and effective on 5 August 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

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 the 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.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items 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》) promulgated by the State Council and effective on 23 October 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Circular of the SAFE on Relevant 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》) promulgated by the SAFE and effective on 26 December 2014, the SAFE, along with its branches and foreign exchange bureau, oversees the business registration, account management, cross-border transactions, and capital exchanges involved in the overseas listing of domestic companies. Domestic companies must register their overseas listings with the local foreign exchange bureau within 15 working days after completing the listing and issuance. Additionally, domestic shareholders planning to increase or decrease their holdings of shares in an overseas listed company must register these changes with their local foreign exchange bureau at least 20 working days prior to the planned increase or decrease, submitting the necessary materials. Furthermore, domestic companies (excluding banking and financial institutions) are required to open a special foreign exchange account with a domestic bank to handle remittances and fund transfers related to their initial or additional offerings and repurchase activities.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on 13 February 2015 and coming into effect on 1 June 2015, the SAFE has cancelled the confirmation of foreign exchange registration of domestic or overseas direct investment. Instead, banks shall directly examine and handle foreign exchange registration of domestic and overseas direct investment, and the SAFE and its branch offices shall indirectly supervise the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Management Policies of Settlement under Capital Account Items (《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》) issued and implemented by the SAFE on 9 June 2016, foreign currency earnings under capital account for which voluntary exchange settlement policies have been clearly implemented (including the funds transferred back from overseas listings) may be settled in banks according to actual business needs of domestic entities. The voluntary settlement ratio of foreign currency earnings of domestic institutions under capital account is tentatively set at 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to potential investors. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》), or the Constitution, and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》), or the Legislation Law, which was amended by the NPC on 13 March 2023 and became effective on 15 March 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to make partial amendments and supplements to laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration 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 needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters 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 such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of the autonomous regions shall be submitted for approval before they come into force.

The standing committees of the people's congresses of provinces or autonomous regions shall 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 their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, NAO of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government but contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on 10 June 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

THE PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) amended by the SCNPC on 26 October 2018 and becoming effective on 1 January 2019, the PRC People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) revised by SCNPC on 26 October 2018 and taking effect on 1 January 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts 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 stipulated period, the judgments or rulings of the people's courts 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 those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law (2023 Revision) (《中華人民共和國民事訴訟法(2023年修訂)》), or the PRC Civil Procedure Law, adopted by the SCNPC on 1 September 2023 and effective on 1 January 2024, sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of court-level jurisdictions and exclusive jurisdictions in any case.

A foreign individual, an individual without nationality, a foreign-invested enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, an individual without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuses to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the PRC seeking a listing on The Stock Exchange of Hong Kong Limited is mainly subject to the following laws and regulations of the PRC.

The PRC Company Law (《中華人民共和國公司法》), or the Company Law, was adopted by the SCNPC on 29 December 1993 and came into effect on 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023. The latest revised Company Law came into effect on 1 July 2024.

The Overseas Listing Trial Measures and its five interpretative guidelines promulgated by the CSRC on 17 February 2023 came into effect on 31 March 2023 and were applicable to the direct and indirect overseas share issuance and listing of domestic companies.

According to the Overseas Listing 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 31 March 2023. The Guidelines for Articles of Association were promulgated by the CSRC on 16 December 1997 and last amended on 15 December 2023. On December 27, 2024, the CSRC promulgated the new Guidelines for Articles of Association (Draft for Comments), whose comment period will end on January 26, 2025. As of the Latest Practical Date, the Guidelines for Articles of Association (Draft for Comments) have not been finalized and come into effect yet.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

"A joint stock limited company" means is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company shall be incorporated by one to two hundred promoters, and a majority of the promoters shall be domiciled within the territory of the PRC.

Promoters for the establishment of a joint stock limited company by stock flotation shall convene a company inaugural meeting within thirty days from the date when the shares required to be issued at the time of establishment are paid for in full. The promoters shall notify each subscriber of the meeting date or announce it publicly at least fifteen days before the establishment meeting. The inaugural meeting shall only be held with the presence of subscribers representing more than 50% of the voting rights.

Within thirty 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 joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority. A joint stock limited company established by the subscription method shall obtain the approval for public offering from the securities regulatory authority of the State Council and submit the approval to the company registration authority.

Promoters shall pay in full for their subscribed shares before the establishment of the company. If a promoter fails to pay for their subscribed shares, or if the actual value of non-monetary assets contributed falls significantly below the subscribed shares, the other promoters, shall bear joint and several liability, along with the promoter, within the shortfall in contributions.

Share Capital

The promoters of a company may make a capital contribution in currencies, or on-monetary assets such as in kind, intellectual property rights, land use rights, equity, debt claims, or other non-monetary assets which can be appraised with monetary value and transferred lawfully, except for assets not eligible for capital contribution under any other law or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation and verification of the fair value of the assets contributed must be carried out.

Shares shall be issued in accordance with the principles of fairness and impartiality. The same class of shares shall be entitled to the same rights. For shares issued at the same time and within the same class, the conditions and price per share must be the same. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

A PRC domestic company must file with the CSRC to offer its shares to the overseas public. According to the Overseas Listing Trial Measures, target investors of overseas offering and listing by domestic companies shall be overseas investors, unless prescribed in the Overseas Listing Trial Measures or otherwise stipulated by the state.

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 to be issued, the issue price, the offering period, and the class and number of the new shares proposed to be issued to existing shareholders. A company conducting a public offering of shares shall register the offering with the securities regulatory authority under the State Council and publish a prospectus. After payment in full for the new shares issued, the company must change its registration with a company registration authority and make an announcement accordingly.

Decrease in Share Capital

A company may decrease its registered capital and shall comply with the procedures stipulated in the Company Law and the articles of association of the company.

Repurchase of Shares

Under the Company Law, a company shall not purchase its own shares, except under any of the following circumstances:

(i) reducing the company's registered capital;

(ii) merging with other companies which hold the company's shares;

(iii) using the shares for an employee stock ownership plan or equity incentive;

(iv) purchasing by the company of its shares at the request of the shareholders voting against the resolutions on the merger or division of the company at a shareholders' general meeting;

(v) using 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 for the company to repurchase its own shares under the circumstances specified in items (i) and (ii) above. In case of a purchase under the circumstances specified in items (iii), (v) and (vi) above, it may be subject to a resolution of the company's board passed in a board meeting attended by more than two-thirds of the directors, as stipulated in the articles of association or authorized by the shareholders' meeting.

After the company has purchased its own shares in accordance with the above provisions, the shares so purchased shall be canceled within ten days from the date of purchase (under the circumstance specified in item (i) above), or shall be transferred or canceled within six months (under the circumstances specified in item (ii) and (iv) above). If the company purchases its shares under the circumstances specified in items (iii), (v) and (vi) above, the total number of shares held by the company shall not exceed 10% of the total number of shares issued by the company, and such shares shall be transferred or canceled within three years.

When a listed company purchases its own shares, it shall fulfill the information disclosure obligations in accordance with the provisions of the PRC Securities Law. Share repurchases made under the circumstances specified in items (i), (iii), (v) or (vi) above shall be made through public centralized trading.

Transfer of Shares

Shares held by a shareholder may be transferred in accordance with law.

The directors, supervisors and senior managers of a company shall report to the company the number of the company's shares they hold and the changes thereof. The company's shares transferable by them each year during their terms of office confirmed at the time of taking office shall not exceed 25% of the number of shares held by them. The company's shares held by them shall not be transferred within one year from the date of listing and trading of the company's shares are listed for trading. They shall not transfer the company's shares held by them within half a year after leaving the company.

Any gains obtained by any shareholder, director, supervisor or senior manager of the company holding more than 5% of company's shares from the sale of company's shares or other equity securities within six months of purchase of them, or from the purchase of them again within six months of sale, shall belong to the company, and the board of directors of the company shall be responsible for recovering such gains. However, this provision is not applicable where a securities company which holds more than 5% of the company's shares as a result of its undertaking of the untaken shares in a share offer or under other circumstances prescribed by the CSRC.

Shares or other equity securities held by directors, supervisors, senior managers and individual shareholders as mentioned in the preceding paragraph include shares or other equity securities held by their spouses, parents or children, or held by using other people's accounts.

If the board of directors of the company fails to implement the provisions above, the shareholders are entitled to request the board of directors to so implement it within thirty 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 above, the responsible directors shall bear joint and several liability in accordance with law.

Shareholders

A company shall establish a register of shareholders based on evidentiary documents provided by the securities registration agency. 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 and is available for inspection by shareholders, but the company may suspend the shareholder registration procedure in accordance with applicable laws and regulations. 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.

Under the Company Law and Guidelines for Articles of Association, the rights of shareholders are as follows:

(i) to receive distributions of dividends and other forms of benefits according to the number of shares held;

(ii) to request, convene, preside over, participate in or appoint proxies to attend the shareholders' general meeting in accordance with law and exercise corresponding voting rights;

(iii) to supervise operational activities of the company, provide suggestions or make queries;

(iv) to transfer, donate and pledge the company's shares held according to the provisions of the laws and administrative regulations;

(v) to review and copy the company's articles of association, the register of the shareholders, minutes of the shareholders' general meetings, 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 remaining assets of the company in proportion to the shares they hold upon termination or liquidation of the company;

(vii) to request the company to purchase the shares held by the shareholders voting against any resolutions adopted at the shareholders' general meeting concerning the merger and division of the company;

(viii) other rights conferred by laws, administrative regulations and the articles of association.

The obligations of a shareholder of ordinary shares of a company include:

(i) to abide by laws, administrative regulations and the articles of association;

(ii) to pay share capital according to the shares subscribed for and the method of payment;

(iii) not to return shares unless otherwise prescribed in laws and administrative regulations;

(iv) not to abuse shareholder rights to infringe upon the interests of the company or other shareholders; shareholders shall be liable for compensation for any losses caused to the company or to other shareholders due to their abuse of shareholder rights;

(v) to perform other duties prescribed in laws and administrative regulations.

Shareholder's General Meetings

Under the Company Law and the Guidelines for Articles of Association, the shareholders' general meeting is the organ of authority of a company, which exercises the following functions and powers:

(i) to elect and remove directors and supervisors who are not employees representatives and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to examine and approve reports of the board of directors;

(iii) to examine and approve reports of the board of supervisors;

(iv) to examine and approve the company's profit distribution plans and loss recovery plans;

(v) to decide on any increase or decrease of the company's registered capital;

(vi) to decide on the issue of corporate bonds;

(vii) to decide on the merger, division, dissolution, liquidation or change of corporate form of the company;

(viii) to amend the articles of association;

(ix) to examine other matters which shall be decided by the shareholders' general meeting as required by the laws, administrative regulations, departmental rules, or the articles of association.

Under the Company Law and the Guidelines for Articles of Association of Listed Companies, annual shareholders' general meetings shall be held once a year within six months of the end of the previous accounting year.

A company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(i) where the number of directors in office is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the articles of association;

(ii) where the uncovered losses of the company reach one-third of the total paid-in share capital;

(iii) where shareholders who individually or jointly hold no less than 10% of the shares of the company request holding of such a meeting;

(iv) where the board of directors deems it necessary;

(v) where the board of supervisors proposes such a meeting; and

(vi) any other circumstances prescribed by the laws, administrative regulations departmental rules, or the articles of association.

Independent directors may propose to the board of directors to hold an extraordinary general meeting. For the aforesaid proposal, the board of directors shall, in accordance with laws, administrative regulations and the articles of association, give written feedback on whether or not it agrees to hold an extraordinary general meeting within ten days of receipt of the proposal. If the board of directors agrees to hold an extraordinary general meeting, it will issue the notice of meeting within five days after the relevant resolution of the board of directors is made. If the board of directors does not agree to hold an extraordinary general meeting, it shall state reasons and make an announcement.

The board of supervisors may propose to the board of directors to hold an extraordinary general meeting in writing. The board of directors shall, in accordance with laws, administrative regulations and the articles of association, give written feedback on whether or not it agrees to hold an extraordinary general meeting within ten days of receipt of the proposal. If the board of directors agrees to hold an extraordinary general meeting, it shall issue the notice of meeting within five days after the relevant resolution of the board of directors is made, and any change to the original proposal in the notice is subject to the consent of the board of supervisors. If the board of directors does not agree to hold an extraordinary general meeting or fails to give written feedback within 10 days of receipt of the proposal, it shall be deemed that the board of directors is unable or fails to perform its duty to convene a shareholders' general meeting, and the board of supervisors may convene and preside over an extraordinary general meeting itself.

The shareholders individually or collectively holding 10% or more of the shares of the company may make a written request to the board of directors for an extraordinary general meeting. The board of directors shall, in accordance with laws, administrative regulations and the articles of association, give written feedback on whether or not it agrees to hold an extraordinary general meeting within 10 days after receipt of the request.

If the board of directors agrees to hold an extraordinary general meeting, it shall issue the notice of meeting within five days after the relevant resolution of the board of directors is made, and any change to the original request in the notice shall be subject to the consent of the relevant shareholders. If the board of directors does not agree to hold an extraordinary general meeting or fails to give feedback in writing within ten days after it receives the request, the shareholders individually or collectively holding 10% or more of the shares of the company may propose to the board of supervisors to hold an extraordinary general meeting in writing.

The board of supervisors shall, in accordance with the laws and administrative regulations, give a written reply on whether or not it agrees to convene an extraordinary general meeting within ten days upon receipt of the proposal. If the board of supervisors agrees to convene an extraordinary general meeting, it shall issue the notice of meeting within five days upon receipt of the request, and any change to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the board of supervisors does not agree to hold an extraordinary general meeting or fails to give feedback in writing within ten days after it receives the request, the shareholders individually or collectively holding 10% or more of the shares of the company for consecutive ninety days or more may convene or preside over the meeting on their own.

The expenses necessary for the shareholders' general meetings convened by the Board of Supervisors or Shareholders shall be borne by the company.

Directors

Under the Company Law and the Guidelines for Articles of Association of Listed Companies, a joint stock limited company shall have a board of directors, which shall consist of three or more members. The term of office of a director shall be stipulated in the Articles of Association, but each term of office shall not exceed three years. Directors may be re-elected upon the expiration of their term. However, independent directors may not serve for more than six consecutive years. Director may be the president or other senior management personnel, provided that the total number of directors who concurrently serve as president or other senior management personnel and directors who are employee's representatives shall not exceed half (1/2) of the total number of directors of the company.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed at least 10 days before the meeting for every meeting. The board of directors shall exercise the following authorities:

(i) to convene shareholders' general meetings and report to them;

(ii) to carry out resolutions adopted by the shareholders' general meetings;

(iii) to determine the company's business plans and investment programs;

(iv) to formulate the company's profit distribution plans and loss recovery plans;

(v) to formulate the company's plans for increasing or reducing the registered capital of the company, issuing bonds or other securities and going public;

(vi) to formulate the company's plans with respect to significant takeovers, purchase of the company's shares, mergers, divisions, dissolution, or change of the form of the company;

(vii) to decide on, within the scope authorized by the shareholders' general meetings, such matters as the company's external investments, the purchase and sale of assets, asset mortgages, external guarantees, entrusted financial management, related-party transactions and external donations;

(viii) to determine the establishment of the company's internal management bodies;

(ix) to decide on such matters as appointment or removal of the company's manager, secretary to the board of directors and other senior executives, as well as their remuneration and reward/punishment; and to decide on appointment or removal of the company's deputy managers, finance manager and other senior officers as nominated by the manager and on their remuneration and reward/punishment;

(x) to formulate the company's basic management system;

(xi) to exercise other authority conferred by any law, administrative regulation, departmental rules and the articles of association.

Within the scope authorized by the shareholders' general meeting, the board of directors shall determine the authority of external investment, purchase and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions and external donations, and establish strict review and decision-making procedures.

If a director has connection with the enterprise or individual involved in the resolution made at a board meeting, the said director shall promptly report the situation in writing to the board of directors. 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 meetings for consideration.

According to the Company Law and the Guidelines for Articles of Association of Listed Companies, none of the following individuals shall be eligible for appointment as a director, supervisor, or senior officer of a company:

(i) any individual without civil capacity or with limited civil capacity;

(ii) any individual who has been subjected to criminal punishment for corruption, bribery, embezzlement or misappropriation of property, or disruption of the economic order of the socialist market, or who has ever been deprived of political rights due to a criminal conviction, and five years have not elapsed since the term of punishment is completed, or in the case of a suspended sentence, two years have not elapsed since the probation period is complete;

(iii) any former director, factory director, or company manager of a company or enterprise which has been declared bankrupt and liquidated who is personally responsible for the bankruptcy of the company or enterprise, and three years have not elapsed since the bankruptcy and liquidation are completed;

(iv) any former legal representative of a company or enterprise which has had its business license revoked or been ordered to shut down due to violation of law who is personally responsible for the situation, and three years have not elapsed since the date of revocation of business license or shutdown order;

(v) any individual identified as a subject of enforcement for breach of trust by the people's court for failure to repay a significant amount of overdue debts;

(vi) any individual who has been banned from the securities market by the CSRC and the ban has not expired; or

(vii) any individual who is banned from doing so in accordance with other laws, administrative regulations and departmental rules.

The board of directors shall appoint a chairman. The chairman and vice chairman shall be elected by more than one half of all directors.

Supervisors

Under the Company Law, a joint stock limited company shall have a board of supervisor, which shall consist of three supervisors. The board of supervisors shall have one chairman, who shall be elected by more than half of all supervisors. The member of the board of supervisors shall include shareholders' representatives and an appropriate proportion of employees' representatives.

Directors or senior management may not act concurrently as supervisors.

The board of supervisor shall exercise the following authorities:

(i) To examine and give written examination opinions on the periodical reports of the Company prepared by the board of directors;

(ii) To review the company's financial affairs;

(iii) To monitor the acts of directors and senior executives in the performance of their duties, and to propose to remove any director or senior executive who violates any law, administrative regulation, securities regulatory rules of the place where the company's shares are listed, the articles of association or any resolution of the shareholders' general meetings;

(iv) To require any director or senior executive whose behavior damages the Company's interests to make corrections;

(v) To propose an extraordinary general meeting and to convene and preside over the shareholders' general meeting when the board of directors fails to perform its duty to convene and preside over a general meeting prescribed in the Company Law;

(vi) To submit proposals to the shareholders' general meetings;

(vii) To bring a lawsuit against any director or senior executive in accordance with the Company Law;

(viii) If any abnormality in the operation of the company is found, the board of supervisors may conduct an investigation, and if necessary, engage an accounting firm, law firm or any other professional institution to assist in its work at the expense of the Company.

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 shall exercise functions and powers as specified in the articles of association or as authorized by the board of directors.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), finance manager, secretary to the board of directors and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

According to the Company Law and the Guidelines for Articles of Association of Listed Companies, directors, supervisors and senior management shall abide by laws, administrative regulations and the articles of association, and bear a duty of loyalty towards the company as follows:

(i) they shall not abuse their authority by receiving any bribe or other illegal income, and shall not embezzle any of the company property;

(ii) they shall not misappropriate the company's funds;

(iii) they shall not deposit company assets into accounts held in their own names or in the name of any other individual;

(iv) they shall not, in violation of the articles of association, lend company funds to other people or provide guarantee for other people with company assets without the consent of the shareholders' general meeting or the board of directors;

(v) they shall not enter into contracts or conduct transactions with the company either in violation of the articles of association or without the consent of the shareholders' general meeting;

(vi) they shall not, without the consent of the shareholders' general meeting, take advantage of their position to seek business opportunities that should belong to the company for themselves or for any other person, or operate the same type of business as the company for themselves or for any other person;

(vii) they shall not take commissions from transactions with the company as their own;

(viii) they shall not disclose company secrets without authorization;

(ix) they shall not make use of their related-party relationship to damage the company's interests; and

(x) other duty of loyalty prescribed by laws, administrative regulations, departmental rules and the articles of association.

The directors, supervisors and senior management also bear a duty of diligence to the company as follows:

(i) they shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with the country's laws, administrative regulations and various economic policy requirements, and that the business activities do not go beyond the scope of business activities specified in the company's business license;

(ii) they shall treat all shareholders equally;

(iii) they shall keep abreast of the company's business operations and management status;

(iv) they shall sign written statements confirming periodic reports of the company, and ensure that the information disclosed by the company is true, accurate, and complete;

(v) they shall provide accurate information and materials to the board of supervisors, and shall not interfere with the performance of duties by the board of supervisors or individual supervisors; and

(vi) other duty of diligence prescribed by laws, administrative regulations, departmental rules, and the articles of association.

Financial and Accounting System

Under the Company Law, a company shall establish its financial and accounting systems according to 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 financial accounting report of a joint stock limited company shall be prepared at least twenty days before the annual shareholders' meeting and placed within its premises for inspection by shareholders; a joint stock limited company that has publicly offered shares shall publish its financial accounting report.

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 allocation 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 meetings, 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.

In cases where the company distributes profits to any shareholder in violation of the provision above, the shareholder shall return the distributed profits involved in the violation to the company; if losses are caused thereby to the company, the shareholders, as well as any directors, supervisors, and senior managers responsible for the violation, shall be liable for compensation.

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.

Where the reserve of the company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions.

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.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment or removal of an accounting firm by a company as its auditor shall be subject to a resolution of the shareholders' meeting, the board of directors, or the board of supervisors as stipulated in the company's articles of association. When the shareholders' meeting, the board of directors, or the board of supervisors vote on removing an accounting firm as its auditor, the accounting firm shall be allowed to state its opinions.

The Company Law and the Guidelines for Articles of Association provide 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.

Amendments to the Articles of Association

Pursuant to Company Law, a company shall amend its articles of association under any of the following circumstances:

(i) Where, after any amendment to the Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the amended law and/or administrative regulation;

(ii) Where the company's circumstances change to such an extent that they are inconsistent with the items recorded in the articles of association; and

(iii) Where the shareholders' general meeting decides to amend the articles of association.

Any resolution at the shareholders' meeting to amend the articles of association shall be adopted by shareholders representing two-thirds or more of the voting rights present at the meeting.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(i) the expiration of the business period stipulated in the articles of association or the occurrence of other causes of dissolution stipulated in the articles of association;

(ii) dissolution by a resolution of the shareholders' general meeting;

(iii) dissolution due to merger or division of the company;

(iv) suspension of the business license, being ordered to close down or being revoked in accordance with the law; or

(v) request submitted by the shareholders holding 10% or more of the voting rights of the company to the people's court to dissolve the company if the company's operation or management encounters serious difficulties, the company's continuous existence will cause significant losses to the interests of its shareholders, and the situation cannot be solved by any other means.

If any of the situations mentioned in the preceding paragraph arises, the company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company falls under the circumstance of items (i) or (ii) above and has not yet distributed the assets to the shareholders, it may continue to exist by modifying the articles of association or upon a resolution of the shareholders' general meeting.

Where the company is dissolved according to item (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within fifteen days from the date of occurrence of the cause of dissolution.

The liquidation group shall be composed of the directors, unless it is otherwise elected by the shareholders' general meeting.

The liquidation group shall notify the company's creditors within ten days of its formation, and make a public announcement through a newspaper or the National Enterprise Credit Information Publicity System within sixty days of its formation. The creditors shall file their proof of claim with the liquidation group within thirty days from the receipt of the notice or within forty-five days from the issuance of the public announcement in the case of failing to receive such notice.

During the period of liquidation, the company continues to exist, but shall not carry out any business operation unrelated to the liquidation. The assets of the company shall not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

If, after liquidating the assets of the company and formulating a balance sheet and a schedule of assets, the liquidation group discovers that the company's assets are insufficient to fully cover its debts, it shall file a bankruptcy application with the people's court.

Any company declared bankrupt according to law shall carry out a bankruptcy liquidation in accordance with the provisions concerning bankruptcy liquidation.

Overseas Listing

According to the Overseas Listing Trial Measures, where an issuer makes an overseas initial public offering or listing, or issues and lists shares in a different overseas market after overseas issuance and listing, it shall file with the CSRC within three 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 three working days after the completion of the issuance. If the filing materials are complete and meet the requirements, the CSRC shall complete the filing within twenty 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 five working days after receiving the filing materials. The issuer shall supplement the materials within thirty working days.

Loss of Share Certificates

If the share certificates in registered form held by a shareholder are stolen, lost or destroyed, the shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court for a declaration that such share certificates are no longer valid.

After the people's court declared such share certificates invalid, the shareholder may apply to the company for the issue of replacement share certificates.

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 its listing rules.

According to the Overseas Listing Trial Measures, in case of voluntary or compulsory termination of listing, the issuer shall report it to the CSRC within three working days from the date of occurrence and announcement of the termination of listing.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》), or the Arbitration Law, was enacted by the SCNPC on August 31, 1994, last amended on September 1, 2017 and became effective on January 1, 2018. It is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the Arbitration Law. The Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

Under the Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a peoples' court for its enforcement. The people's court can issue a ruling prohibiting the enforcement of an arbitral award made by an arbitration committee after verification by collegial bench formed by the people's court if there is any procedural irregularity, including but not limited to irregularity in the composition of the arbitration tribunal or arbitration proceedings, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement.

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party who or whose property is not located within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《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》), or the Arrangement, promulgated by the Supreme People's Court on January 25, 2024 and implemented as of January 29, 2024, the Arrangement applies to the reciprocal recognition and enforcement of legally effective judgments in civil and commercial matters between the courts of Hong Kong and the PRC. In respect of judgments for the award of property, reciprocal recognition and enforcement of judgments includes both monetary and non-monetary rulings. In respect of judgments for the award of property, the scope of recognition and enforcement by the courts of the Mainland and of the Hong Kong shall include the property awarded, the corresponding interest, costs, payment for late compliance, or interest for late compliance awarded in the judgment, but shall not include taxes and penalties.

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

Base on the operation and development needs of the Company, and in accordance with the laws, regulations and securities regulatory rules of the place where the Company's shares are listed, 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) Conversion of the reserve funds into share capital;

(v) Other means stipulated by the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and approved by the CSRC.

The Company may decrease its registered capital and shall comply with the procedures stipulated in the PRC Company Law (the "Company Law"), other regulations and the Articles of Association.

Repurchase of Shares

The Company shall not to purchase its own shares, except under any of the following circumstances:

(i) Reducing the Company's registered capital;

(ii) Merging with other companies which hold the Company's shares;

(iii) Using the shares for an employee stock ownership plan or equity incentive;

(iv) Purchasing by the Company of its shares at the request of the Shareholders voting against the resolutions on the merger or division of the Company at a Shareholders' general meeting;

(v) Using 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 for the Company to repurchase its own shares under the circumstances specified in items (i) and (ii) above. In case of a purchase under the circumstances specified in items (iii), (v) and (vi) above, it may be subject to a resolution of the Company's Board passed in a Board meeting attended by more than two-thirds of the Directors, provided that this complies with the applicable securities regulatory rules of the place where the Company's shares are listed.

After the Company has purchased its own shares in accordance with the above provisions, the shares so purchased shall be canceled within ten days from the date of purchase (under the circumstance specified in item (i) above), or shall be transferred or canceled within six months (under the circumstances specified in item (ii) and (iv) above). If the Company purchases its shares under the circumstances specified in items (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total number of shares issued by the Company, and such shares shall be transferred or canceled within three years.

When the Company purchases its own shares, it shall fulfill the information disclosure obligations in accordance with the provisions of the PRC Securities Law and the securities regulatory rules of the place where the Company's shares are listed. Share repurchases made under the circumstances specified in items (iii), (v) or (vi) above shall be made through public centralized trading.

Transfer of Shares

The Company's shares may be transferred in accordance with law.

The Directors, Supervisors and senior managers of the Company shall report to the Company the number of the Company's shares they hold and the changes thereof. The Company's shares transferable by them each year during their terms of office confirmed at the time of taking office shall not exceed 25% of the number of shares held by them. The Company's shares held by them shall not be transferred within one year from the date of listing and trading of the Company's shares. They shall not transfer the Company's shares held by them within half a year after leaving 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 obtained by any Shareholder, Director, Supervisor or senior manager of the Company holding more than 5% of Company's shares from the sale of Company's shares or other equity securities within six months of purchase of them, or from the purchase of them again within six months of sale, shall belong to the Company, and the Board of Directors of the Company shall be responsible for recovering such gains. However, this provision is not applicable where a securities company which holds more than 5% of the Company's shares as a result of its undertaking of the untaken shares in a share offer or under other circumstances prescribed by the CSRC.

Shares or other equity securities held by Directors, Supervisors, senior managers and individual shareholders as mentioned in the preceding paragraph include shares or other equity securities held by their spouses, parents or children, or held by using other people's accounts.

If the Board of Directors of the Company fails to implement the provisions above, the Shareholders are entitled to request the Board of Directors to so implement it 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 above, the responsible Directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING

Shareholders

The Company shall establish a register of shareholders based on evidentiary documents provided by the securities registration agency. 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 and is available for inspection by Shareholders, but the Company may suspend the shareholder registration procedure 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 distributions of dividends and other forms of benefits according to the number of shares held;

(ii) To request, convene, preside over, participate in or appoint proxies to attend the Shareholders' General Meeting in accordance with law and exercise corresponding voting rights;

(iii) To supervise operational activities of the Company, provide suggestions or make queries;

(iv) To transfer, donate and pledge the Company's shares held according to the provisions of the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(v) To review and copy the Articles of Association, the register of the Shareholders, minutes of the Shareholders' General Meetings, 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 the Company in proportion to the shares they hold upon termination or liquidation of the Company;

(vii) To request the Company to purchase the shares held by the Shareholders voting against any resolutions adopted at the Shareholders' 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, a Shareholder is entitled to request the People's Court to declare it 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 the content of any resolution violates the Articles of Association, a Shareholder is entitled to request the People's Court to revoke the resolution within 60 days from the resolution being adopted, except in cases where there are only minor defects in the procedure for convening the meeting or the voting method used in the meeting, and such defects have no material impact on the resolution.

The obligations of Shareholders are as follows:

(i) To abide by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(ii) To pay share capital according to the Shares subscribed for and the methods of payment;

(iii) Not to return Shares unless otherwise prescribed in laws and administrative regulations;

(iv) Not to abuse shareholder rights to infringe upon the interests of the Company or other Shareholders; Shareholders shall be liable for compensation for any losses caused to the Company or to other Shareholders due to their abuse of shareholder rights;

If any Shareholder evades debts by abusing the Company's independent status as a legal person or the limited liability of Shareholders, thereby seriously damaging the interests of any creditor of the Company, the Shareholder shall bear joint and several liability for the debts of the Company. If a Shareholder utilizes two or more companies under his control to carry out actions specified in the preceding provision, each of these companies shall bear joint and several liability for the debts of any of the companies.

(v) To perform other duties prescribed in laws, administrative regulations, securities regulatory rules of the place where the company's shares are listed and the Articles of Association.

In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or Articles of Association by any Director or senior manager when performing his duties in the Company, the Shareholder(s) individually or collectively holding more than 1% of the Company's shares for over 180 consecutive days may submit a written request to the Board of Supervisors to file an action with the people's court. Where Board of Supervisors violates laws, administrative regulations or the Articles of Association when performing its duties and cause loss to the Company, those Shareholders may submit a written request to the Board of Directors to file an action with the people's court.

In the event that the Board of Supervisors or the Board of Directors refuse to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt of the request, or in an urgent situation where the failure to immediately file an action will cause irreparable damage to the interests of the Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of the Company.

In the event of any other person infringing upon the legitimate rights and interests of the Company thereby causing losses to the Company, the Shareholder(s) specified in the first paragraph of this article may file an action with the court pursuant to the provisions of the preceding two paragraphs.

In the event of any Director or senior manager violating laws, administrative regulations or the Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the court.

The obligations of the controlling Shareholder and actual controllers of the Company mainly include the following:

The controlling Shareholders and actual controllers of the Company shall not use their connected relationship to damage the legitimate interests of the Company. The controlling Shareholders, the actual controllers and their affiliates shall not occupy or dominate assets of the Company. Those violating this provision, thereby resulting in any losses to the Company, shall be liable for compensation.

The controlling Shareholders and the actual controllers of the Company shall bear a duty of good faith to the Company and other Shareholders. The controlling Shareholders of the Company shall exercise shareholder rights and perform shareholder obligations pursuant to the law. The controlling Shareholders and the actual controllers shall not make use of their controlling stake to harm the legitimate rights and interests of the Company and other Shareholders, and shall not make use of their controlling status in the Company to seek illegal interests.

General Provisions for the Shareholders' General Meeting

The Shareholders' General Meeting is the organ of authority of the Company and exercises its powers in accordance with the laws:

(i) To elect or remove Directors and Supervisors (who are not employee representatives) and decide on matters relating to the remuneration of Directors and Supervisors;

(ii) To examine and approve reports of the Board of Directors;

(iii) To examine and approve reports of the Board of Supervisors;

(iv) To examine and approve the Company's profit distribution plans and loss recovery plans;

(v) To decide on any increase or decrease of the Company's registered capital;

(vi) To decide on the issue of corporate bonds by the Company;

(vii) To decide on the merger, division, dissolution, liquidation or change of corporate form of the Company;

(viii) To amend the Articles of Association;

(ix) To decide on the appointment and dismissal of the accounting firm of the Company;

(x) To examine and approve the guarantee matters stipulated in Article 42 of the Articles of Association;

(xi) To examine the matters relating to the purchases and sales of the Company' material assets within one year, which exceed 30% of the Company's latest audited total assets;

(xii) To examine and approve the matters relating to changes in the use of proceeds of fund raisings;

(xiii) To examine and approve the equity incentive plans and employee stock ownership plans;

(xiv) To examine adjustments to the Company's profit distribution policy;

(xv) To examine other matters which shall be decided by the Shareholders' General Meeting as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The aforesaid functions and powers of the Shareholders' General Meeting shall not be exercised through authorization by the Board of Directors or any other organization or individual on behalf of the Shareholders' General Meeting.

The following external guarantees of the Company shall be submitted to the Shareholders' General Meeting for deliberation and approval:

(i) Any guarantee after the total amount of external guarantees provided by the Company and its controlled subsidiaries exceeds 50% of the Company's latest audited net assets;

(ii) Any guarantee after the Company's total amount of external guarantees exceeds 30% of the Company's latest audited total assets;

(iii) Any guarantee to be provided by the Company within one year with a guaranteed amount exceeding 30% of the Company's latest audited total assets;

(iv) Any guarantee for a party whose ratio of liabilities to assets exceeds 70%;

(v) Any single guarantee with a guaranteed amount exceeding 10% of the Company's latest audited net assets;

(vi) Any guarantee for any Shareholder, actual controller or its related party;

(vii) Other guarantees that shall be decided by the Shareholders' General Meeting as required by the relevant laws, administrative regulations or the securities regulatory rules of the place where the Company's shares are listed.

Convening of the Shareholders' General Meeting

The Shareholders' General Meetings are divided into annual general meeting and extraordinary general meeting. The annual general meeting shall be held once a year within six months of the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(i) Where the number of directors in office is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;

(ii) Where the uncovered losses of the Company reach one-third of the total paid-in share capital;

(iii) Where Shareholders who individually or jointly hold no less than 10% of the shares of the Company request holding of such a meeting;

(iv) Where the Board of Directors deems it necessary;

(v) Where the Board of Supervisors proposes such a meeting; and

(vi) Any other circumstances prescribed by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Independent Directors may propose to the Board of Directors to hold an extraordinary general meeting. For the aforesaid proposal, the Board of Directors shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give written feedback on whether or not it agrees to hold an extraordinary general meeting within ten days of receipt of the proposal. If the Board of Directors agrees to hold an extraordinary general meeting, it will issue the notice of meeting within five days after the relevant resolution of the Board of Directors is made. If the Board of Directors does not agree to hold an extraordinary general meeting, it shall state reasons and make an announcement.

The Board of Supervisors may propose to the Board of Directors to hold an extraordinary general meeting in writing. The Board of Directors shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give written feedback on whether or not it agrees to hold an extraordinary general meeting within ten days of receipt of the proposal. If the Board of Directors agrees to hold an extraordinary general meeting, it shall issue the notice of meeting within five days after the relevant resolution of the Board of Directors is made, and any change to the original proposal in the notice is subject to the consent of the Board of Supervisors. If the Board of Directors does not agree to hold an extraordinary general meeting or fails to give written feedback within 10 days of receipt of the proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene a shareholders' general meeting, and the Board of Supervisors may convene and preside over an extraordinary general meeting itself.

The Shareholders individually or collectively holding 10% or more of the shares of the Company may make a written request to the Board of Directors for an extraordinary general meeting. The Board of Directors shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give written feedback on whether or not it agrees to hold an extraordinary general meeting within 10 days after receipt of the request.

If the Board of Directors agrees to hold an extraordinary general meeting, it shall issue the notice of meeting within five days after the relevant resolution of the Board of Directors is made, and any change to the original request in the notice shall be subject to the consent of the relevant Shareholders. If the Board of Directors does not agree to hold an extraordinary general meeting or fails to give feedback in writing within ten days after it receives the request, the Shareholders individually or collectively holding 10% or more of the shares of the Company may propose to the Board of Supervisors to hold an extraordinary general meeting in writing.

The Board of Supervisors shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association of the Company, give a written reply on whether or not it agrees to convene an extraordinary general meeting within ten days upon receipt of the proposal. If the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue the notice of meeting within five days after making a resolution of the Board of Supervisors, and any change to the original request in the notice shall be subject to the consent of the relevant Shareholders.

If the Board of Supervisors does not agree to hold an extraordinary general meeting or fails to give feedback in writing within ten days after it receives the request, the Shareholders individually or collectively holding 10% or more of the shares of the Company for consecutive ninety days or more may convene or preside over the meeting on their own.

If the Board of Supervisors or Shareholders decide to convene a shareholders' general meeting on their own, they shall give a written notice to the Board of Directors and file the same for record with the Shanghai Stock Exchange. Before the resolution of the shareholders' general meeting is announced, the Shareholders convening the meeting shall hold no less than

10% of the Company's shares. The Board of Supervisors or Shareholders convening the meeting shall submit the relevant supporting materials to Shanghai Stock Exchange when issuing the notice of the shareholders' general meeting and announcing the resolution of the general meeting.

The expenses necessary for the shareholders' general meetings convened by the Board of Supervisors or Shareholders shall be borne by the Company.

Proposal and Notice of the Shareholders' General Meeting

When the Company holds a shareholders' general meeting, the Board of Directors, the Board of Supervisors and Shareholders individually or collectively holding no less than 1% of shares of the Company may propose to the Company. Shareholders individually or collectively holding no less than 1% of the shares of the Company may submit temporary proposals in writing to the convener ten days before the holding of the shareholders' general meeting. The convener shall issue a supplementary notice of the shareholders' general meeting within two days of receipt of the temporary proposal announcing the details of such proposal. However, temporary proposals that violate laws, administrative regulations, or the Company's Articles of Association, or that do not fall within the scope of authority of the shareholders' general meeting, shall be excluded.

Except as provided in the preceding paragraph, the convener shall not modify the proposals listed in the notice of the shareholders' general meeting or add new proposals after issue of such notice.

The shareholders' general meeting shall not vote and make a resolution on any proposal not specified in the notice of the shareholders' general meeting or not in conformity with the above provisions.

The convener shall notify all shareholders 21 days before the holding of an annual general meeting in writing (including by announcement) and 15 days before the holding of an extraordinary general meeting in writing (including by announcement). If, according to the securities regulatory rules of the place where the Company's shares are listed, the shareholders' general meeting must be postponed due to the issuance of a supplementary notice for the meeting, the meeting shall be postponed accordingly.

The notice of a shareholders' general meeting shall include the following details:

(i) The time, venue and period of the meeting;

(ii) Matters and proposals submitted for discussion at the meeting;

(iii) A clear statement that all Shareholders are entitled to attend the shareholders' general meeting and may appoint a proxy in writing to attend and vote at the meeting and the proxy is not required to be a Shareholder;

(iv) The share registration date of the Shareholders who are entitled to attend the general meeting;

(v) The name and telephone number of the permanent contact person for the meeting; and

(vi) The time and procedure of voting online or by any other means.

The notice of the General Meeting and the supplementary notice shall fully and completely disclose all the specific contents of all proposals. If the matter to be discussed needs the opinion of Independent Directors, the opinions and reasons of Independent Directors shall be disclosed at the same time when the notice of General Meeting or supplementary notice is issued.

The commencement time for voting online or by any other means at the Shareholders' General Meetings shall be no earlier than 3:00 PM on the day prior to the on-site general meeting and no later than 9:30 AM on the day of the on-site general meeting, and the ending time shall be no earlier than 3:00 PM on the day of the on-site general meeting.

The interval between the share registration date and the day of meeting shall be no more than seven working days. The share registration date shall not be changed once confirmed.

Proxy for the Shareholders' General Meeting

A Shareholder may attend and vote at the shareholders' general meeting in person or by proxy. A proxy is not required to be a Shareholder of the Company.

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 their identity as the legal representative. Proxies authorized to attend the meeting shall present their personal identity cards and the written proxy statement legally issued by the legal representative of the corporate Shareholder, except for a Shareholder who is a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed (the "Recognized Clearing House") or its proxy.

If the Shareholder is a Recognized Clearing House (or their proxies), the Shareholder may authorize one or more persons as it deems appropriate to act as its representative at any Shareholders' General Meeting or creditors' meeting; 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) and have the same statutory rights as other Shareholders 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 and Resolutions at the Shareholders' General Meeting

The resolutions of the Shareholders' General Meetings are 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 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 meeting (including proxies).

The following matters shall be passed by an ordinary resolution of the Shareholders' General Meeting:

(i) Work reports of the Board of Directors and the Board of Supervisors;

(ii) Profit distribution plan and loss recovery plan formulated by the Board of Directors;

(iii) Appointment and removal of members of the Board of Directors and the Board of Supervisors, their remuneration, and methods of payment;

(iv) The Company's annual report; and

(v) Any other matter other than those to be decided by special resolutions as required by laws, administrative regulations, securities regulatory rules of the place where the Company is listed, or the Articles of Association.

The following matters shall be passed by a special resolution of the Shareholders' General Meetings:

(i) Any increase or reduction in the registered capital of the Company;

(ii) Any division, split, merger, dissolution or liquidation of the Company;

(iii) Any amendment to the Company's Articles of Association;

(iv) Any purchase or sale of major assets or any provision of guarantee within any one year in an amount in excess of 30% of the Company's latest audited total assets;

(v) Any equity incentive scheme;

(vi) Adjustments to the profit distribution plan;

(vii) Purchase of its own shares by the Company under the circumstances specified in Articles 24(1) and (2) of Articles of Association;

(viii) Other matters required by the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association, and matters that, as determined by the Shareholders' General Meeting by ordinary resolution, could materially affect the Company and need to be approved by special resolution.

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 the 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 the Shareholders present at the Shareholders' General Meeting.

If any Shareholder, under applicable laws and regulations, 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.

If a Shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the PRC 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.

The Company's Board of Directors, Independent Directors, Shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC, may publicly solicit shareholders' voting rights. When soliciting shareholders' voting rights, specific voting intentions and other information shall be fully disclosed to the person solicited. No shareholders' voting rights shall be solicited on a reimbursable basis or by other disguised form. The Company shall not set the minimum shareholding ratio limits for soliciting shareholders' voting rights.

DIRECTORS AND BOARD OF DIRECTORS

Directors

The Company's Board of Directors may consist of executive directors, non-executive directors, and independent directors. Directors' term of office shall be three years. Directors may be re-elected upon the expiration of their term in accordance with the securities regulatory rules of the place where the Company's Shares are listed. However, independent directors may not serve for more than six consecutive years. Director may be the President or other senior management personnel, provided that the total number of Directors who concurrently serve as President or other senior management personnel and Directors who are employee's representatives shall not exceed half (1/2) of the total number of Directors of the Company.

The Directors shall abide by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, and bear a duty of loyalty towards the Company as follows:

(i) Directors shall not abuse their authority by receiving any bribe or other illegal income, and shall not embezzle any of the Company property;

(ii) Directors shall not misappropriate the Company's funds;

(iii) Directors shall not deposit Company assets into accounts held in their own names or in the name of any other individual;

(iv) Directors shall not, in violation of the Articles of Association, lend Company funds to other people or provide guarantee for other people with Company assets without the consent of the Shareholders' General Meeting or the Board of Directors;

(v) Directors shall not enter into contracts or conduct transactions with the Company either in violation of the Articles of Association or without the consent of the Shareholders' General Meeting;

(vi) Directors shall not, without the consent of the Shareholders' General Meeting, take advantage of their position to seek business opportunities that should belong to the Company for themselves or for any other person, or operate the same type of business as the Company for themselves or for any other person;

(vii) Directors shall not take commissions from transactions with the Company as their own;

(viii) Directors shall not disclose Company secrets without authorization;

(ix) Directors shall not make use of their related-party relationship to damage the Company's interests; and

(x) Directors shall have other duties of loyalty specified by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

Any income obtained by a Director in violation of this article shall belong to the Company, and if losses are caused to the Company, the Director shall be liable for compensation.

The Directors shall abide by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, and bear a duty of diligence to the Company as follows:

(i) Directors shall be prudent, serious and diligent in exercising the authority conferred by the Company to ensure that the business activities of the Company comply with the country's laws, administrative regulations and various economic policy requirements, and that the business activities do not go beyond the scope of business activities specified in the Company's business license;

(ii) Directors shall treat all shareholders equally;

(iii) Directors shall keep abreast of the Company's business operations and management status;

(iv) Directors shall sign written statements confirming periodic reports of the Company, and ensure that the information disclosed by the Company is true, accurate, and complete;

(v) Directors shall provide accurate information and materials to the Board of Supervisors, and shall not interfere with the performance of duties by the Board of Supervisors or individual supervisors; and

(vi) Directors shall have other diligence duties prescribed by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

When a Director's resignation takes effect or his/her term of office expires, he/she must complete all handover procedures with the Board of Directors. His/her duties of loyalty to the Company and the Shareholders do not automatically terminate at the end of his/her term of office, and remain valid for three years after the resignation takes effect or the term of office expires. The obligation to maintain the confidentiality of the Company's trade secrets continues beyond the end of his/her term of office, remaining in effect until such secrets become public information. The duration of other obligations shall be determined on the basis of the principle of fairness, considering the time elapsed between the occurrence of the relevant events and the Director's departure, as well as the circumstances and conditions under which his/her relationship with the Company ends.

Unless stipulated in the Articles of Association or legally authorized by the Board of Directors, no Director may act on behalf of the Company or the Board of Directors in his/her own name. Where a Director acts in his/her own name while a third party reasonably believes that the Director is acting on behalf of the Company or the Board of Directors, the Director shall state his/her position and status in advance.

Board of Directors

The Board of Directors shall consist of nine directors, including three independent directors.

The Board of Directors shall exercise the following authorities:

(i) To convene the Shareholders' General Meetings and report to them;

(ii) To carry out resolutions adopted by the Shareholders' General Meetings;

(iii) To determine the Company's business plans and investment programs;

(iv) To formulate the Company's profit distribution plans and loss recovery plans;

(v) To formulate the Company's plans for increasing or reducing the registered capital of the Company, issuing bonds or other securities and going public;

(vi) To formulate the Company's plans with respect to significant takeovers, purchase of the Company's shares, mergers, divisions, dissolution, or change of the form of the Company;

(vii) To decide on, within the scope authorized by the Shareholders' General Meetings, such matters as the Company's external investments, the purchase and sale of assets, asset mortgages, external guarantees, entrusted financial management, related-party transactions and external donations;

(viii) To determine the establishment of the Company's internal management bodies;

(ix) To decide on such matters as appointment or removal of the Company's president, secretary to the Board of Directors and other senior executives, as well as their remuneration and reward/punishment; and to decide on appointment or removal of the Company's deputy presidents, finance manager and other senior officers as nominated by the president and on their remuneration and reward/punishment;

(x) To formulate the Company's basic management system;

(xi) To make plans to amend the Articles of Association;

(xii) To manage the disclosure of information by the Company;

(xiii) To make proposals to the Shareholders' General Meetings on the appointment or replacement of the accounting firm that provides auditing services to the Company;

(xiv) To hear the president's work report and to inspect the president's work; and

(xv) To formulate the plan to change the Company's profit distribution policy;

(xvi) To exercise any other authority conferred by any law, administrative regulation, departmental rule, securities regulatory rules of the place where the Company's Shares are listed, the Articles of Association or the Shareholders' General Meeting.

Major matters of the Company shall be decided collectively by the Board of Directors, and the Board of Directors shall not authorize the Chairman, the President etc. to exercise powers vested statutorily in the Board of Directors.

The Board of Directors shall determine the authority of external investment, purchase and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions and external donations, and establish strict review and decision-making procedures.

If a Director has connection with the enterprise or individual involved in the resolution made at a Board meeting, the said Director shall promptly report the situation in writing to the Board of Directors. 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 Meetings 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 apply.

Chairman

The Board of Directors shall appoint a Chairman. The Chairman shall be elected by more than one half of all Directors.

Special Committees under the Board

The Board of Directors shall establish an audit committee, a strategy and sustainability Committee, a nomination committee, and a compensation and appraisal committee These 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 who shall be responsible for the preparation of the Shareholders' General Meetings and Board meetings 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, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

President and Other Senior Management Members

The Company has one President who is appointed or dismissed by the Board of Directors. The Company shall have several Vice Presidents who are appointed or dismissed by the Board of Directors. The President, Vice Presidents, the Financial Administrator, and the Secretary to the Board are the senior management personnel of the Company.

The President 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 prepare the plan for establishing the Company's internal management body;

(iv) To develop the Company's basic management system;

(v) To develop the Company's specific rules;

(vi) To propose to the Board of Directors on the appointment or removal of any Vice President and the Financial Administrator;

(vii) To propose to the Chairman of the Board of Directors on the appointment or removal of management personnel at or above the level of deputy department manager, except for Vice Presidents and the Financial Administrator who are appointed or dismissed by the Board of Directors;

(viii) To appoint or remove officers of the company other than those to be appointed or removed by the Board of Directors or the Chairman;

(ix) to exercises any other duties and authorities granted by the Articles of Association or the Board of Directors.

The President may attend meetings of 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, the President and other senior management members shall not act concurrently as Supervisors.

The Supervisors may attend the meetings of the Board of Directors as non-voting attendees, and may raise questions or put forward suggestions about the matters subject to resolution by the Board of Directors.

Board of Supervisors

The Company shall have a Board of Supervisors, which shall consist of three Supervisors. The Board of Supervisors shall have one chairman, who shall be elected by more than half of all Supervisors. The members of the Board of Supervisors shall include Shareholders' representatives and an appropriate proportion of employees' representatives.

The Board of Supervisors shall exercise the following authorities:

(i) To examine and give written examination opinions on the periodical reports of the Company prepared by the Board of Directors;

(ii) To review the Company's financial affairs;

(iii) To monitor the acts of Directors and senior executives in the performance of their duties, and to propose to remove any Director or senior executive who violates any law, administrative regulation, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or any resolution of the Shareholders' General Meetings;

(iv) To require any Director or senior executive whose behavior damages the Company's interests to make corrections;

(v) To propose an extraordinary general meeting and to convene and preside over the Shareholders' General Meeting when the Board of Directors fails to perform its duty to convene and preside over a general meeting prescribed in the Company Law;

(vi) To submit proposals to the Shareholders' General Meetings;

(vii) To bring a lawsuit against any Director or senior executive in accordance with the Company Law;

(viii) Where the Board of Supervisors discovers that any Director or senior executive has violated laws, regulations or the Articles of Association, the Board of Supervisors shall perform supervision duties, and inform the Board of Directors or report to the Shareholders' General Meetings, and may report the matter directly to the CSRC and its branches, the stock exchange or any other authorities;

(ix) If any abnormality in the operation of the Company is found, the Board of Supervisors may conduct an investigation, and if necessary, engage an accounting firm, law firm or any other professional institution to assist in its work at the expense of the Company.

Qualifications of Directors, Supervisors, and Senior Managers

None of the following individuals shall be eligible for appointment as a Director, Supervisor, or senior manager of the Company:

(i) Any individual without civil capacity or with limited civil capacity;

(ii) Any individual who has been subjected to criminal punishment for corruption, bribery, embezzlement or misappropriation of property, or disruption of the economic order of the socialist market, or who has ever been deprived of political rights due to a criminal conviction, and five years have not elapsed since the term of punishment is completed, or in the case of a suspended sentence, two years have not elapsed since the probation period is completed;

(iii) Any former director, factory director, or company manager of a company or enterprise which has been declared bankrupt and liquidated who is personally responsible for the bankruptcy of the company or enterprise, and three years have not elapsed since the bankruptcy and liquidation are completed;

(iv) Any former legal representative of a company or enterprise which has had its business license revoked or been ordered to shut down due to violation of law who is personally responsible for the situation, and three years have not elapsed since the date of revocation of business license or shutdown order;

(v) Any individual identified as a subject of enforcement for breach of trust by the people's court for failure to repay a significant amount of overdue debts;

(vi) Any individual who has been banned from the securities market by the CSRC and the ban has not expired; or

(vii) Any individual who is banned from doing so in accordance with other laws, administrative regulations, departmental rules or securities regulations in the place where the Company's shares 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 its annual reports to the CSRC and the stock exchange in the place where the Company's shares are listed and disclose them within four months from the end of each fiscal year, and submit 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 and disclose them 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 Company's funds 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 allocation 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 Meetings, 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.

In cases where the Company distributes profits to any Shareholder in violation of the provision above, the Shareholder shall return the distributed profits involved in the violation to the Company; if losses are caused thereby to the Company, the shareholders, as well as any Directors, Supervisors, and senior managers responsible for the violation, shall be liable for compensation.

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. The collection agents shall collect and keep the dividends and other payables distributed by the Company in respect of the H shares on behalf of the relevant H shareholders, pending payment to such H shareholders. 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.

Where the reserve of the Company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions.

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 implements a continuous and stable profit distribution policy. The profit distribution of the Company attaches importance to reasonable investment return to investors and takes into account the sustainable development of the Company.

Upon passing of a resolution on profit distribution plan by a Shareholders' General Meeting, or working out of a specific plan by the Board of Directors in accordance with the criteria and ceiling for the following year's interim dividend distribution adopted by an annual Shareholders' General Meeting, the distribution of dividends (or shares) shall be completed within two months.

Internal Audit

The Company shall implement an internal audit system and be equipped with full-time auditors to conduct internal auditing and supervision over the Company's financial revenue and expenditure as well as its economic activities.

The Company's internal auditing system and auditors' duties shall be implemented after being approved by the Board of Directors. The audit manager shall be responsible to and report to the Board of Directors.

Appointment of Accounting Firms

The Company shall engage an accounting firm that conforms to the provisions of the Securities Law to provide such services as the audit of financial statements, the verification of net assets and other relevant consultancy services. The term of engagement is one year and may be extended.

The Company's engagement of an accounting firm shall be decided by the Shareholders' General Meeting. The Board of Directors shall not engage any accounting firm before the decision is made by the Shareholders' General Meeting.

The Company shall provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the accounting firm engaged by it, and shall not refuse, conceal or misrepresent them.

The audit fee to the accounting firm shall be decided by the Shareholders' General Meeting.

Where the Company dismisses or does not re-engage an accounting firm, it shall notify the accounting firm thirty days in advance. The accounting firm may state its views when the Shareholders' General Meeting votes on the dismissal of the accounting firm.

Where an accounting firm resigns, it shall explain to the Shareholders' General Meeting whether there exists any improper circumstance in the Company.

Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons:

(i) The expiration of the business period stipulated in the Articles of Association or the occurrence of other causes of dissolution stipulated in the Articles of Association;

(ii) Dissolution by a resolution of the Shareholders' General Meeting;

(iii) Dissolution due to merger or division of the Company;

(iv) Suspension of the business license, being ordered to close down or being revoked in accordance with the law;

(v) Request submitted by the Shareholders holding 10% or more of the voting rights of the Company to the people's court to dissolve the Company if the Company's operation or management encounters serious difficulties, the Company's continuous existence will cause significant losses to the interests of its Shareholders, and the situation cannot be solved by any other means.

If any of the situations mentioned in the preceding paragraph arises, the Company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the Company falls under the circumstance of items (i) or (ii) above and has not yet distributed the assets to the Shareholders, it may continue to exist by modifying the Articles of Association or upon a resolution of the Shareholders' General Meeting.

To modify its Articles of Association or make a resolution of the Shareholders' General Meeting according to the provision above, the consent of two-thirds or more of the voting rights of the Shareholders who attend the meeting of the Shareholders' General Meeting is required.

Where the Company is dissolved according to item (i), (ii), (iv) or (v) above, it shall be liquidated. The Directors, who are the liquidation obligors of the Company, shall form a liquidation group to carry out liquidation within fifteen days from the date of occurrence of the cause of dissolution.

The liquidation group shall be composed of the Directors, unless it is otherwise elected by the Shareholders' General Meeting.

The liquidation group shall notify the Company's creditors within ten days of its formation, and make a public announcement through a newspaper or the National Enterprise Credit Information Publicity System within sixty days of its formation. The creditors shall file their proof of claim with the liquidation group within thirty days from the receipt of the notice or within forty-five days from the issuance of the public announcement in the case of failing to receive such notice.

During the period of liquidation, the Company continues to exist, but shall not carry out any business operation unrelated to the liquidation. The assets of the Company shall not be distributed to the Shareholders until it has been liquidated in accordance with the preceding paragraph.

If, after liquidating the assets of the Company and formulating a balance sheet and a schedule of assets, the liquidation group discovers that the Company's assets are insufficient to fully cover its debts, it shall file a bankruptcy application with the people's court.

Any Company declared bankrupt according to law shall carry out a bankruptcy liquidation in accordance with the provisions concerning bankruptcy liquidation.

Amendments to the Articles of Association

The Company shall amend its Articles of Association under any of the following circumstances:

(i) Where, after any amendment to the Company Law or any other applicable law, administrative regulation, or securities regulatory rules of the place where the Company's shares are listed, the provisions of the Articles of Association conflict with the amended law, administrative regulation, and/or securities regulatory rules of the place where the Company's shares are listed;

(ii) Where the Company's circumstances change to such an extent that they are inconsistent with the items recorded in the Articles of Association; and

(iii) Where the Shareholders' General Meeting decides to amend the Articles of Association.

Where any amendment to the Articles of Association that has been adopted under a resolution of the Shareholders' General Meeting is subject to approval by the competent authorities, such amendment shall be submitted to the competent authorities for approval; where any amendment involves the Company's registration items, the Company's registration shall be amended in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

In August 1995, our Company was restructured into a limited liability company and renamed as Foshan Haitian Flavouring and Food Company Ltd. (佛山市海天調味食品有限公司), and was converted into a joint stock limited company on November 30, 2010 under the laws of the PRC. Our Company completed the listing of our A Shares on the Shanghai Stock Exchange (stock code: 603288) in February 2014. As of the Latest Practicable Date, the registered capital of the Company was RMB5,560,600,544.

Our registered office is located at No. 16, Wensha Road, Foshan City, Guangdong Province, PRC, and our principal place of business in Hong Kong is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai. Our Company has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on January 24, 2025 with the Registrar of Companies in Hong Kong. Ms. Zhang Xiao (張瀟) has been appointed as our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established 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 — Summary of the Articles of Association". A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Appendix IV — Summary of Principal Legal and Regulatory Provisions".

2. Changes in Share Capital of Our Company

Pursuant to a profit distribution plan approved by the Shareholders' general meeting on May 16, 2023, a total dividend of RMB3,243,683,650.90 was declared and paid to our Shareholders, comprising a cash dividend of RMB0.70 (tax included) per Share and 0.2 bonus shares per Share for all Shareholders. As a result, our Company's total share capital was increased from 4,633,833,787 A shares to 5,560,600,544 A shares.

Save as disclosed above, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this prospectus.

3. Further Information about Our Major Subsidiaries

We have applied to the Stock Exchange for, and the Stock Exchange has granted us a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of information relating to the changes in the share capital of any member of our Group within the two years immediately preceding the date of this document. For details, see "Waivers and Exemptions – Waiver in respect of alteration in share capital" in this prospectus.

There has been no alteration in the registered capital of our major subsidiaries taken place within the two years preceding the date of this prospectus.

4. Resolutions of our Shareholders

At the general meeting of the Shareholders held on December 30, 2024, the following resolutions, among other things, our Shareholders resolved to approve the following:

(a) the issuance by our Company of H Shares with a nominal value of RMB1.0 each and such H Shares be listed on the Stock Exchange;

(b) the number of H Shares to be issued before the exercise of the Over-allotment Option shall not be more than 10% of the total issued share capital of our Company as enlarged by the Global Offering, and granting the Underwriters the Over-allotment Option of no more than 15% of the number of H Shares issued pursuant to the Global Offering;

(c) authorization of the Board to handle matters relating to, among other things, the Global Offering, the issue and listing of the H Shares; and

(d) subject to the completion of the Global Offering, the conditional adoption of the Articles of Association, which shall become effective on the Listing Date and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) a cornerstone investment agreement dated June 9, 2025 entered into among our Company, HHLR Advisors, Ltd., China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C. and Morgan Stanley Asia Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$350 million;

(b) a cornerstone investment agreement dated June 9, 2025 entered into among our Company, GIC Private Limited, China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C. and Morgan Stanley Asia Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$60 million;

(c) a cornerstone investment agreement dated June 9, 2025 entered into among our Company, RBC Global Asset Management (Asia) Limited as sub-investment manager for and on behalf of RBC Asia Pacific ex-Japan Equity Fund, RBC China Equity Fund and RP — Fonds Institutionnel — Actions marchés émergents, China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C. and Morgan Stanley Asia Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$50 million;

(d) a cornerstone investment agreement dated June 9, 2025 entered into among our Company, CPE Greater China Enterprises Growth Fund, China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C. and Morgan Stanley Asia Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$46,570,000;

(e) a cornerstone investment agreement dated June 9, 2025 entered into among our Company, CPE Growth Fund #1, China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C. and Morgan Stanley Asia Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$3,430,000;

(f) a cornerstone investment agreement dated June 9, 2025 entered into among our Company, UBS Asset Management (Singapore) Ltd. in its capacity as the delegate of the investment manager for and on behalf of (i) UBS (Lux) Equity Fund — Greater China (USD); (ii) UBS (Lux) Equity Fund — China Opportunity (USD); (iii) UBS (HK) Fund Series — China Opportunity Equity (USD); (iv) UBS (Lux) Equity SICAV — All China (USD); (v) UBS (Lux) Investment SICAV — China A Opportunity (USD); (vi) UBS (CAY) China A Opportunity; (vii) UBS (Lux) Key Selection SICAV — China Allocation Opportunity (USD); and (viii) certain other segregated accounts and mandates, China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C. and Morgan Stanley Asia Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$30 million;

(g) a cornerstone investment agreement dated June 9, 2025 entered into among our Company, Supercluster Universe Limited, China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C. and Morgan Stanley Asia Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$30 million;

(h) a cornerstone investment agreement dated June 9, 2025 entered into among our Company, HSG Growth VII Holdco, Ltd., China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C. and Morgan Stanley Asia Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$15 million;

(i) a cornerstone investment agreement dated June 9, 2025 entered into among our Company, Foshan Development Co., Ltd. (佛山發展有限公司), China International Capital Corporation Hong Kong Securities Limited, Goldman Sachs (Asia) L.L.C. and Morgan Stanley Asia Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10 million;

(j) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registered owner	Class
1	海天	PRC	our Company	29
2	海天	PRC	our Company	29
3	haday	PRC	our Company	29
4	haday	PRC	our Company	29
5	海天	PRC	our Company	30
6	海天	PRC	our Company	30
7	haday	PRC	our Company	30

No.	Trademark	Place of registration	Registered owner	Class
8	haday	PRC	our Company	30
9	海天	PRC	our Company	32
10	海天	PRC	our Company	32
11	haday	PRC	our Company	32
12	haday	PRC	our Company	32
13	海天	PRC	our Company	33
14	haday	PRC	our Company	33
15	海天	Hong Kong	our Company	30
16	haday	Hong Kong	our Company	30

(b) Copyrights

As of the Latest Practicable Date, our Group had registered the following copyrights which we consider to be material to our business:

No.	Copyright name	Place of registration	Registered owner
1 . . .	Procurement Sourcing System	PRC	our Company
2 . . .	Purchasing Planning, Purchase Orders Automatic Allocation System	PRC	our Company
3 . . .	Supplier Management System	PRC	our Company
4 . . .	Safety Stock Management System	PRC	our Company
5 . . .	Automated Scheduling Management System	PRC	our Company

No.	Copyright name	Place of registration	Registered owner
6 . . .	Cooperative Transportation Management System	PRC	our Company
7 . . .	MES Production and Manufacturing Execution Management System	PRC	our Company
8 . . .	Quality Inspection Management System	PRC	our Company
9 . . .	Xiaokang Maimai Distributors Stocking APP Platform	PRC	our Company
10 . .	Xiaokang Maimai Store APP	PRC	our Company
11 . .	Sales Support Platform System	PRC	our Company
12 . .	Xiaokang Maimai A-end Management System	PRC	our Company
13 . .	Xiaokang Maimai Automated Order Separation System	PRC	our Company
14 . .	Export Management System	PRC	our Company
15 . .	Haitian Label Collection	PRC	our Company
16 . .	Haitian Product Packaging Labels Collection	PRC	our Company
17 . .	Haitian Classic Soy Sauce Series Sticker Pattern	PRC	our Company
18 . .	Haitian Soybean Gold Label Light Soy Sauce Series Sticker Pattern	PRC	our Company
19 . .	Haitian Soybean Sauce Series Sticker Pattern	PRC	our Company
20 . .	Haitian Small House Logo Pattern	PRC	our Company
21 . .	Haitian Product Packaging Pattern (Happy Bean)	PRC	our Company
22 . .	Haitian Product Packaging Pattern (Yami)	PRC	our Company
23 . .	Sunny Castle of Yami	PRC	our Company
24 . .	Sunny Castle of Yami – Deliciousness Rushing Forward	PRC	our Company

(c) Patent

As of the Latest Practicable Date, we had registered the ownership of and/or had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Patent owner	Patent category	Place of registration
1 . . .	A type of amino acid polypeptide nutrient solution and its preparation method and use	Our Company/ Gaoming Haitian	Authorized invention patent	PRC

No.	Patent	Patent owner	Patent category	Place of registration
2 . . .	A type of soy sauce compound fermentation broth and its preparation method and use	Our Company/ Gaoming Haitian	Authorized invention patent	PRC
3 . . .	A preparation method of soy sauce	Our Company/ Gaoming Haitian	Authorized invention patent	PRC
4 . . .	A type of continuous production line for pressing	Our Company/ Gaoming Haitian	Authorized invention patent	PRC
5 . . .	A type of online continuous heating device for viscous material	Our Company/ Gaoming Haitian/ Vinegar Group	Authorized invention patent	PRC
6 . . .	A type of osmotic pressure stabilizer and its use	Our Company/ Gaoming Haitian/ Vinegar Group	Authorized invention patent	PRC
7 . . .	A kind of pediococcus lactis and its application	Our Company/ Gaoming Haitian/ Vinegar Group	Authorized invention patent	PRC
8 . . .	A method for preparing fermented sauce mash or bean paste	Our Company/ Gaoming Haitian/ Vinegar Group	Authorized invention patent	PRC
9 . . .	A type of solid-state flux cultivating device and its application	Our Company/ Gaoming Haitian/ Vinegar Group	Authorized invention patent	PRC
10. . .	A type of screening medium for filamentous fungi and its preparation method and application	Our Company/ Gaoming Haitian/ Vinegar Group	Authorized invention patent	PRC
11. . .	A strain of aspergillus oryzae ZA156 and its application	Our Company/ Gaoming Haitian/ Vinegar Group	Authorized invention patent	PRC
12. . .	A strain of high viability aspergillus oryzae ZA189 and its application	Our Company/ Gaoming Haitian/ Vinegar Group	Authorized invention patent	PRC
13. . .	Bottle cap	Our Company/ Gaoming Haitian/ Vinegar Group	Design patent	PRC
14. . .	A method for establishing a quantitative analysis model of soy sauce	Our Company/ Gaoming Haitian/ Vinegar Group	Authorized invention patent	PRC

No.	Patent	Patent owner	Patent category	Place of registration
15. . .	A method and system for detecting the quality of soy sauce	Our Company/ Gaoming Haitian/ Vinegar Group	Authorized invention patent	PRC
16. . .	Containers for packaging	Our Company	Design patent	PRC

3. Domain names

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered owner	Registration date	Expiry Date
1. . .	haitian-food.com	Our Company	September 2, 1999	September 2, 2029
2. . .	haday.cn	Our Company	February 29, 2012	April 9, 2033
3. . .	haitian-ysc.com	Our Company	April 19, 2018	April 19, 2026
4. . .	hadayfoods.com	Our Company	July 12, 2024	July 12, 2029

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Disclosure of interests of Directors, Supervisors and Chief Executive of the Company

Save as disclosed below, immediately following the completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised), so far as our Directors are aware, none of our Directors, Supervisors or chief executive has any interests or short positions in our Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(a) Interest in our Company

Name of Director, Supervisor or chief executive	Position	Nature of Interest[(1)]	Number and class of Shares	Approximate percentage of shareholding in the total issued Shares immediately prior to the Global Offering	Approximate percentage of shareholding in the total issued Shares immediately after the Global Offering[(2)]
Ms. Cheng	Executive Director and Chairwoman of the Board	Interest in controlled corporation	3,246,001,184 A Shares	58.38%	55.74%
		Beneficial owner	176,365,478 A Shares	3.17%	3.03%
Mr. Guan	Executive Director and President	Interest in controlled corporation	3,246,001,184 A Shares	58.38%	55.74%
		Beneficial owner	15,409,690 A Shares	0.28%	0.26%
		Interest of spouse[(3)]	18,312,589 A Shares	0.33%	0.31%
Mr. Huang Wenbiao	Executive Director	Beneficial owner	28,984,921 A Shares	0.52%	0.50%
Mr. Wen	Executive Director	Interest in controlled corporation	3,246,001,184 A Shares	58.38%	55.74%
		Beneficial owner	8,885,967 A Shares	0.16%	0.15%
Mr. Liao	Executive Director	Interest in controlled corporation	3,246,001,184 A Shares	58.38%	55.74%
		Beneficial owner	1,538,323 A Shares	0.03%	0.03%
Mr. Ding Bangqing	Independent non-executive Director	Interest of spouse[(4)]	180,000 A Shares	0.003%	0.00%
Ms. Chen Min	Chairwoman of the Supervisory Committee	Beneficial owner	177,914 A Shares	0.003%	0.00%
Mr. Huang Shuliang	Supervisor	Beneficial owner	296,936 A Shares	0.005%	0.01%
Mr. He Tao	Supervisor	Beneficial owner	30,200 A Shares	0.0005%	0.001%

Notes:

(1) All interests stated are long position.

(2) The calculation is based on the assumption that no new Shares are issued under the Offer Size Adjustment Option and the Over-allotment Option, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

(3) As of the Latest Practicable Date, the spouse of Mr. Guan held 18,312,589 A Shares and Mr. Guan was deemed to be interested in the A Shares held by his spouse.

(4) As of the Latest Practicable Date, the spouse of Mr. Ding held 180,000 A Shares and Mr. Ding was deemed to be interested in the A Shares held by his spouse.

2. Disclosure of Interests of Substantial Shareholders

(a) Interests in our Company

For information on the persons who will, immediately following the completion of the Global Offering, having or be deemed or taken to have interests or short positions in our 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 be 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, see the section headed “Substantial Shareholders”.

(b) Interests of the Substantial Shareholders of Other Members of Our Group

As of the Latest Practicable Date, saved as disclosed in this prospectus, our Directors are not aware of any persons (other than our Directors, Supervisors or chief executive of our Company) who will, immediately following the completion of the Global offering, directly or indirectly, be 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.

3. Service Contracts

We have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

4. Director’s and Supervisors’ Remuneration

Save as disclosed in the section headed “Directors, Supervisors and Senior Management” and Note 10 to “Appendix I — Accountants’ Report” for the years ended December 31, 2022, 2023 and 2024, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

5. Disclaimers

Saved as disclosed in this prospectus:

(a) none of our Directors, Supervisors or any of the parties listed in "— E. Other Information — 4. Qualification of Experts" below is:

(i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

(ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(b) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties listed in "— E. Other Information — 4. Qualification of Experts" below:

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of our Directors or Supervisors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and

(d) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. A SHARE EMPLOYEE STOCK OWNERSHIP SCHEME

Our Company adopted the 2024-2028 employee stock ownership scheme (the "**A Share Employee Stock Ownership Scheme**") on September 19, 2024, which were outstanding as of the Latest Practicable Date. As the A Share Employee Stock Ownership Scheme does not involve issue of new Shares after the Listing, the terms of the A Share Employee Stock Ownership Scheme are not subject to provisions of Chapter 17 of the Listing Rules except for the disclosure requirement under Rule 17.12 of the Listing Rules, and are summarized as below.

(i) Participants of the scheme

The participants of the A Share Employee Stock Ownership Scheme include Directors, Supervisors, senior management and key personnel of our Company as set out in the scheme. Under the A Share Employee Stock Ownership Scheme, a separate employee ownership plan shall be established for each year from 2024 to 2028. With respect to the 2024 employee stock ownership plan (the "**2024 Plan**"), the total number of grantees under the 2024 Plan shall not exceed 800.

(ii) Source of shares and participants' interest in the schemes

Our Company will repurchase A Shares from the A Share open market at a certain purchase price, and transfer a prescribed number of such A Shares to the accounts of the relevant employee stock ownership plan, and the A Shares of the Company will be held by such employee stock ownership plan. Each participant of the A Share Employee Stock Ownership Scheme holds a certain percentage of interest in the scheme.

(iii) Term of the scheme

Each plan under the A Share Employee Stock Ownership Scheme shall have separate terms commencing upon publication of an announcement by our Company regarding the transfer of relevant A Shares from our Company's stock repurchase account to the account of the relevant employee stock ownership plan. The 2024 Plan is valid for a period of two years from the date of publishing the Announcement (the "**Announcement Date**").

(iv) Administration of the scheme

The A Share Employee Stock Ownership Scheme is subject to the approval of the Shareholders. Each annually established employee stock ownership plan is administered by a committee (the "**Management Committee**"), the members of which are elected by the participants of the plan. The Management Committees of each plan oversee its day-to-day management, and exercise shareholders' rights in respect of the A Shares held under each plan on behalf of its participants.

(v) Vesting of the shares

Each participants' entitlement to the corresponding portion of A Shares (together with any dividend) held by the A Share Employee Stock Ownership Scheme shall be vested upon expiry of a period of 12 months from the Announcement Date. The vesting of A Shares under each employee stock ownership plan shall be subject to attainment of corporate performance targets and personal evaluation for each participant. The vested A Shares shall be transferred to the relevant participants.

(vi) Total number of shares held by the scheme

The total number of A Shares held by the A Share Employee Stock Ownership Scheme shall not exceed 10% of the total number of A Shares of the Company, with each participant's entitlement shall be no more than 1% of the total number of A Shares of the Company. As of the Latest Practicable Date, 5,000,000 A Shares were held by the 2024 Plan, representing 0.09% and 0.09% of the Company's total A Shares and the total issued Shares immediately upon completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised). In addition, the Company had repurchased 10,289,491 A Shares and held as treasury Shares (not including the 5,000,000 A Shares under the 2024 Plan) for potential future incentives under the A Share Employee Stock Ownership Scheme.

Under the 2024 Plan, the aggregate number of A Shares granted to the Company's Directors, Supervisors and senior management shall not exceed 15% of the total number of A Shares held by the 2024 Plan. As of the Latest Practicable Date, the Board has not granted any awards under the 2024 Plan.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or our subsidiaries.

2. Litigation

To the knowledge of our Directors, no member of our Group has significant litigation or claims pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, our H Shares in issue, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may fall to be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option). All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, we have agreed to pay each of the Joint Sponsors a fee of US$500,000 to act as the sponsors of our Company in connection with the proposed listing on the Hong Kong Stock Exchange.

4. Qualifications of Experts

The qualifications of the experts who have given opinions or advice in this prospectus are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities
Goldman Sachs (Asia) L.L.C.	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
Morgan Stanley Asia Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Jingtian & Gongcheng	PRC legal advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

Each of the experts named above has given and has not withdrawn its consent to the issue of this Document with the inclusion of its report, letter, and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

As of the Latest Practicable Date, none of the experts named above has any shareholding interest 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 any member of our Group.

5. Binding Effect

This Prospectus shall have the effect, if an application is made pursuant to this Document, 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 insofar as applicable.

6. Bilingual Document

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this prospectus, the English language version shall prevail.

7. Compliance Advisor

Our Company has appointed Somerley Capital Limited as its compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

8. Preliminary Expenses

The Company did not incur material preliminary expenses for the purpose of the Listing Rules.

9. No Material Adverse Change

Our Directors confirm that, as of the date of this prospectus, there has been no material change in our financial or trading position since December 31, 2024.

10. Promoters

The promoters of our Company are Guangdong Haitian and Foshan Haipeng.

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

11. Taxation of Holders of H Shares

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H

Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

12. Miscellaneous

Save as disclosed in this prospectus:

(a) within the two years preceding the date of this prospectus: (i) 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; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company 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) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(h) save for the A Shares of our Company that are listed on the Shanghai Stock Exchange, and save for the H Shares to be issued, 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; and

(i) our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Appendix VI — Statutory and General Information — E. Other Information — 4. Qualifications of Experts"; and

(b) a copy of each of the material contracts referred to in "Appendix VI — Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts".

DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **https://www.haitian-food.com** during a period of 14 days from the date of this prospectus:

1. the Articles of Association;

2. the Accountants' Report prepared by KPMG, the text of which is set forth in Appendix I to this prospectus;

3. the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024;

4. the report on review of the unaudited interim financial information of our Group for the three months ended 31 March 2025 from KPMG, the text of which is set out in the section headed "Unaudited Interim Financial Information" in Appendix IA to this prospectus;

5. the report from KPMG on the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this prospectus;

6. the material contracts in "Appendix VI — Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts";

7. the written consents referred to in "Appendix VI – Statutory and General Information — E. Other Information — 4. Qualifications of Experts";

8. the service contracts referred to in "Appendix VI — Statutory and General Information — C. Further Information about our Directors, Supervisors and Senior Management — 3. Service Contracts";

9. the legal opinions issued by Jingtian & Gongcheng, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;

10. the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed "Industry Overview" in this prospectus; and

11. a copy of the following PRC laws, together with their unofficial English translations:

    - the PRC Company law;

    - the Securities Law; and

    - the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies.

佛山市海天调味食品股份有限公司
FOSHAN HAITIAN FLAVOURING AND FOOD COMPANY LTD.